An Introduction to the CDFI Fund
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OUR MISSION

The CDFI Fund’s mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.
About the CDFI Fund

OUR VISION

The vision of the CDFI Fund is an America in which all people and communities have access to the investment capital and financial services they need to prosper.
The CDFI Fund manages six separate programs authorized through four different statutes:

- **Riegle Community Development and Regulatory Improvement Act of 1994**
  - Bank Enterprise Award Program (BEA Program)
  - Community Development Financial Institutions Program (CDFI Program)
  - Native American CDFI Assistance Program (NACA Program)

- **Community Renewal Tax Relief Act of 2000**
  - New Markets Tax Credit Program (NMTC Program)

- **Housing and Economic Recovery Act of 2008**
  - Capital Magnet Fund (CMF)

- **Small Business Jobs Act of 2010**
  - CDFI Bond Guarantee Program (BG Program)
Since its establishment, the CDFI Fund has awarded nearly $3.6 billion to CDFIs, community development organizations, and financial institutions through its funding programs, allocated $57.5 billion in tax credits through the New Markets Tax Credit Program, and $1.6 billion in bonds has been guaranteed through the CDFI Bond Guarantee Program.

The CDFI Fund’s investments are leveraged many times over. From program to program, the leverage ratio varies, but most attract at least $8 of private capital for every $1 of federal spending.
What is a Community Development Financial Institution (CDFI)?

- CDFIs are community-based organizations that expand economic opportunity in low-income communities and provide financial products and services to individuals and businesses often underserved by traditional financial institutions.

- CDFI help families finance their first homes, support small and start-up businesses, establish and rebuild credit histories, and invest in local health, education and community facilities, as well as provide financial services and training.

- CDFIs include banks, credit unions, loan funds, and venture capital funds.
To become certified, an organization must submit a CDFI Certification Application to the CDFI Fund for review and approval. The organization must demonstrate that it meets each of the following requirements:

- Be a legal entity at the time of Certification application;
- Have a primary mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more Target Markets;
- Provide Development Services in conjunction with its financing activities;
- Maintain accountability to its defined Target Market(s); and
- Be a non-government entity and not be under control of any government entity (Tribal governments excluded).
Types of CDFIs

There are four main types of CDFIs, each providing a different mix of products geared to reach specific customers.

- **Community development banks, thrifts and bank holding companies** are regulated for-profit corporations that provide capital to rebuild economically distressed communities through targeted lending and investment.

- **Community development credit unions** are regulated non-profit cooperatives owned by members that promote ownership of assets and savings and provide affordable credit and retail financial services to low-income people.
Types of CDFIs

- **Community development loan funds** (usually non-profits) provide financing and development services to businesses, organizations and individuals in low-income urban and rural areas and can be further categorized based on the type of client served: micro-enterprise, small business, housing, and community service organizations.

- **Community development venture capital funds** include both for-profit and non-profit organizations that provide equity and debt-with-equity features for businesses in distressed communities.
Types of Certified CDFIs

- 50% Loan Fund
- 27% Credit Union
- 13% Bank or Thrift
- 9% Depository Institution Holding Company
- 1% Venture Capital Fund

(Percentage by type of 1,082 certified CDFIs as of September 30, 2019)
There are roughly 1,100 certified CDFIs in the United States

Certified CDFI HQs as of May 2020

Alaska  Hawaii  Puerto Rico  Guam
The CDFI Fund’s Programs

The CDFI Fund supports investments in low-income communities through our assistance programs

• Bank Enterprise Award Program (BEA Program)
• Capital Magnet Fund (CMF)
• CDFI Bond Guarantee Program (BG Program)
• Community Development Financial Institutions Program (CDFI Program)
• Native Initiatives and Native American CDFI Assistance Program (NACA Program)
• New Markets Tax Credit Program (NMTC Program)
BEA Program

- Provides monetary awards to banks and thrifts that demonstrate an increase in their investments in some of the most distressed communities in the nation.

- Since inception, the BEA Program has awarded grants totaling more than $520 million. FY 2019 BEA Program awardees increased their qualified community development activities by over $424 million:
  - $26.5 million increase in loans, deposits, and technical assistance to Certified CDFIs;
  - $315 million increase in commercial loans and investments in distressed communities;
  - $47.2 million increase in consumer lending in distressed communities; and
  - $36.1 million increase in the provision of financial services in distressed communities.
Attracts investments in affordable housing and related economic development activities in economically distressed areas, including metropolitan and underserved rural areas.

