

THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

United States Department of the Treasury



FY 2009 CDFI FINANCIAL ASSISTANCE PROGRAM

FINANCIAL ASSISTANCE PROGRAM AWARDEE HIGHLIGHTS– FY 2009 APPROPRIATIONS ROUND

The Community Development Financial Institutions Fund (the Fund) has announced the second funding round awards for the FY 2009 Financial Assistance Program (Appropriations).

The Fund awarded nearly \$53 million in Financial Assistance (FA) Program grants to support community-based financial institutions. These awards, made available through the FY 2009 annual appropriations, will support loan funds, credit unions, banks, venture capital firms and other financing entities in serving our nation's most underserved populations and communities.

The Fund received applications from 194 organizations requesting over \$273 million in financial assistance under the FY 2009 Appropriations Round. Supplemental NOFA was published on April 21, 2009 with applications being due May 27, 2009. The Fund made 62 awards totaling \$52.7 million to 26 states, including the District of Columbia and Puerto Rico.

The initial funding round awards (through the Recovery Act) for the FY 2009 Financial Assistance Program were announced in June 2009. The Initial NOFA was published on August 12, 2008, with applications being due on October 27, 2008. Under the initial FA funding round, the Fund received applications from 182 organizations requesting nearly \$260 million in Financial Assistance. The Fund made 59 awards totaling \$90 million to 26 states, including Puerto Rico.

KEY STATISTICS OF FY 2009 (APPROPRIATIONS) FINANCIAL ASSISTANCE AWARDEES¹

- 62 CDFIs received \$52,715,000 in awards, all of which were grants
- 51 loan funds, 2 credit unions, 7 depository institutions/holding companies, and 2 venture capital funds were awarded grants
- Of 62 FA awards, 46 went to Core CDFIs and 16 went to Small and/or Emerging CDFI Applicants (SECA)
- 41 Awardees primarily serve major urban markets; 13, minor urban areas; and 8, rural areas.

¹ Find FY 2009 FA Awardee Highlights (Recovery Act) and detailed Awardee Profiles at www.cdfifund.gov.

KEY STATISTICS OF FY 2009 FINANCIAL ASSISTANCE PROGRAM AWARDEES (BOTH ROUNDS)

For both FY 2009 Financial Assistance rounds combined, the Fund received 376 applications requesting over \$532 million in Financial Assistance. The Fund awarded 121 CDFIs totaling \$142,715,000.

- 121 CDFIs received \$142,715,000 in awards, all of which were grants;
- 97 loan funds, 11 credit unions, 9 depository institutions/holding companies, and 4 venture capital funds were awarded grants;
- Of 121 FA awards, 86 went to Core CDFIs and 35 went to Small and/or Emerging CDFI Applicants (SECA);
- 67 Awardees primarily serve major urban markets; 21, minor urban areas; and 33, rural areas.

FINANCIAL ASSISTANCE PROGRAM: OVERVIEW

The Fund uses federal resources, through the Financial Assistance (FA) Program, 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.

FA AWARD TYPES

The 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
- **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

