THE CDFI FUND

EMPOWERING UNDERSERVED **COMMUNITIES**

U.S. DEPARTMENT of the TREASURY
CDFI FUND
Community Development Financial Institutions Fund

BE PART of the community

OVERVIEW

The Community Development Financial Institutions Fund (CDFI Fund), part of the U.S. Department of the Treasury, plays a unique and important role in generating economic growth in America. By fostering the creation and expanding the capacity of community-based financial institutions that specialize in providing affordable credit, capital, and financial services, the CDFI Fund builds businesses, creates jobs, and revitalizes neighborhoods.

HISTORY

Community Development Financial Institutions—or CDFIs—emerged in response to a lack of access to responsible and affordable credit and capital in minority and economically distressed communities. The CDFI "movement" took shape in the 1970s with the passage of the Community Reinvestment Act, which encourages financial institutions to meet the needs of all sectors of the communities they serve. Amid growing concerns about the social consequences of investment decisions made by the financial services industry on the nation's low-income communities, early CDFIs began filling a niche by providing capital and credit in areas that are often difficult for traditional financial institutions to serve.

Since its inception in 1994, the CDFI Fund has built a nation-wide network of CDFIs committed to ensuring that underserved communities have access to quality, affordable, and credible financial services. Over time, the CDFI Fund has leveraged more sophisticated financial mechanisms, such as tax credits, to further support community development.

Today, with the CDFI Fund's help, what started as a grassroots movement has grown into a thriving sector of the financial services industry that is meeting the needs of communities across the country. The institutions the CDFI Fund serves have enhanced their capacity, sustainability, and impact. The CDFI Fund, in turn, has evolved to meet their needs, offering new programs to further community transformation.

MODEL

The CDFI Fund supports the mission-driven financial institutions working on a local level that know their communities best. Financial institutions that become certified by the CDFI Fund are eligible to apply for the comprehensive services it offers—including monetary support and training to build organization capacity. The CDFI Fund's model is competitive and each of its programs provides CDFIs with the flexibility to determine the best use of limited federal resources in their community.

IMPACT

Since its inception, the CDFI Fund has awarded more than $1.7 billion to CDFIs and allocated $33 billion in New Markets Tax Credits.

In fiscal year 2011 alone, CDFI Program awardees reported that they provided nearly $1.3 billion in financing to homeowners, businesses, and commercial and residential real estate developments. These developments include the construction of community facilities in communities that might not otherwise have these amenities. In addition, CDFI Program awardees created or maintained over 25,600 jobs, financed over 6,300 businesses, and provided 233,100 individuals with financial literacy training. Similarly in 2011, over $5.5 billion in loans and investments were made possible under the New Markets Tax Credit Program, with over 70 percent of the loans and investments made in Severely Distressed Communities. This critical financing created over 31,400 jobs and funded over 52,400 construction-related jobs; and resulted in almost 3,000 affordable housing units, 18.6 million square feet of commercial real estate, and over 8,300 businesses receiving financial counseling services.

The result of the CDFI Fund's work is an inclusive economy: an America where all citizens have the chance to participate in the mainstream economy. Each business financed, each job created, each home built represents a critical step in the transformation of a life, a family, and a community. The CDFI Fund's work transforms communities and creates economic opportunity for all Americans.

You might be surprised to learn the impact of the CDFI Fund in your own community. Check out www.cdfifund.gov to learn more.

CDFI FUND PROGRAMS

The CDFI Fund makes an impact through a wide range of innovative programs. Visit www.cdfifund.gov to learn more and apply.

- CDFI Program: Provides Financial Assistance and Technical Assistance awards to certified and emerging CDFIs to sustain and expand their services and to build their technical capacity.
- Native Initiatives: Includes the Native American CDFI Assistance Program, which provides Financial Assistance and Technical Assistance awards to CDFIs serving Native communities to sustain and expand their services and to build their technical capacity; and training opportunities for Native CDFIs available as part of the CDFI Fund's Capacity Building Initiative.
- Bank Enterprise Award Program: Provides monetary awards to Federal Deposit Insurance Corporation insured banks for increasing their investments in low-income communities and/or in CDFIs.
- New Markets Tax Credit Program: Provides tax allocation authority to certified Community Development Entities (CDEs), enabling investors to claim tax credits against their federal income taxes. The CDEs, in turn, use the capital raised to make investments in low-income communities.
- Capacity Building Initiative: Provides organizations certified as CDFIs or trying to become CDFIs with access to free seminars, market research and analysis, tools, and one-on-one training to help them develop, diversify, and grow.
- CDFI Bond Guarantee Program: Guarantees the full amount of notes or bonds issued to support CDFIs that make investments for eligible community or economic development purposes. These bonds or notes support CDFI lending and investment by providing a source of long-term, patient capital.

Feel free to contact us with any questions.

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