



## SMALL DOLLAR LOAN PROGRAM (SDL PROGRAM)

# EXPANDING ACCESS AND PROVIDING ALTERNATIVES



to High-Cost, **SMALL DOLLAR LOANS**

At least one quarter of American households do not have a bank account or rely on costly payday lenders and check-cashing outlets to pay their expenses. The Small Dollar Loan Program (SDL Program) is intended to expand consumer access to financial institutions by providing alternatives to high-cost, small dollar lending.

The SDL Program was authorized by the Dodd-Frank Wall Street Reform and Protection Act of 2010, with the first round of funding awarded in 2021.

## How Does the Small Dollar Loan Program Work?

The CDFI Fund, through the SDL Program, provides grants to support two types of eligible activities to enable Certified Community Development Financial Institutions (CDFIs) to establish and maintain small dollar loan programs. These grants help unbanked and underbanked populations build credit, access affordable capital, and allow greater access to the mainstream financial system.

- **Grants for Loan Loss Reserves (LLRs)** enable Certified CDFIs to establish a loan loss reserve fund to cover the losses on small dollar loans associated with starting a new small dollar loan program or expanding an existing small dollar loan program.
- **Grants for Technical Assistance (TA)** support technology, staff support, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program.

SDL Program grant recipients cannot use SDL Program awards to provide direct loans to consumers. These awards may only be used to support small dollar loan programs that:

- do not exceed \$2,500 per loan;
- are repaid in installments;
- have no prepayment penalties;
- have payments that are reported to at least one of the consumer credit reporting agencies that compiles and maintains information on consumers nationwide; and,
- are underwritten with standards that consider the consumer's ability to repay.



## Is My Organization Eligible?

To be eligible to apply for a Small Dollar Loan Program award, the applicant must be a:

- Certified CDFI (LLR Award or TA Award or a combination of the two awards);
- Partnership between a Certified CDFI and any Federally Insured Depository Institution with a primary mission to serve targeted Investment Areas (LLR Award only); or
- Partnership between two or more Certified CDFIs (TA Award only).

For additional eligibility information, refer to the Small Dollar Loan Program Notice of Funding Availability.

### FIND OUT MORE

Visit our website: <https://www.cdfifund.gov/sdlp>

Call our help desk for support: (202) 653-0421

Email us your questions: [cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov)