FINANCIAL ASSISTANCE APPLICANTS AND AWARDEES

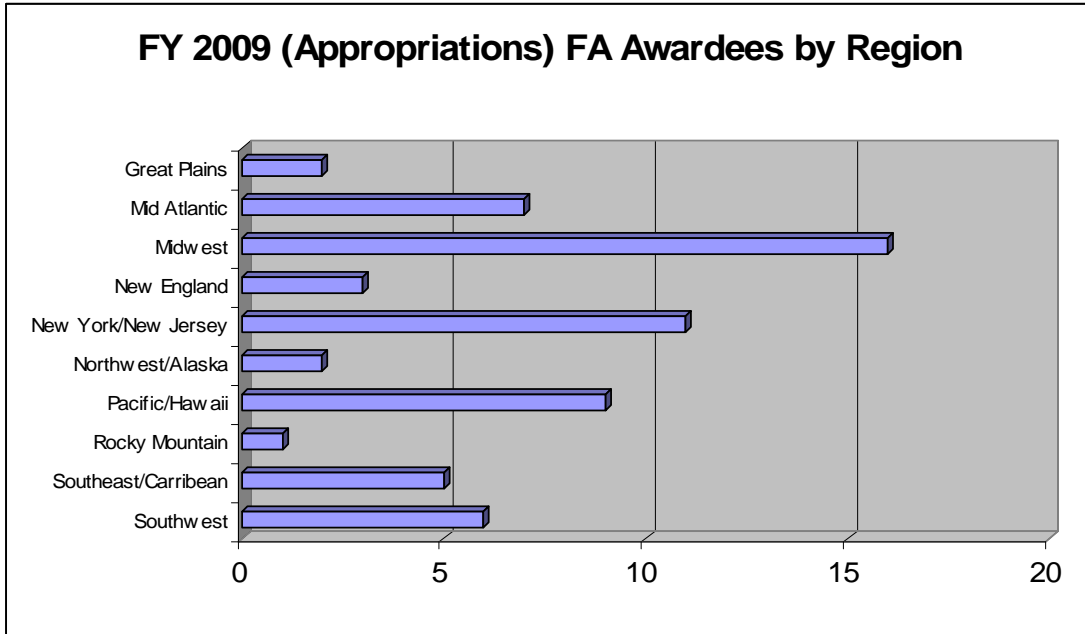
The FY 2009 (Appropriations) FA Program awardees include 51 loan funds, 2 credit unions, 7 depository institutions/holding companies, and 2 venture capital funds. CDFIs use FA awards to focus on different financial sectors, typically: 1) affordable housing (housing development and homeownership) and 2) 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.

Table 1 demonstrates the breakdown of FY 2009 FA Program Applicants and Awardees by institution type.

Table 1—FY 2009 (Appropriations) FA Program Applications vs. Awards by Institution Type				
Institution Type	# Requests	# Awards	\$ Requested	\$ Awarded
Loan Fund	139	51	\$203,898,758	\$43,365,000
Credit Union	33	2	\$28,400,658	\$850,000
Depository Institutions/Holding Companies	14	7	\$28,000,000	\$7,000,000
Venture Capital Funds	8	2	\$13,100,000	\$1,500,000
Total	194	62	\$273,399,416	\$52,715,000

GEOGRAPHIC DIVERSITY AMONG FA AWARDEES

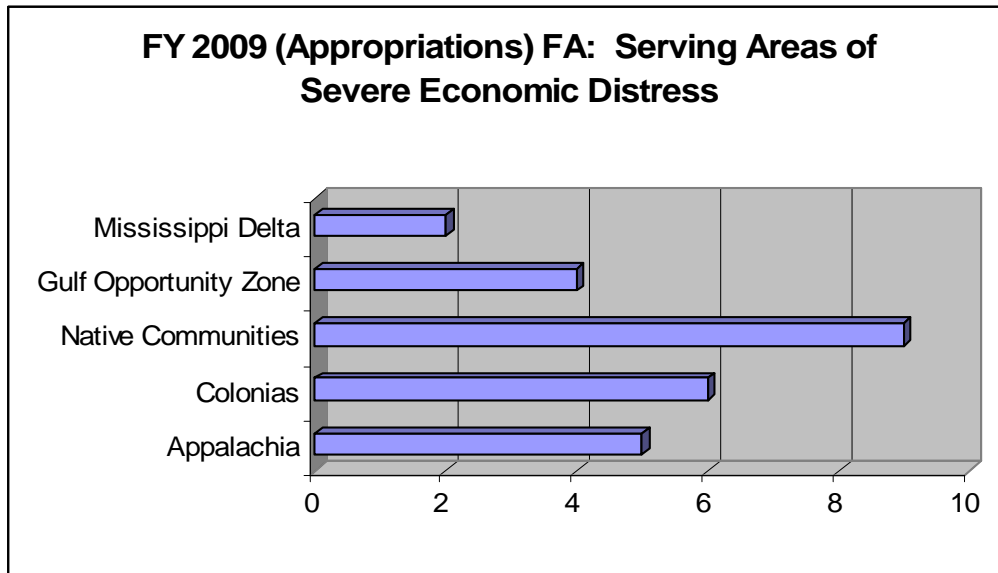
FY 2009 FA Awardees are headquartered in 26 states, the District of Columbia and Puerto Rico. The graph below shows the varied regional distribution of the awardees.



