

# U.S. Treasury Department Updates Certification Application for Community Development Financial Institutions to Promote Responsible Lending to Financially Underserved Communities

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WASHINGTON – Today, the U.S. Department of the Treasury’s Community Development Financial Institutions Fund (CDFI Fund) released a revised [CDFI Certification Application](#) that reflects the evolution of the community finance field, provides greater clarity about what it means to be a Community Development Financial Institution (CDFI), and incorporates extensive feedback from community finance practitioners.

“Community Development Financial Institutions are essential partners in the Treasury Department’s efforts to invest in financially underserved rural and urban communities,” said Deputy Secretary of the Treasury Wally Adeyemo. “This update will strengthen the CDFI brand and support greater investment, which is critical to building on the most equitable economic recovery in history and imperative for the U.S. to reach its economic potential.”

The revised application was published following extensive engagement with members of the public, including community finance practitioners and thought leaders, advocacy organizations, and investors who are working to strengthen the financial infrastructure needed to invest in the economic potential of financially underserved communities across the country. [Community finance](#) is an element of what Secretary of the Treasury Janet L. Yellen has called “Modern Supply Side Economics,” which calls for boosting economic productivity by addressing inequality and making investments in people, places, and infrastructure that have been constrained by lack of resources and unequal access to opportunity.

The revised CDFI certification process:

- Includes clear standards for responsible lending and strengthens standards for accountability to the target markets that CDFIs serve;
- Takes into account different CDFI business models, including both regulated and unregulated institutions, as well as needs of specific target markets, including rural and Native communities;

- Collects demographic information about the board and executive leadership of CDFIs; and,
- Meaningfully reduces burden in the CDFI Certification process.

The CDFI Certification process has not been substantially revised since the founding of the CDFI Fund, more than 25 years ago. The new application has been developed based on around seven years of consideration and public engagement, including extensive engagement by Treasury and CDFI Fund officials with CDFI stakeholders over the past year regarding a draft application that was released for public comment in the fall of 2022.

“The revised CDFI Certification Application strikes a balance between providing clear standards for responsible lending and flexibility to allow innovation in the community finance sector,” said Deputy Assistant Secretary for Community and Economic Development Noel Andrés Poyo. “Public comments from CDFI practitioners were essential in this process and their feedback is reflected in this new Application.”

The Acting Director of the CDFI Fund, Marcia Sigal, [released a public message](#) to the CDFI field providing additional details on how the CDFI Fund will implement the revised Certification application.

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