



**RESULTS**  
WITH PRINCIPLE.

**CU** Strategic Planning

May 15, 2012

Ruth Jaure  
CDFI Program Manager  
Community Development Financial Institutions Fund

Subject: CDFI Program Application Comments

Ms. Jaure:

On behalf of CU Strategic Planning we would like to officially submit comments regarding the CDFI Program Application. The summary of our findings are documented below:

- Question 1 – Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program Funds? **Yes.**
- Question 3 – Should detailed Matching Funds documentation be collected later in the application review process and, if so, what would be a reasonable amount of time to expect an applicant to provide such documentation? **No.** Requesting Matching Funds documentation at the time the CDFI application is being submitted is the way we prefer. This gives us an opportunity to ensure the credit union is applying for funds within their means and that all documents are present and organized at the time of the application with their documentation.
- Question 4 – Does the application ask the appropriate questions to determine applicant's financial health and viability? **NO,** The PAR is a good measure. We suggest the Annual Net Loan Loss Ratio standard be changed to < 1.00%. Also, we suggest the LLL standard be deleted or replaced. Both the regulator and external auditors review the adequacy of the loan loss reserves on an annual basis. In some instances a credit union has historically very few loan losses and more than adequate reserves but they fail this standard because of a jump in losses and no need to increase the reserves. For example, if loan losses increased from \$25,000 to \$50,000 the standard would not be met if reserves did not also increase 100%. In many cases the reserve is more than adequate.
- Question 2 – Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden? **Yes,** our summary is below:



1. The fillable PDF is a document that creates several opportunities for errors in which can prevent an application from being submitted successfully. For example:
  - i. If you create your narratives in Word and copy and paste it over, certain fonts can create issues when uploading the document.
  - ii. Special characters will result in errors when uploading the document.
  - iii. Adobe versions have to be consistent when the PDF is accessed by multiple users. It would not cause an instant issue but will during upload and the only way to fix it is to start a brand new application which is time consuming.
2. PDF is extremely slow to load/open.
3. Table D – Score for Quantitative Baseline/Economic Distress
  - i. Column to input census tract was not included, resulting in having to attach yet another document to the application, leaving room for error.
4. Table E – Customer Profile
  - i. No **clear** instructions on how to complete this. In addition the column “Certified Investment Area” is misleading, considering some CDFI’s are certified based on LITP or OTP and not IA.
5. Financial Charts
  - i. Having these charts within the PDF application and not as an Excel attachment caused numerous issues:
    1. Excessive amount of time entering in each field versus being able to use formulas in Excel.
    2. Moving around within the PDF between cells was only by tab or a mouse click, versus being able to use arrow keys in Excel.
    3. Staff spent excessive amounts of time double and triple checking the numbers.
    4. Inability to copy and paste rows from Excel into the PDF. You could only copy an individual cell, or input the numbers manually with can lead to errors.
    5. Created numerous opportunities for mistakes.
    6. Some charts grew smaller in size the more numbers you put in, making it difficult to read.
    7. We estimated that it took our team an additional 60 hours of work to input numbers into the fillable PDF in comparison to previous years applications when the information was collected in Excel.
6. Table H – Financial Products Rate Sheet
  - i. Could not fully explain the special characteristics with an extremely limited character limit.
7. Table I – Financial Services Rate Sheet
  - i. Could not fully explain the special characteristics with an extremely limited character limit.



8. Table K – Board Summary Information
  - i. This table limited you to 5 board members. Most credit unions have more than 5 board members. This wasn't an accurate reflection of the board of directors.
  - ii. The column "Role in Implementing CBP" has a very limited character limit, averaging out at about 6 words. This was difficult to explain a board members true role when you're that limited, therefore it was not an accurate reflection on the board members role.
  - iii. CU Strategic Planning staff was told to make up for the character limitations within the organizational capacity narrative, using up precious character limits within that narrative.
9. Table L – Staff Summary Information
  - i. The column "Role in Implementing CBP" has a very limited character limit, averaging out at about 6 words. This was difficult to explain a key employee's true role when you're that limited, therefore it was not an accurate reflection on the employees role.
  - ii. CU Strategic Planning staff was told to make up for the character limitations within the organizational capacity narrative, using up precious character limits within that narrative.
10. Guidance to create narratives in Word first
  - i. CU Strategic Planning staff was told that the PDF does not spell check or perform formatting. The solution provided to our staff was to create our narratives and charts in Word document format and simply copy and paste them over. This raised other flags:
    1. Double work/re-work – We estimated that it took our team an additional 40 hours of work to write the narratives in Word, then copy and paste it into the PDF. This could have been avoided if we were able to just attach the Word document to the fillable PDF as it was on the previous FY application.
    2. Because the PDF did not allow you to perform spellcheck or create special formatting, such as bullets or boxes, it was suggested that we create the narratives in Word. However, when you copy and pasted over to the PDF, an additional 45 minutes was spent on adjusting and fixing the format that was pasted in the fillable PDF, as it was not carried over to the application properly.

It is our estimate that this last FY's application took approximately 100 more hours than previous years applications. We appreciate the opportunity the CDFI Fund has given to us to submit feedback regarding the application. If there are any additional clarifications or questions based on what I submitted on behalf of CU Strategic Planning, you may contact me directly.



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Sincerely,

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