

January 27, 2017

David Meyer  
CCME Program Manager  
CDFI Fund  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Re: OMB Number: 1559-0037 Certification of Material Events Form

Dear Mr. Meyer:

OFN appreciates the opportunity to comment on *OMB Number: 1559-0037*, the Certification of Material Events Form (CME) form. OFN is a national network of community development financial institutions (CDFIs) investing in opportunities that benefit low-income, low-wealth, and other under-resourced communities across America. OFN Members are performance-oriented, responsible investors that finance community businesses, sparking job growth in the areas that need it most, and delivering both sound financial returns and real changes for people and communities.

Our network has originated more than \$48 billion in financing in urban, rural, and Native communities through 2015. With cumulative net charge-off rates of less than 1 percent, we have demonstrated our ability to lend prudently and productively in unconventional markets often overlooked by conventional financial institutions.

CDFI certification has become highly desirable for many organizations, as state and federal agencies as well as private sector investors include CDFI certification as a requirement for participation in a growing number of programs. As “certified CDFI” status increases opportunity for CDFIs and opens the door to additional investors, ensuring that certified CDFIs maintain that status, and that the Fund feels that it can reliably verify that status, will become even more critical. A well-designed Certification of Material Events form, used appropriately, could also aid the Fund’s recertification process and minimize compliance and reporting burdens on certified CDFIs.

OFN supports the streamlining of reporting requirements across CDFI Fund programs. CDFIs in our network often identify compliance and reporting requirements, including those at the CDFI Fund, as a major obstacle to participating in federal programs. The use of a single Certification of Material Events form across all programs is an important step towards improving the compliance burden for CDFI Fund program participants.



In general, most of the Material Events listed on the form are clear and straightforward. OFN would like to offer comments on the following sections:

- **Material Event 5-** This event asks for notice of changes in key management officials, using Executive Director, Chief Financial Officer and Board Chairpersons as examples of key officials but does not provide an exhaustive list of all the positions covered. OFN suggests the Fund clarify exactly which key management positions would trigger the requirement to report a Material Event to remove uncertainty for CDFIs.

For example, Material Event 28, as related to the CDFI Bond Guarantee Program, requires covered entities to report any changes in corporate governance, senior management, or leadership of the Borrower, including any Key Personnel, and defines "key personnel" as any officer or senior staff person of the Borrower responsible for the day-to-day administration of the duties, responsibilities, and obligations of the Borrower under the Bond Loan Agreement. The Fund should provide similar guidance under Material Event 5.

- **Material Event 6-** This event asks for a filing regarding any "substantial change in the business of the Recipient/Borrower". It is unclear how this differs from the information requested under Material Event 2, which asks for a filing related to "any material adverse change in the condition, financial or otherwise, or operations of the Recipient/Borrower (or for NMTC program, the Allocatee or Controlling Entity) that would impair the Recipient, Borrower, or Allocatee's ability to carry out the terms and conditions and authorized uses under the Agreement." The CDFI Fund should determine if Material Event 6 is necessary, and if so, clarify how the information reported here differs from the information collected under Material Event 2.
- **Material Event 11-** This event asks for a filing related to the existence of any non-compliance with the terms and conditions of any loan or other credit agreement with a creditor other than the CDFI Fund. The language as written suggests the program participants need to file the Material Event form to report any non-compliance, whether it is material or will result in adverse changes or not. OFN recommends the CDFI Fund define the types of non-compliance that would require filing of a Material Event form and clarify if this includes reporting non-material, non-financial events.
- **Material Event 13-** This event requires a filing of a Material Event form if the CDFI Fund, at its discretion, defines additional material events and issues related guidance. OFN agrees with the CDFI Coalition that this language is confusing and could create uncertainty, as it is unclear how a covered entity would know which event would trigger a filing under Material Event 13 until after the Fund issues guidance, but does not clarify how and when that



guidance will be issued. If the CDFI Fund intends to publish additional guidance about what constitutes Material Events, OFN recommends clarifying the language in Material Event 13 to state that explicitly.

- **Material Event 21** – This event requires a filing if a Capital Magnet Fund (CMF) recipient fails to have committed all of its Capital Magnet Fund Award by the date set forth in the applicable agreement. OFN agrees with the CDFI Coalition that this requirement should not only apply to CMF recipients, but should extend the filing requirement to the CDFI and NMTC programs, each of which have requirements to use funds or tax credit allocation on a certain schedule. The CDFI Fund should also determine if this information is already collected in the existing reporting requirements within the Assistance or Allocation agreements for those programs, and if this material event imposes a duplicative and unnecessary compliance burden.
- **Material Event 29** – This Material Event requires participants in the CDFI Bond Guarantee Program to report any organizational updates such as changes in Bylaws or Articles of Incorporation of the Borrower. OFN thinks language is overly broad and suggests the Fund require a filing of a material event only when the changes to the Bylaws or Articles of Incorporation will have a material impact on the ability of the entity to execute on its bond agreements.

Finally, OFN agrees with the CDFI Coalition that CDFIs need greater understanding regarding what will happen in response to filing notice of a Material Event. This will reduce uncertainty and ensure CDFIs remain in compliance with their other funders and investors. The CDFI Fund should clarify what will happen in the event of an entity reporting a material event, how the information reported will be used, and the time frame in which the Fund plans to take action related to the filing of the event.

OFN applauds the CDFI Fund's continued efforts to improve the customer service experience for program participants and streamline reporting as part of the new Strategic Plan. We appreciate your consideration of these comments and look forward to the continued success of the CDFI Fund programs. Please do not hesitate to contact me if you have questions or concerns about these recommendations via email or phone at [dwilliams@ofn.org](mailto:dwilliams@ofn.org); 215.320.4318.

Thank you,

Dafina Williams



Vice President, Public Policy

cc: Liz Lopez, Executive Vice President, Public Policy  
Nancy Santiago Negrón, Chief External Affairs Officer