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

AREAS SERVED WITH SEVERE ECONOMIC DISTRESS

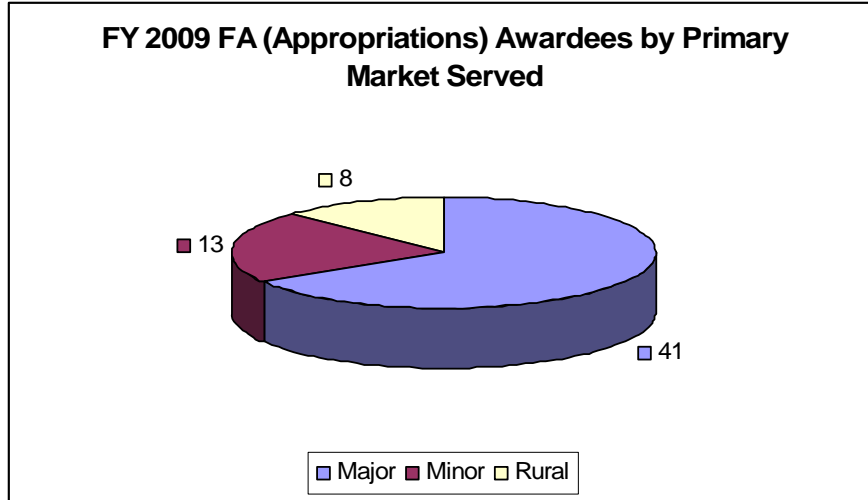
FY 2009 (Appropriations) FA Awardees serve diverse areas of severe economic distress. 14 Awardees serve at least one region of economic distress depicted in the graph below.



* Awardees may serve more than one distress region (data non-exclusive)

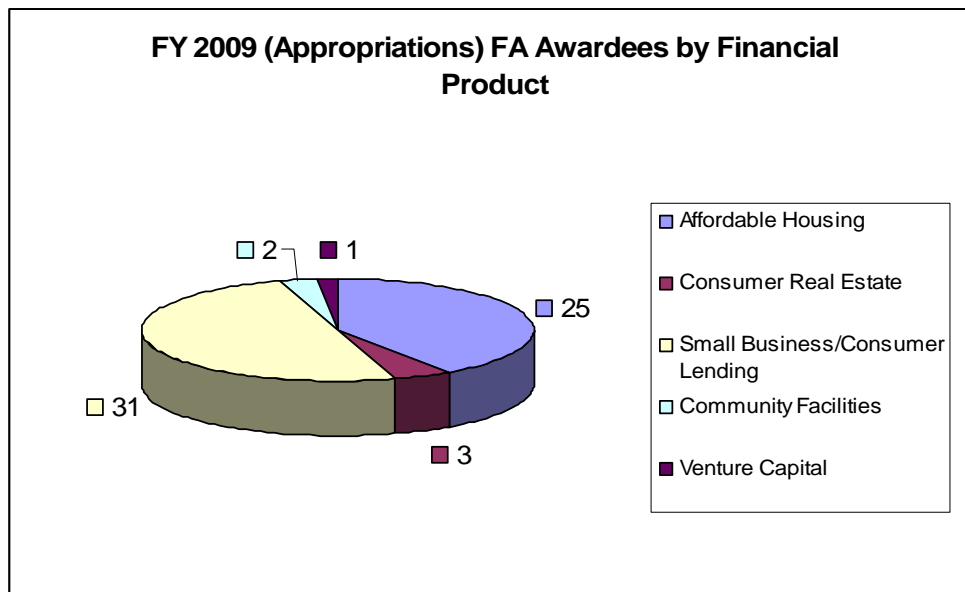
PRIMARY MARKET DIVERSITY AMONG FA AWARDEES

FY 2009 (Appropriations) FA Awardees serve diverse markets: major urban, minor urban, and rural. As shown in the following graph, 41 (66%) of the Awardees primarily serve major urban markets, 13 (21%) primarily serve minor urban areas, and 8 (13%) primarily serve rural areas.



