



## Raising Debt and Equity for CDFIs



Capitalization Series

Workshop Developed  
and Delivered by

**CARSEY**  
INSTITUTE

AT THE UNIVERSITY OF MISSISSIPPI  
**NeighborWorks**  
AMERICA

## Introductions

- **Vicky Stein**
  - Consultant with nearly 20 years experience helping CDFIs access resources, expand business activities and engage in public policy. Began her career in financial services industry.
- **Megan Teare**
  - SVP at Wells Fargo Bank where she manages CDFI lending and investment program. Previously worked at a small CDFI in Washington, DC, and as a consultant to nonprofit housing developers.
- **You, the participants**
  - Small and large CDFIs
  - Loan funds, credit unions, and banks
  - Consultants



## Goals of the Workshop

Provide framework & tools to enable you to:

- Assess your capital needs
- Identify sources and types appropriate to your needs
- Understand advantages/disadvantages of different types of capital
- Prepare you to develop your own capitalization plan

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## Part I

### Getting Ready to Raise Capital

## Key Questions

1. Why are you raising funds?
2. How will you use the money?
3. What is your organization's history of raising funds?
4. Is your organization fit to raise funds?
5. What capitalization strategy is right for your organization? One size does not fit all!

## Q1: Why are you raising funds?

- Meet increased demand for products and services
- Expansion
- Capital constrained
- Increasing scale, sustainability

## Q2: How will you use the money?

- Expand lending activities – make more loans
- R & D – new product development
- Operating expenses related to expansion / new product launch - cover staff & marketing costs
- Bolster reserves
- Strengthen capital base to leverage more debt resources

## Q3: History of raising funds?

- Do you have a history of raising money?
- If yes, what types of funds have you raised?
- From what sources?
- Were you successful?

## Q4: Are you “fit” to raise funds?

### ➤ Organizational checklist

- ✓ Board believes organization is ready to raise resources
- ✓ Board prepared to fundraise
- ✓ Pipeline strong & growing
- ✓ Staffing sufficient to deploy new capital

## Q4: Are you “fit” to raise funds? cont'd

### ➤ Financial Fitness Checklist:

- ✓ Positive trend in net income (last 2 - 3 years)
- ✓ Net assets growing
- ✓ Sound loan portfolio
- ✓ Reserves adequate
- ✓ Liquidity sufficient
- ✓ Able to take on new debt

## Q5: Developing a Capital Plan: One Size Does *Not* Fit All

- Capitalization strategy & plan should reflect your business model & financing needs.
  
- What are you raising money for?
  - ❖ Affordable housing (SF or Multifamily)
  - ❖ Small business & microenterprise
  - ❖ Community facilities
  - ❖ Consumer loans to economically disadvantaged populations
  
- Lending activities dictate the type of money you need.
  - ❖ Can long term loans be funded with short term money?

## Framework for Developing Capital Plan

1. Prepare business plan
  - Demand for products is central
  - Build realistic projected financial statements
2. Determine Cost of Funds sensitivity
  - Model your lending
  - Establish pricing
3. Cost of Funds will drive your mix of debt and equity and financial covenants

# Smithtown CDFI Plan for Raising Debt & Equity

Smithtown CDFI is seeking additional resources.

- **Goal:** To raise \$5 million over the next 3 years to include \$4.25 million in debt (blended rate of 2%) and \$750,000 in equity.
- **Rationale for Plan:** Smithtown has decided to expand its lending activities into an adjacent community that is not currently served by any CDFIs.

Potential Sources	Amount	Notes
<b>Equity</b>	<b>\$750,000</b>	
CDFI Fund	\$500,000	Are we certified? Application deadlines?
CDBG	\$100,000	Entitlement? Small Cities?
Local foundation (with PRI?)	\$100,000	Possible sources? Established relationships with staff or board?
Private gifts/donations	\$50,000	Any history with private donors? First steps?
<b>Debt</b>	<b>\$4,250,000</b>	
<b>Long term (5 years or more)</b>		
Bank pool		Any existing pools? Local history?
Insurance Companies		Any local companies?
Private Individuals		Is this a good idea? Costs? Securities laws? Interest among board members?
Program Related Investments		Research local foundations
Religious		Start with board members
<b>Short term (less than 5 years)</b>		
Need line of credit?		Do you have an existing line of credit? Is it sufficient to meet possible short-term needs?
Religious institutions		Start with board members
Universities or other institutional lenders?		
<b>Sell loans?</b>		How will this affect earnings?

