

# Industry Profile: New American Community Lending Seeks Certification During Application Closure

November 2023

## Introduction

Fund Community Institute is exploring how upcoming changes to the CDFI Certification guidelines are likely to affect different CDFI types as well as the industry overall.

Emerging CDFIs have had a unique experience with the delayed release of the certification and the long closure of the application window as they must balance continuing their operations with uncertainty of the timing and content of the final certification guidelines. To that end, Fund Community Institute spoke with John Godwin, Director of the New American Community Lending (NACL), a subsidiary of Lutheran Immigration and Refugee Services (LIRS) to learn about how the certification changes affect NACL.

## About NACL and Interest in Pursuing CDFI Certification

Godwin shared that a primary goal for NACL, was always to pursue CDFI certification. The organization was created as a subsidiary of LIRS to financially empower refugees, immigrants, and asylum seekers, extend credit to these populations and ultimately attain CDFI certification.

NACL offers personal and business loans that would usually be very difficult for refugees, immigrants, and asylum seekers to obtain, promoting economic and personal security, increasing individual quality of life, enabling greater contribution to local communities, and allowing full participation in the American Dream.

The work of NACL strengthens immigrant communities and helps create and sustain small businesses, benefitting the broader community by providing valuable goods and services, job creation, and growth of local economies. For a full description of NACL's offerings and impacts, visit their [website](#).

## **Uncertainties and a Need for Flexibility**

NACL first began pursuing CDFI certification based on the current guidelines. It has since needed to pivot to accommodate the proposed changes and the unknown timeline of when the application would reopen.

FUND CI asked how NACL handles these uncertainties. Godwin reiterated their commitment to lending to their targeted communities is their top priority -- Godwin commented, "We can't let it affect us. We are getting loans everywhere, and won't tell them 'no' if we don't get the certification." Godwin continued that, NACL's "whole program is about removing obstacles" through using nontraditional underwriting features such as considering letters of recommendation and history of remittances as alternatives to credit scores. Nonetheless Godwin and his leadership team experience frustration related to the delays in certification and the uncertainties caused.

NACL has been proactive in preparing for the new certification guidelines when possible. For example, NACL has updated its advisory board membership to adhere to proposed changes and is mindful of any changes that may affect its accountability to its intended Target Market. Godwin is also committed to collecting substantial data on its lending activities to prepare for a future application and reporting.

## **CDFI Certification and Accessing Funding**

Godwin is currently pursuing funding sources to increase NACL's lending and support operations. He has found the lack of CDFI certification as one challenge to pursuing funding – there are a significant number of grant opportunities which require CDFI certification to pursue the application. While Godwin sees this as a benefit, and one of the reasons NACL seeks certification, it is currently limiting available sources. Additionally, NACL is closely monitoring potential timelines for applying for the Financial Assistance awards within the CDFI program – in early November, the CDFI Fund introduced an exception for the upcoming application round that would allow organizations seeking CDFI Certification to apply, utilizing the newly revised CDFI Certification Application.

## **Advantages of Certification Changes**

Godwin identified that one potential change to the guidelines which will benefit NACL is changes to the Target Market requirements which will make it easier for NACL to pursue a national Target Market. Currently, NACL is licensed to lend in 30 states and intends to pursue a national Low-Income Targeted Population Target Market, which best aligns with its mission of serving low-income refugees, immigrants, and asylum seekers.

Godwin also noted that though the intent behind the changes is clear, the delays in the release of the updated guidelines and the reopening of the application window have made it challenging for practitioners.

*For more information on NACL, contact John Godwin at [jgodwin@lirs.org](mailto:jgodwin@lirs.org)*

*For more information on FUND Community Institute, contact Emily Sipfle at [esipfle@fundci.org](mailto:esipfle@fundci.org)*