



11/21/2022

Jodie L. Harris
Director, CDFI Fund
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: CDFI-2022-0001

Dear Jodie L. Harris:

We write in response to the invitation for public comments by the Community Development Financial Institutions Fund (CDFI Fund) regarding the Minority Lending Designation noticed in the Federal Register on July 28, 2022. Financial institutions led by, accountable to, and anchored in communities of color play an outsized role in closing opportunity gaps and strengthening the economy. These minority serving Community Development Financial Institutions (CDFI)s are on the front lines of meeting the financial needs of people that are disproportionately underserved by traditional financial institutions and should be recognized for their high levels of service and accountability to Minority populations. NALCAB appreciates the opportunity to provide comments on the criteria to designate a certified CDFI as a Minority Lending Institution (MLI).

NALCAB, the National Association for Latino Community Asset Builders, is a US Treasury-certified Community Development Financial Institution (CDFI) that represents and serves close to 200 diverse nonprofit community development and asset-building organizations across the country. Over half of our members are lenders, more than 50 of which are certified CDFIs. These organizations uplift Latino communities by strengthening access to quality affordable housing, safe financial products and services and the ability to start and grow successful businesses. Many of the people served by the NALCAB Network are low- to moderate-income individuals who are first- or second-generation immigrants.

CDFIs certified by the U.S. Treasury Department should be considered MLIs if;

- a) in each of the last three years, more than 50 percent of its loans, both in number and dollar value, are made to minority borrowers or are in majority minority census tracts,
or
- b) it is a Minority Depository Institution (MDI), as defined under Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463)



or otherwise considered to be a minority depository institution by the appropriate Federal banking or credit union agency, and

c) if it meets one of the following:

1. is 51 percent owned by one or more minority individuals; if publicly owned, 51 percent of the stock is owned by one or more minority individuals; and in the case of a mutual institution or financial cooperative where the majority of the Board of Directors, account holders, and the community which it services is predominantly minority individuals,
2. 51 percent or more of the members of the Board of Directors are minority individuals, or
3. The President, Chief Executive Officer, or Executive Director, is a minority.

In response to specific questions posed by the CDFI Fund:

Majority-Minority Census Tracts: For purposes of designating an MLI, the CDFI Fund proposes to define a Majority-Minority Census Tract as those census tracts or equivalents in which the sum of the tract's non-duplicative population of Minority persons is greater than 50 percent of the census tract's total population, as determined by the U.S. Census Bureau and identified by the CDFI Fund on its website in the table of all census tracts or equivalents that meet this definition based on the 2011-2015 American Community Survey.

Are the proposed definitions of “Minority” and “Majority-Minority Census Tracts” appropriate for the purposes of designating an MLI?

We believe the proposed definitions of “Minority” and “Majority-Minority Census Tracts” are appropriate for the purposes of designating an MLI.

Should the CDFI Fund allow the composition of a CDFI's loan committees to demonstrate accountability to Minority populations, either as an alternative to accountability through a governing board or in combination with a lower threshold of representative governing board members? If yes, how many members of a CDFI's loan committee should be necessary to



demonstrate accountability to Minority populations, and in what combination with the CDFI's governing board?

Recognizing the importance of a CDFI loan committee in decision making and for its composition to be representative of the community is valuable, however, it should not be used as an alternative to accountability through a governing board.

In addition to these comments, we recommend that the CDFI Fund assess how well the Fund is serving communities of color and the CDFIs that serve them. The CDFI Fund should monitor how well CDFIs are serving borrowers of color. It could do this by monitoring HMDA data as already reported by many CDFIs, and once finalized, reporting as is required under Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

CDFIs serving communities of color communities are a key and necessary part of the strategy to close the wealth gaps that persist among Latino, Black and other underserved populations. Despite serving communities with the greatest need, these same CDFIs are often the most under resourced. Recognizing these organizations with official designation through the CDFI Fund is a step in the right direction towards expanding the reach and impact of these CDFIs' tools to provide economic opportunity for all.

Thank you again for the opportunity to submit comments.

Sincerely,

A handwritten signature in black ink that reads 'Clarinda Landeros'.

Clarinda Landeros
Director of Public Policy