## Part II

### Sources of Capital – Private, Public & “Alternative”

### Sources of Capital - Private, Public & “Alternative”

- Banks
- Insurance Companies
- Pension Funds
- GSEs (Fannie & Freddie are not active at this time)
- Government – Federal & State (CDFI, CDBG, HOME, EDA, SBA)
- Foundations – Program Related Investments
- Religious Institutions
- Universities, Endowments & other “alternative” or mission related investors
- Private individuals



## Why CDFIs Partner with Banks

- **Liquidity** – CDFIs face liquidity shortages due to non-conforming nature of financing.
- **Leverage** – CDFIs use capital strategically to leverage banks to bring resources into underserved markets.
- **Financial Expertise** - CDFIs rely on bank partners' expertise as Board & Loan Committee members.
- **Position CDFI borrowers as future bank customers** - CDFIs season borrowers to become bank customers. Negotiate with banks up-front to purchase their performing loans.\*

\* Adapted from Mark Pinsky at <http://www.occ.gov/static/community-affairs/Summer-01.pdf>

## What Motivates Bank Lending to CDFIs?

- CRA Requirements – banks receive credit for loans & investments (grants) in CDFIs
  - CDFIs MUST be located or lending in bank's assessment area(s)
  - To learn more see - CRA Overview Materials
- Large Banks
  - Specialized lending groups focused on community development
    - Bank of America makes loans to CDLFs  
[http://www.bankofamerica.com/community/index.cfm?template=cdb\\_cdfi](http://www.bankofamerica.com/community/index.cfm?template=cdb_cdfi)
  - Community Affairs Department – oversees CRA activities & interacts with CDFIs
- Small/Community Banks
  - CRA still a consideration
  - May ask CDFI to open an account

## Building Banking Relationship

- Do your homework before contacting bank:
  - ✓ Does the bank have a community development program or focus (e.g. developing affordable housing)?
  - ✓ Has the bank funded other CDFIs or nonprofits?
  - ✓ Do you/board members know anyone at the bank to make an introduction?
  - ✓ Look up the Bank's CRA rating at <http://www.ffiec.gov/craratings/default.aspx>

## Building Banking Relationship (cont'd)

- Before contacting bank:
  - ✓ Know what product you are looking for – a loan or a grant;
  - ✓ Develop your pitch – clearly articulate your strategy & how you will use the resources;
  - ✓ Be able to demonstrate financial strength and community impact.

## Point of Contact at Bank?

### Who do I contact at the Bank?

- Local Loan Officer
  - May refer you to community development specialist if they have one
  
- Community Development Loan Specialist
  - Not all banks have one
  
- Community Affairs/CRA Officer
  - Point of entry – do not have product responsibilities – will refer you to banker

\* Note: Bank organizational structures differ - contact your local bank to identify the appropriate contact person.

## Uses of Bank Debt

Debt offered to CDFIs falls into two categories:

1. Loans to CDFIs for general lending/operating purposes;
  
2. Specialized Bank Programs - loans must be used in accordance with specified program guidelines. (described below)

## Banks – Key Source of Debt

### Characteristics of Bank Debt:

- ❖ Banks generally offer short-term, self-liquidating (fully-amortizing loans);
- ❖ Most banks do not provide equity, subordinated debt or any other kind of patient money;\*
- ❖ Banks generally lend for the short-term so as not to get locked into set interest rates (short-term, lines of credit).

\* Bank foundations offer patient money such as grants & Program Related Investments.

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## Specialized Bank Loan Programs

### **Citibank – *Communities at Work Program*** (ends May 2012)

<http://www.communitiesatworkfund.com/apply/>

- Open to Community Development Loan Funds
- Minimum 3 year lending track record
- Minimum total assets of \$2,000,000
- Demonstrated community support and support from other private funders
- Positive change in net assets in 2 of the last 3 years

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## Specialized Bank Programs (cont'd)

### **Goldman Sachs - CDFI Small Business Financing Initiative** (with Opportunity Finance Network)

<http://www2.goldmansachs.com/citizenship/10000-small-businesses/index.html>

- Open to CDFIs (Current partners are Loan Funds)

