

Highlights of Award Round

Recovery Act Awards FY 2009 CDFI Financial Assistance Program

The Community Development Financial Institutions (CDFI) Fund has announced \$90 million in awards made available through the American Recovery and Reinvestment Act (Recovery Act). These Financial Assistance (FA) grants will support community-based financial institutions, which include loan funds, credit unions, banks, venture capital firms and other financing entities serving our nation's most underserved populations and communities.

The CDFI Fund received applications from 182 organizations requesting almost \$260 million under the FA Program. Out of the 182 applications, 59 awards were made to organizations located in 26 states and Puerto Rico.

A second award announcement for the FA program will be announced in September 2009. This will include applicants from the FY 2009 supplemental round and will be made utilizing appropriated dollars, not Recovery Act resources.

On March 26, 2009, the CDFI Fund announced its FY 2009 Technical Assistance (TA-only) program awards, the highlights of which are provided at the end of this document.

Key Statistics of FY 2009 Financial Assistance Awardees

- 59 CDFIs received \$90,000,000 in Recovery Act awards, all of which were grants;
- 46 loan funds, 9 credit unions, 2 depository institutions/holding companies, and 2 venture capital funds received grants;
- 40 of the 59 grants went to Core applicants; 19 went to Small and/or Emerging CDFI Assistance (SECA) applicants;
- 26 awardees primarily serve major urban markets; 8, minor urban areas; and 25, rural areas.

Financial Assistance Awards Overview

The CDFI Fund uses federal resources to make FA awards to invest in and build the capacity of CDFIs to serve low-income people and communities lacking adequate access to affordable financial products and services. The CDFI Fund provides these awards to CDFIs that demonstrate, through their proposed Comprehensive Business Plans, the ability and capacity to deploy credit, capital, and financial services to their Target Markets or to expand into new Investment Areas, Low-Income Targeted Populations, or Other Targeted Populations. Low-income communities are defined as those census tracts with poverty rates of greater than 20 percent and/or median family incomes that are less than or equal to 80 percent of the area median family income.

FINANCIAL ASSISTANCE AWARD TYPES

The CDFI Fund invests in CDFIs using flexible tools such as equity investments, loans, grants, and deposits, depending on institutional needs. FA awards enable CDFIs to leverage private capital to respond to demand for affordable financial products and services in economically distressed markets and by low-income families. Only Certified CDFIs are eligible to receive an FA Award.

Organizational Diversity

The CDFI industry consists of a wide variety of financial institutions including banks, credit unions, loan funds, and venture capital funds. Each provides a different mix of products geared to reach specific customers, such as the following:

- **Community development banks** are for-profit corporations which provide capital to rebuild economically distressed communities through targeted lending and investment;
- **Community development credit unions** are non-profit cooperatives owned by members which promote ownership of assets and savings and provide affordable credit and retail financial services to low-income people;
- **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(s) served: micro-enterprise, small business, housing and community-service organizations; and
- **Community development venture capital funds** are both for-profit and non-profit organizations which provide equity and debt-with-equity features for businesses in distressed communities.