Provides grants to finance affordable housing, community service facilities, and economic development and can be used for loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

Must produce housing and community development investments at least 10 times the amount of the award.

To date, CMF awardees have reported the development of more than 13,300 affordable homes and supported the creation of over 16,000 jobs.
CDFS Bond Guarantee Program

- Bonds issued through the program support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Bond proceeds used to finance loans to eligible CDFIs for community and economic development purposes.

- To date, Treasury has guaranteed over $1.6 billion in bonds to help CDFIs increase investment in low-income and underserved communities. Through the end of FY 2019, CDFIs have lent more than $1 billion of this amount for:
  - charter schools: $288.5m
  - rental housing: $297.9m
  - commercial real estate: $192.7m
  - financing entities: $107.1m
  - health care facilities: $78.7m
  - non-for-profit organizations: $50m
  - senior living/long-term care centers: $17.6m
  - small businesses: $30.7m
  - day care centers: $11.6m
The CDFI Program provides monetary awards to invest in and build the capacity of CDFIs, empowering them to grow, achieve organizational sustainability, and contribute to the revitalization of their communities.

- Financial Assistance awards can be used for financial products, loan loss reserves, capital reserves, financial services and development services.
- Technical Assistance awards are used for capacity development that is integral to CDFIs’ organizational sustainability and success, or support the organization’s ability to become certified.

Since its inception, the CDFI Program has provided more than $2.4 billion in Financial Assistance and Technical Assistance awards. In fiscal year 2019 alone, CDFI Program Recipients:

- Originated more than $21.5 billion in loans and investments
- Financed more than 19,000 businesses
- Financed over 51,300 affordable housing units
Native Initiatives

- The Native Initiatives program was created to increase opportunities for Native American, Alaska Native, and Native Hawaiian communities (Native Communities) to access credit, capital, and financial services by creating or expanding CDFIs primarily serving those communities (Native CDFIs).

- Native CDFIs have focused their investments on affordable housing (housing development and homeownership) and economic development (job creation, business development, and commercial real estate development). Some Native CDFIs serve as national or regional intermediaries, providing financial products and services to local Native CDFIs and other community development organizations.

- The Native CDFI Assistance Program (NACA Program) provides Financial Assistance and Technical Assistance awards to increase the number and capacity of Native CDFIs. In 2019, NACA awardees reported loans and investments totaling more than $81 million.
New Markets Tax Credit Program

• Stimulates capital investment in low-income communities by providing tax credits for making equity investments in Community Development Entities (CDEs).

• Investors receive a 39% credit of total investment made in a CDE and is claimed over 7 years. CDEs deploy these investments into low-income communities.

• Cumulatively, NMTC Program awardees have generated $52.4 billion in investments in low-income communities and generated $8 of private investment for every $1 invested by federal government.
Impact: CDFI Fund Awardee Investments – All Programs

Red=Certified CDFI HQs
Black=CDFI Program awardee loan
Blue=New Markets Tax Credit project
Orange=Capital Magnet Fund project
Green=Bank Enterprise Award activity
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<td>Bank Enterprise Award Program</td>
<td>FDIC-insured depository institutions</td>
<td>Awards for a demonstrated increase in lending and investments in distressed communities and CDFIs</td>
<td><a href="http://www.cdfifund.gov/bea">www.cdfifund.gov/bea</a></td>
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<td>Capital Magnet Fund</td>
<td>Certified CDFIs and non-profit affordable housing organizations</td>
<td>Awards to finance affordable housing solutions and related economic development activities</td>
<td><a href="http://www.cdfifund.gov/cmf">www.cdfifund.gov/cmf</a></td>
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<td>CDFI Bond Guarantee Program</td>
<td>Certified CDFIs</td>
<td>Bond loans with a maximum maturity of 29.5 years</td>
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<td>CDFI Program and Healthy Food Financing Initiative</td>
<td>Certified CDFIs and Certifiable CDFIs</td>
<td>Financial Assistance and Technical Assistance awards; HFFI awards available for CDFIs that receive FA and are interested in healthy food financing</td>
<td><a href="http://www.cdfifund.gov/cdfi">www.cdfifund.gov/cdfi</a></td>
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<td>Native American CDFI Assistance Program</td>
<td>Certified CDFIs, Certifiable CDFIs, and Sponsoring Entities</td>
<td>Financial Assistance and Technical Assistance awards to increase lending and to create or build the capacity of a Native CDFI</td>
<td><a href="http://www.cdfifund.gov/native">www.cdfifund.gov/native</a></td>
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<td>New Markets Tax Credit Program</td>
<td>Certified Community Development Entities</td>
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