## Specialized Bank Programs (cont'd)

### **Bank of America Green Loan Fund – Energy Efficiency Finance Program**

<http://mediaroom.bankofamerica.com/phoenix.zhtml?c=234503&p=irol-newsArticle&ID=1567738>

- Open to Nonprofit CDFIs
  - Will provide low cost loans & grants to CDFIs specializing in financing energy efficiency improvements
  - Competitive program - 12 CDFIs will be selected in November 2011

## Financing Vehicles & Tools

- Bonds (State and Federal)
- Borrowing Facilities (Federal Home Loan Bank System)
- Loan Sales (Community Reinvestment Fund, Impact Capital)
- Loan Participations and Pools (Partners for the Common Good, CT, FL, GA, NH and VT)
- Credit Enhancements

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## Bonds & Borrowing Facilities

- Bonds
  - State – Industrial Development – Mortgage Revenue Bonds
  - Federal – new program authorized under Small Business Jobs Act of 2010 (in design – discussed below)

## Borrowing Facilities

### ➤ FHLB System

- 12 banks across country - cooperatively owned by member financial institutions
- HERA 2008 - CDFIs eligible for membership – must meet requirements of district bank (collateral, stock purchase & lending activities)
- Banks provide loans to members at reasonable rates

## Borrowing Facilities (cont'd)

- Also offer special loan programs to support affordable housing and economic development:
  - Community Investment Program Advance
  - Economic Development Program Advance
  - For example see FHLB Atlanta programs at <http://corp.fhlbatl.com/CommunityInvestment.aspx?id=120>
- 7 CDFI loan fund members of the FHLB System - **CDFI Clearinghouse, Century Housing,, Community Ventures, FAHE, IFF, Self Help Ventures Fund & Cincinnati Development Fund**

\*See *CDFIs and the FHLB System* – presented by Cheryl Neas, 10/30/09

## Liquidity & Credit Enhancements

### Loan Sales – Secondary Market Outlets

- **Community Reinvestment Fund, USA** – national CDFI operating a secondary market for affordable housing, community facilities & small business loans. [www.crfusa.com](http://www.crfusa.com)
- **Impact Community Capital LLC** – for profit corporation funded by insurance firms - investments include affordable housing, community facilities and real estate. <http://www.impactcapital.net/>

## Liquidity & Credit Enhancements (cont'd)

### Loan Participations and Pools

- **Partners for the Common Good** – CDFI loan participation network financing affordable housing, community facilities & nonprofit working capital; launching online database & matching service for loans (CapNexus) [www.pcgloanfund.org](http://www.pcgloanfund.org)
- Other pools (CT, FL, GA, NH, & VT)
- Co-lending with another CDFI in your market



## Liquidity & Credit Enhancements (cont'd)

### Credit Enhancements

- Banks – letters of credit and guarantees - terms vary
- Government programs
  - HHS - 80% guarantee on loans made by non-federal lenders for construction, renovation, or modernization of qualified community health centers:  
<http://bphc.hrsa.gov/policiesregulations/policies/pin199720.html>
  - DOE – Credit Enhancement for Charter School Facilities Program - grants to credit enhance private sector debt financing for charter school facilities:  
<http://www2.ed.gov/programs/charterfacilities/index.html>

## “Alternative” Sources of Debt

- Program Related Investments (“PRIs”) from Foundations
- Government Sources
- Institutional sources
  - Insurance companies
  - GSEs (Fannie and Freddie are not active at this time)
  - Religious Organizations
  - Universities & Endowments
  - Private Individuals

## What are PRIs?\*

- Mission/social investments made by foundations to achieve philanthropic goals.
- Expected to be repaid, with modest rate of return; repayments used for charitable purposes.
- Generally made as loans - could be deposits or equity investments; may involve diverse financing methods (e.g. subordinated loans, revolving funds, loan guarantees & linked deposits).

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## What are PRIs?\* (cont'd)

- Must meet 3 criteria (IRS Code):
  - Help foundation to carry out its mission or purpose;
  - Cannot be undertaken to generate income or benefit from property appreciation;
  - Cannot be used for lobbying activities or political purposes.