Under the FY 2009 CDFI Program, FA awards were given to an awardee pool that includes 46 loan funds, 9 credit unions, 2 depository institutions/holding companies, and 2 venture capital funds. CDFIs use FA awards to focus on different financial sectors, typically: affordable housing (housing development and homeownership) and; economic development (job creation, business development, and commercial real estate development). Some CDFIs serve as national or regional intermediaries, providing financial products and services to local CDFIs and other community development organizations.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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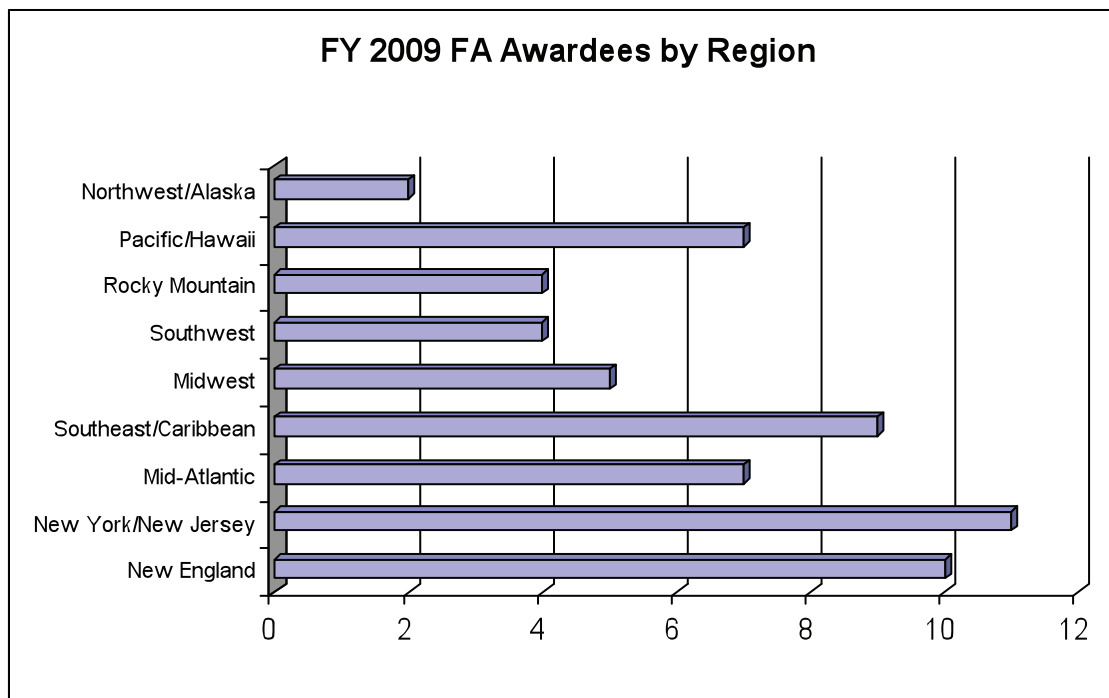
Table 1 breaks down the FY 2009 FA Program applicants and awardees by institution type.

| Institution Type | # Requests | # Awards | \$ Requested | \$ Awarded |
|---|------------|-----------|----------------------|---------------------|
| Loan Fund | 134 | 46 | \$184,054,735 | \$66,250,000 |
| Credit Union | 30 | 9 | \$42,355,575 | \$17,150,000 |
| Depository Institutions/ Holding Companies | 14 | 2 | \$27,253,438 | \$4,000,000 |
| Venture Capital Funds | 4 | 2 | \$5,601,560 | \$2,600,000 |
| Total | 182 | 59 | \$259,265,308 | \$90,000,000 |

* The total number of requests reflects the FA program applications reviewed by the CDFI Fund, excluding the 79 TA-Only program applications. The total amount requested reflects the amount requested by FA/TA applicants, excluding the \$7.4 million requested by TA-Only program applicants.

Geographic Diversity Among FA Awardees

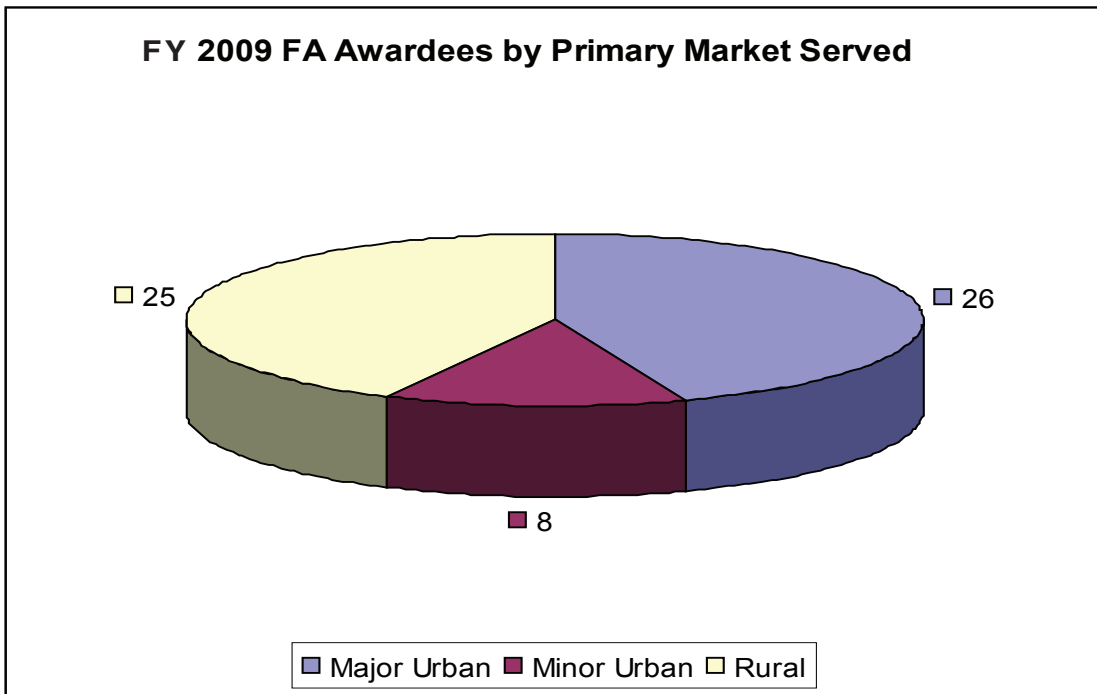
FY 2009 FA awardees are headquartered in 26 states and Puerto Rico. The graph below shows the varied regional distribution of the awardees.