FINANCIAL PRODUCT DIVERSITY AMONG FA AWARDEES

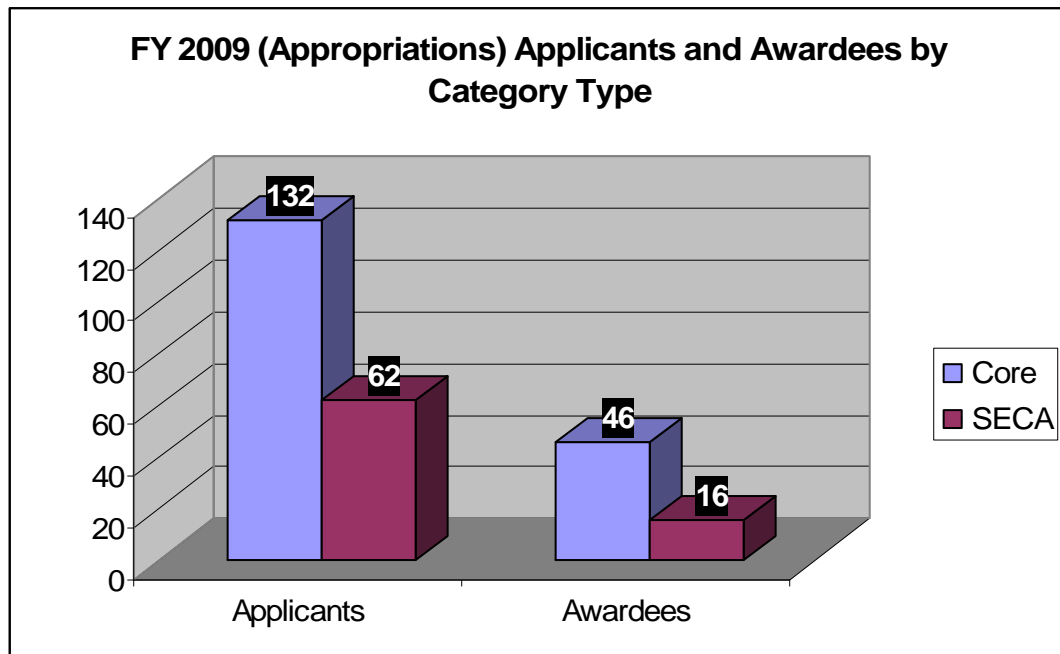
FY 2009 (Appropriations) FA Awardees provide diverse financial products in their communities. As shown in the graph, the majority of FY 2009 FA Awardees provide affordable housing or small business/consumer lending products. As shown in the following graph, 31 (50%) of the awardees provide small business/consumer lending products; 25 (40%) provide affordable housing products; 2 (3%) provide community facilities; 3 (5%) provide commercial real estate products; and 1 (2%) provides venture capital products.



AWARDEE CATEGORIES

The Fund made FA awards to both Core and Small and Emerging (SECA) Applicants (46 and 16 awards, respectively). Out of 194 FA Applicants, 132 were Core applicants and 62 were SECA applicants.

The categories enable the 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.



AWARD AMOUNT STATISTICS BY CATEGORY TYPE

FY 2009 (Appropriations) FA awards ranged from \$500,000 to \$1,000,000 for Core CDFIs, with the average award equaling \$976,304. SECA awards ranged from \$350,000 to \$500,000, with the average award amounting to \$487,812. Table 2 shows the range, average, and median FA award amounts by category type.

Table 2—FY 2009 (Appropriations) FA Program Award Amounts by Category Type				
Category Type	Min Award	Max Award	Average Award	Median Award
Core	\$500,000	\$1,000,000	\$976,304	\$1,000,000
SECA	\$350,000	\$500,000	\$487,812	\$500,000

AGGREGATE REQUEST & AWARD AMOUNTS BY CATEGORY TYPE

132 Core applicants requested \$239,512,068 and were awarded \$44,910,000 (19% of the requested amount). 62 SECA applicants requested \$33,887,348 and were awarded \$7,805,000 (23% of the requested amount). Table 3 shows aggregate request and award amounts by category type.

Table 3—FY 2009 (Appropriations) FA Program Aggregate Request and Award Amounts by Category Type				
Category Type	# of Applicants	Request	Award	% of Request Amount
Core	132	\$239,512,068	\$44,910,000	19%
SECA	62	\$33,887,348	\$7,805,000	23%
All	194	\$273,399,416	\$52,715,000	19%