\*Adapted from Ford Foundation's *Answers to 10 Frequently Asked Questions about PRIs* - PRI Makers Network - [www.primakers.net/about/faq](http://www.primakers.net/about/faq)

## Who makes PRIs?

- Foundations - family, community, corporate and private foundations
- Charities - associated with corporations, religious organizations, donor-advised funds
- Investment circles - make social investments that are similar to PRIs.
- Bank of America makes PRIs  
[http://www.bankofamerica.com/community/index.cfm?template=cdb\\_progrelinvest](http://www.bankofamerica.com/community/index.cfm?template=cdb_progrelinvest)

## How are PRIs Used?

- **Examples:**
  - Low-interest loans to needy students;
  - Investments in nonprofit low-income housing projects;
  - Low-interest loans to small businesses unable to access reasonably priced commercial funds;
  - Investments in businesses in distressed urban areas providing employment/training for residents;
  - Investments in nonprofit organizations providing flexible loan products.

## TERMS of PRIs

- Range in size from \$1,000 to several million dollars – amount reflects:
  - Need and capacity of the recipient;
  - Scope and size of the foundation;
  - Foundation’s tolerance for risk.
- Interest Rates of PRIs:
  - Below market rates of between 0 – 3% (can be higher);
  - Reflects risk & borrower’s ability to make interest & principle payments over term of investment.

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## TERMS of PRIs (cont’d)

- Duration of the PRI may be from a few weeks to five or ten years.
  - A foundation may establish a revolving fund to provide short-term bridge loans to be repaid within a few weeks.
  - Alternatively, PRIs could support a multi-year community development project or provide a new business with long term, patient capital.
- Typically include covenants related to
  - Net assets ratio
  - Loan loss reserves
  - Current ratio

## PRI Case Study

### Community Loan Fund of New Jersey, Inc. - *Trenton, New Jersey (2004)*

**Borrower:** The Community Loan Fund of New Jersey, non-profit CDFI, makes loans for predevelopment, construction, renovation or “gap” financing for child care centers and family-based child care providers in New Jersey.

**Use of Funds:** Over a ten year period, it planned to lend more than \$20 million to support 2,500 new child care openings.

## PRI Case Study (cont'd)

**Track Record:** CLFNJ provided technical assistance and training to 112 centers serving 7,500 children through its “Building Stronger Centers” program. More than 80% of the centers assisted by the CLFNJ are located in low-income neighborhoods and serve children from low-income families. A number of centers were accredited by the National Association for the Education of Younger Children (NAEYC) or sought accreditation.

**PRI:** The F.B. Heron Foundation provided a \$500,000 eight-year senior loan at an average interest rate of 3% to support the CLFNJ’s loan program and a general operating grant of \$75,000.

## CASE STUDY – Analysis

Why did Heron make a PRI?

- Desire to make a direct impact on program areas
- Build relationship with effective grantee
- Using endowment resources (not program \$) requires a financial return

## CASE STUDY – Analysis (cont'd)

Underwriting Criteria for PRI

- Programmatic
  - Prior grantee – leverage existing investment in CLFNJ
  - Strongly aligned with key program area – quality affordable child care
  - Technical assistance provided through CLFNJ's Building Stronger Centers program credit enhanced PRI - strengthened positive social outcomes for quality child care
- Financial analysis – similar to CARS rating process:  
<http://www.carsratingsystem.net/>
- Quarterly reporting requirements

# Federal Government Loan Programs

See Appendix A

# Other Institutional Sources

**Insurance Companies:** geographically focused investment initiatives in CA & MA that provide capital to CDFIs & community development organizations.

## California

- COIN (CA) – see <http://www.insurance.ca.gov/0250-insurers/0700-coin/>
- Operates state CDFI Tax Credit program.

## Massachusetts

- The Life Initiative - <http://www.lifeinitiative.com/>
- The Property Casualty Initiative - <http://www.pcifund.com>
- Both Initiatives support affordable housing & economic development.

## Other Institutional Sources (cont'd)

- **Religious Institutions** – long history of providing loans (and other forms of capital) to CDFI – see ***Community Investing Toolkit for the Faith Community*** – (resource materials)
  
- **Universities and Endowments** – less engaged; provide resources in the form of deposits at CDFI Banks – see Responsible Endowments Coalition at:  
<http://www.endowmentethics.org/community-investment-campaign>

## Private Individuals

### Significant Legal Issues for Unregulated CDFIs

- **Securities Laws**
  - Loans from individuals (promissory note) constitute a “security”
  - Must comply with state and federal laws/regulations
  - Documentation, compliance & reporting - expensive & complicated
  
- **Consumer Laws** – apply as well



## Private Individuals (cont'd)

### ➤ Factors to Consider

- High costs - paperwork, reporting, time with investor.
- Trade off in terms of time and expense – is it worth it?
- May want to set minimum investment amount.