* States correspond to regions classified by the U.S. Department of Housing and Urban Development.

Primary Market Diversity Among FA Awardees

FY 2009 FA awardees serve major urban, minor urban, and rural markets. As shown in the following graph, 44 percent or 26 of the awardees primarily serve major urban markets, 14 percent or 8 primarily serve minor urban areas, and 42 percent or 25 primarily serve rural areas.

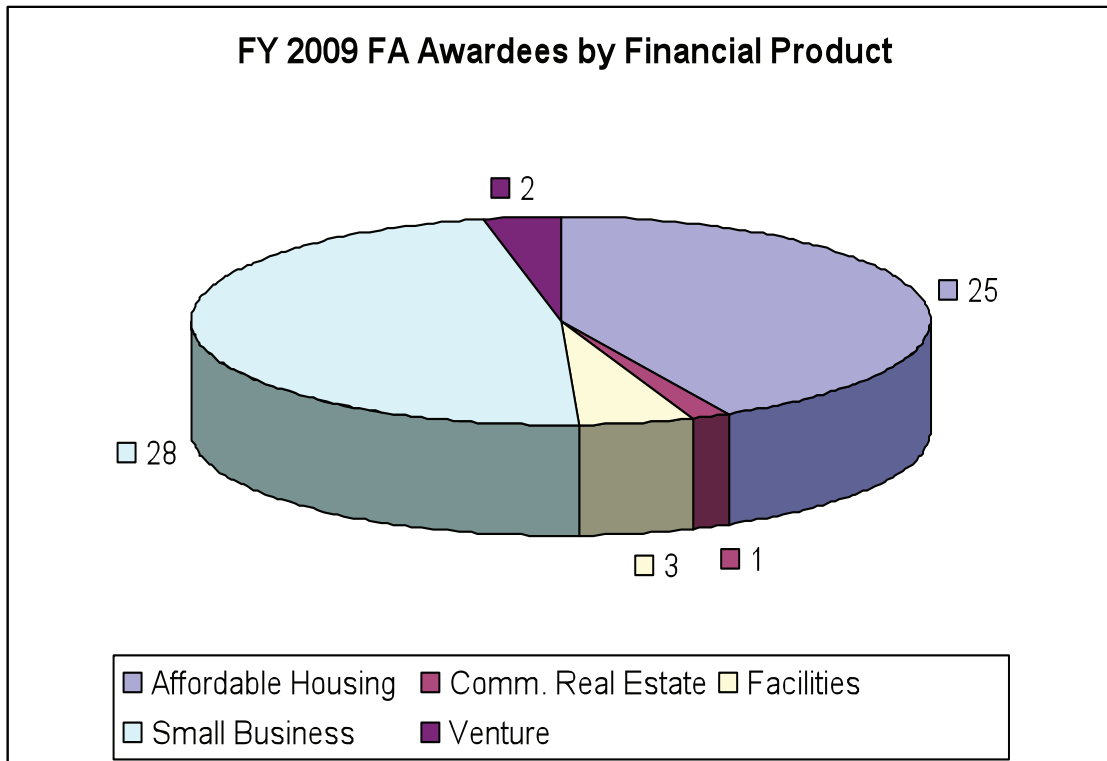


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Financial Product Diversity Among FA Awardees

FY 2009 FA awardees provide diverse financial products in their communities. As shown in the following graph, the majority provide affordable housing or small business products. Twenty eight (47 percent) of the awardees provide small business products; 25 (42 percent) affordable housing products; three (5 percent) community facilities; two (3 percent) venture capital products; and one (2 percent) commercial real estate products.



