

Data We're Required to Collect

Be prepared to submit (or for CFNE to collect) the following information along with your other loan closing information and documents:

- Race and ethnic information of your co-op beneficiaries
- Family size of all your co-op's beneficiaries
- Family income of your co-op's beneficiaries

Where "family size", "family income", and "beneficiaries" mean:

FAMILY SIZE - The total number of persons living in the same dwelling unit that are related by birth, marriage or adoption, no matter their age.

FAMILY INCOME - The total income of all persons age 15 and up who lives in the same dwelling unit and are related by birth, marriage or adoption, even if that family member does not file a tax return to report their income and/or have other formal documentation of the income. Income data may come from tax returns, W-2s, recent pay stubs, employer affidavits, and other similar documents or combinations. We do not collect these documents.

BENEFICIARIES - This may be owners, users, employees, or other service recipients. We will help you identify who your co-ops beneficiaries are.

We recognize that this may be intrusive. We are committed to minimizing that intrusiveness as much as possible within the CDFI regulations. We only report out the data on an aggregate basis (does the business as a whole count, not how many families or which families count). We also strictly limit access to the individual data to a small number of CFNE staff members who have experience securely handling personal information. And we collect this information only once we have approved a loan, so that it neither impacts the loan decision, nor is requested from borrowers that we don't end up financing.

CFNE LOAN DECISION PROMISE:

This process is separate from our loan decision process. We only collect this data to help show that our lending program meets the "target market" requirements. We do not base our loan decisions on how wealthy the business owners are, so we don't collect family financial information documents as part of the loan decision process. We will not retract a loan approval solely based on demographic data.

Thank you for your help around this data requirement. If you have any questions or suggestions for how we can improve the process, please let us know by contacting Dorian Gregory (dorian@cooperativefund.org), our Deputy Executive Director.

***See next page to learn more about this data requirement.



After your loan application has been approved, we collect demographic data to maintain our CDFI certification and to ensure we are satisfying our own mission. This process is separate from our loan decision process. However, because we are mission-driven to serve low-income communities and families, sometimes we may assess income prior to application to determine eligibility for loans that are intended to serve the target markets we prioritize.

WHY IS CFNE ASKING FOR THIS INFORMATION?

CFNE is a CDFI. A CDFI is a Community Development Financial Institution certified by the US Treasury through the CDFI Fund. Learn more about certification requirements here. To maintain certification, CDFI’s need to collect demographic data to prove that at least 60% of its loans and 60% of its loan funds go to “target markets.” Target markets are communities that have faced historical challenges accessing capital; the CDFI Fund has identified a list of target market types for which financial institutions can certify for. CFNE has been certified for low-income communities, and low-income families. We are applying for certification for Black and Latino/e communities.

TARGET MARKET VERIFICATION: In exchange for the benefits of CDFI certification, CDFI’s need to collect data that proves that it meets the service requirements (60% of loans and 60% of loan funds go to at least one target market) for at least one target market type.

| Target Market Type | CFNE’s Verification Process | Outcome |
|----------------------|--|--|
| Black or Latino/e | Borrowers beneficiaries self-verify their racial/ethnic identity. | If the majority is Black or the majority is Latino/e, no further data collection is needed. If not, we explore the next target market type. |
| Low-Income Community | Using census data, CFNE checks to see if the borrower’s primary business address is in a recognized low-income community. | If the borrower's address is in a low-income community, no further data collection is needed. If not, we explore the next target market type. |
| Low-Income Families | CFNE collects family size, and household income data from the owners or employees of the business to verify that at least 50% of a borrower’s beneficiaries have family income of under 80% of their census tract’s average. | If the borrower does not fit either of the above target market types, we explore this final group. If the borrower also does not fit this target market type, we still continue on with loan approval and servicing. |