### ➤ One CDFI's approach – NH Community Loan Fund (see resource materials)

- Concluded their note was not a security
- Need to consult an attorney

## Calvert Foundation Community Investment Note

- Available to retail & institutional investors
- Complies with state & federal securities laws
- **Structured to make loans to CDFIs**

### Eligibility Criteria

- 3 years of operating experience.
- A solid base of net assets or net worth.
- Evidence of good operating performance. Positive net income for past 2 fiscal years.
- 3 years audited financial statements.
- Track record of raising and repaying debt capital.

**Application Process** <http://www.calvertfoundation.org/who-we-help/criteria>

(Prospectus included in handout materials)

## Terms of Loans Made to CDFIs (Calvert Investment Notes)

Use of funds	Loan capital, pre-development funding
Principal	\$50,000 to \$2.5 million; loans are limited to 10% of applicant's total assets
Term	Typically one to five years; loans are often recommended for renewal at maturity if borrowers have demonstrated good credit risk
Interest Rate	Fixed rates are set in relation to US Treasury rates, varying with credit risk but consistently below market
Payments	Typically interest-only, semi-annual payments with a balloon payment at maturity
Collateral	Typically none required; investments are structured as general recourse obligations

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## Raising Equity

- Investors
  - Are you eligible?
  
- Grants
  - What are the sources?
  
- Secondary Capital – EQ2
  - What is it? Do you qualify? Sources?

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# Grants

## ➤ Characteristics

- Highly flexible, most desirable form of equity
- When is it appropriate to seek grant dollars?
  - » Capitalizing/strengthening capital base of organization
  - » Loan Loss Reserves
  - » General Operating Purposes

## ➤ Sources

- Foundations
- Federal Government
- GSEs – FHLB System
- Individuals

# Federal Government Grant Programs

See Appendix B

## Government Sponsored Enterprises

- **Federal Home Loan Bank System** (see individual bank websites)
  - Affordable Housing Program: competitive program offers flexible funding to develop affordable owner-occupied & rental housing.
  - For example, FHLB of Atlanta – see <http://corp.fhlbatl.com/CommunityInvestment.aspx?id=116>

## Secondary Capital: Equity Equivalent Investments (EQ2s)

- **What is an EQ2?**
  - Capital product for CDFIs & their investors
  - Created by CDFIs working with bankers & regulators (bank may receive CRA credit)
- **Who makes EQ2s**
  - Banks
  - Other Institutions – Harvard University made an EQ2 to Boston Community Capital

## Secondary Capital: Equity Equivalent Investments (EQ2s)

- Benefits of an EQ2 for CDFIs
  - Financial tool that allows CDFIs to strengthen their capital structures
  - Leverages additional debt capital
  - Increase lending activities

## Six Attributes of EQ2s

1. Carried as an investment on investor balance sheet (GAAP)
2. General obligation of CDFI – not secured by any CDFI assets
3. Fully subordinated to other creditors' rights of repayment
4. No investor right to accelerate payment unless CDFI ceases normal operations
5. Interest rate is not tied to any income received by CDFI
6. Has a rolling term & indefinite maturity

## Distinguishing EQ2s from Equity

- Like Equity – EQ2s
  - Enhance CDFI lending flexibility
  - Increase CDFI debt capacity by protecting senior lenders
  
- Unlike Equity – EQ2s
  - Must be repaid & require interest payments (below market rate)
  - Have an equity like character – but do not replace true equity as source of financial strength

## EQ2 – Uses & Availability

- When are EQ2s appropriate?
  - Augment or supplement to true equity
  - Leverage additional debt when CDFI is expanding activities
  - Must be balanced with grants/retained earnings
  
- Current availability of EQ2s
  - Limited due to financial crisis
  - Size of market

## EQ2 Case Studies\*

- Recent NWA EQ2 - financial requirements address post-NHSA liquidity issues
  - CDFI-CDFI partnership - building the capacity of a smaller, newer CDFI by pairing it with a larger, more-established CDFI
  - CDFI-foundation partnership - lending against a foundation's balance sheet to get more resources to a CDFI
- \* Included in resource materials

## What is Your Plan?

- What are your goals?
- What are your most appropriate sources of debt?
- What are your most appropriate sources of equity?
- What is a reasonable timeline?