Awardee Categories

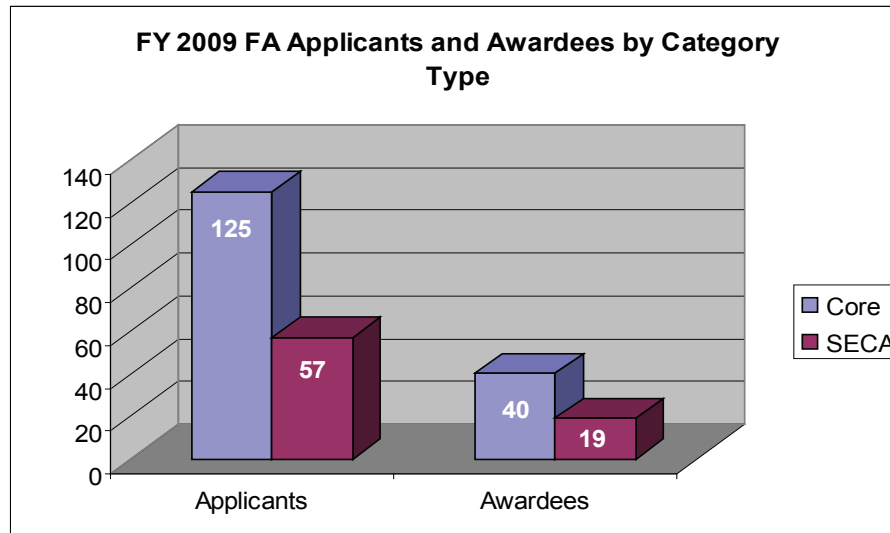
The CDFI Fund made FA awards to 40 Core and 19 SECA applicants.

The categories enable the CDFI Fund to support CDFIs at differing levels of capacity. SECA applicants have been in operation for five years or less or have assets of less than \$5 million (less than \$250 million for community development banks and less than \$10 million for credit unions and venture capital funds). All other applicants were considered Core applicants. The graph below shows the breakdown of the 2009 FA applicants and awardees by category type.

Out of 182 FA applicants, 125 were Core applicants and 57 were SECA applicants; 40 Core CDFIs, or 32 percent, received an FA grant and 19 SECA applicants, or 33 percent, received an FA grant.

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Award Amount Statistics by Category Type

FY 2009 FA awards ranged from \$1,150,000 to \$2,000,000 for Core CDFIs, with the average award of \$1,976,250. SECA awards ranged from \$250,000 to \$600,000, with the average award of \$576,316. Table 2 shows the range, average, and median FA award amounts by category type.

| Category Type | Min Award | Max Award | Average Award | Median Award |
|---------------|-----------|-------------|---------------|--------------|
| Core | \$150,000 | \$2,000,000 | \$1,976,250 | \$2,000,000 |
| SECA | \$250,000 | \$600,000 | \$576,316 | \$600,000 |

Aggregate Request & Award Amounts by Category Type

Core applicants (125) requested \$229,761,640 and were awarded \$79,050,000, or 34 percent of the requested amount. SECA applicants (57) requested \$29,503,668 and were awarded \$10,950,000, or 37 percent of the requested amount.

Table 3 shows the aggregate request and award amounts by category type.

| Category Type | # of Applicants | Request | Award | % of Request Amount |
|---------------|-----------------|---------------|--------------|---------------------|
| Core | 125 | \$229,761,640 | \$79,050,000 | 34% |
| SECA | 57 | \$29,503,668 | \$10,950,000 | 37% |

Awards Made Through the American Recovery and Reinvestment Act of 2009 Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) appropriated an additional \$100 million to the CDFI Fund for the fiscal year 2009 funding round to make awards through the CDFI Program and the Native American CDFI Assistance (NACA) Program. Of this amount, \$90 million will be made available to CDFIs under the Financial Assistance (FA) component of the CDFI Program, \$8 million will be made available under the NACA Program, and \$2 million will be used to fund administrative costs incurred by the CDFI Fund.