## Wrap-Up

Sample documents, etc. will be available as part of a Resource Bank on the CDFI Fund's Capacity Building Initiative webpage later this summer. Please see <http://www.cdfifund.gov/cbi> to view the Resource Bank and other helpful information on the Capacity Building Initiative.

As part of the Capacity Building Initiative, free TA is available for CDFIs. To sign up, email: [jack@nemarketresearch.com](mailto:jack@nemarketresearch.com) or [ehangen@i2community.org](mailto:ehangen@i2community.org)

If you have not taken the survey, please do so at the following link:

<http://www.unh.edu/survey-center/cdfi.html>

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## Raising Debt and Equity for CDFIs

Questions? You can email me at [VEStein@aol.com](mailto:VEStein@aol.com)

Thanks for being with us today!



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# Appendix A

## Federal Government Loan Programs

## Community Development Financial Institutions Fund Programs

- Financial Assistance Program – flexible grant & loan funds available to certified CDFIs:  
[http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=7](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7)
- Native American CDFI Assistance Program – flexible grant & loan funds available *only* to certified Native CDFIs:  
[http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=3](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=3)

## Small Business Administration Programs

- Community Advantage 7(a) Loan Initiative – 3 yr pilot (2011) allows CDFIs to offer 7(a) loans to small businesses: <http://www.sba.gov/advantage>
- Intermediary Pilot Lending Initiative – 3 yr pilot (2011) - \$20 million in long term, low cost funds for up to 20 organizations (CDFIs eligible) for small business lending: <http://www.sba.gov/content/intermediary-lending-pilot>

## US Department of Treasury Programs

- Small Business Lending Fund
  - \$300 million pool for available to CDFIs for small business (including nonprofits) loans (closed 6/22/11):  
<http://www.treasury.gov/resource-center/sb-programs/Pages/Overview-for-CDLFs.aspx>

## US Department of Treasury Programs (cont'd)

- CDFI Fund Bond Guarantee Program (in design)
  - Small Business Jobs Act 2010 authorized federal guarantees (100%) for bonds backed by CDFI loans
  - Treasury can issue up to \$1 billion of bonds per year for 4 yrs in increments of not less than \$100 million (limit of 10 bonds per yr); program ends 9/30/14
  - Would provide low cost 30 yr money for CDFI lending activities
  - More information:  
[http://www.opportunityfinance.net/policy/policy\\_sub2.aspx?id=104](http://www.opportunityfinance.net/policy/policy_sub2.aspx?id=104)

## US Department of Agriculture Programs

- Business & Industry Guaranteed Loans – provides loan guarantees from 60% – 80% on business loans (includes nonprofit businesses) -  
[http://www.rurdev.usda.gov/rbs/busp/b&i\\_gar.htm](http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm)
- Intermediary Relending Program (IRP) - provides low interest rate, long term loans to nonprofits (among others) for business and economic development activities in rural areas - <http://www.rurdev.usda.gov/rbs/busp/irp.htm>

## Appendix B

### Federal Government Grant Programs

### Community Development Financial Institutions Fund Programs

- Financial Assistance Program – flexible grant & loan funds available to certified CDFIs:  
[http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=7](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7)
- Native American CDFI Assistance Program – flexible grant & loan funds available *only* to certified Native CDFIs:  
[http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=3](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=3)

## Department of Housing and Urban Development Programs

- Community Development Block Grant Program (CDBG) provides resources to communities for community development activities:

[http://www.hud.gov/offices/cpd/  
communitydevelopment/programs/](http://www.hud.gov/offices/cpd/communitydevelopment/programs/)

- HOME Program – formula grants to states and locales used by communities in partnership with nonprofits to fund a wide range of affordable housing:

[http://www.hud.gov/offices/cpd/affordablehousing/  
programs/home/](http://www.hud.gov/offices/cpd/affordablehousing/programs/home/)

## Department of Commerce Program

- **Economic Development Administration**

- Revolving Loan Fund Program – supplies gap financing to small businesses and entrepreneurs to start or expand businesses:

<http://www.eda.gov/AboutEDA/RLF.xml>