

Highlights of Award Round

FY 2012 CDFI Program Awards Highlights

Financial Assistance, Technical Assistance, and Healthy Food Financing Initiative Financial Assistance

The Community Development Financial Institutions Fund (CDFI Fund) has completed its fiscal year (FY) 2012 funding round of the Community Development Financial Institutions Program (CDFI Program). The CDFI Fund received applications from 403 organizations of which 389 were deemed eligible to advance to the review process. Those 389 eligible organizations requested more than \$378 million in Financial Assistance (FA) and Technical Assistance (TA)¹. The CDFI Fund made 177 awards totaling more than \$152 million to organizations in 40 states and the District of Columbia.

The Notice of Funds Available (NOFA) was published on November 7, 2011. Applications were due on January 11, 2012.

Key Statistics of Awardees (FA and TA awards combined):

- 177 organizations received \$152,281,326² in awards.
- 144 FA and 33 TA awards were made.
- 146 loan funds, 22 credit unions, three venture capital funds, and six depository institutions/holding companies were awarded.

In addition to the CDFI Program's Financial Assistance and Technical Assistance awards, the CDFI Fund also awarded additional funds to 12 organizations that requested and qualified for Healthy Food Financing Initiative Financial Assistance (HFFI-FA). More information about the FY 2012 HFFI-FA awards may be found on page 32.

Organizational Diversity

The Community Development Financial Institution (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.

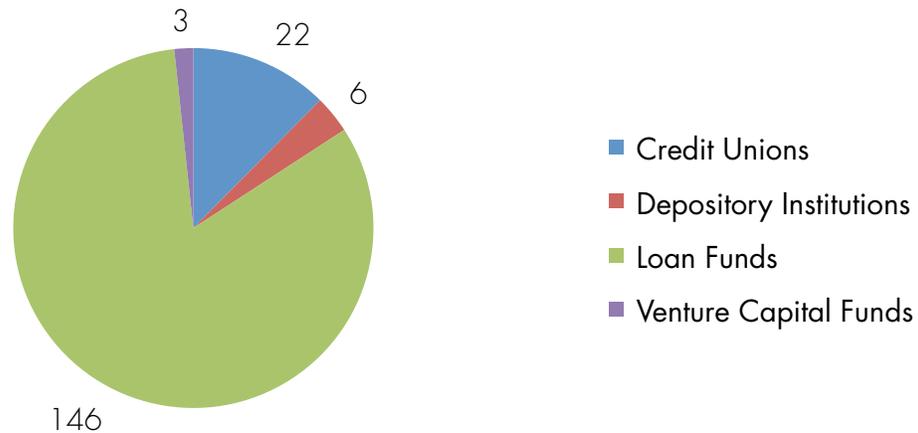
1 The figures presented for number of applications received and amount of funding requested differ from those stated in the CDFI Fund press release issued in March 2012. The original figures included organizations that were later deemed ineligible for funding or that submitted incomplete applications.

2 This amount includes \$12,664,128 in loans with a credit subsidy of \$5,098,578

- **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.

The following graph shows the breakdown of the FY 2012 FA and TA awardees by the type of institution awarded.

FY 2012 FA and TA Awardees by Institution Type



Geographic Diversity

The FY 2012 FA and TA awardees are headquartered in 40 states and the District of Columbia. For more detailed geographic breakdowns by program, please refer to the individual FA and TA highlights sections that follow.

Financial Assistance Awards Highlights

Overview

The CDFI Fund uses Financial Assistance awards through the CDFI 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.

Key Statistics of FY 2012 Financial Assistance Awardees

- Total number of awards - 144 CDFIs received awards
- Total amount awarded - \$149,231,566

- Type of organizations receiving awards
 - Loan funds - 120
 - Credit unions - 15
 - Depository institutions/holding companies - 6
 - Venture capital funds - 3
- Type of award
 - Core - 108 awards
 - Small and/or Emerging CDFI (SECA) - 36 awards
- Primary Geographic Markets
 - Major urban markets only - 45 awardees
 - Minor urban areas only- 20
 - Rural areas only- 29
 - Some major urban markets – 37
 - Some minor urban markets – 49
 - Some rural markets - 48
- Persistent Poverty
 - Total number of awards - 66
 - Total amount of awards - \$23,033,038

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.

Aggregate Request and Award Amounts by Category Type

One hundred and ninety-eight (198) Core applicants requested \$326,864,750 and 108 were awarded \$132,235,566 (40.5% of the requested amount); 75 SECA applicants requested \$40,789,175 and 36 were awarded \$16,996,000 (41.7% of the requested amount). Table 1 shows aggregate request and award amounts by category type.

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.

| Table 1—FY 2012 NACA Financial Assistance Applications vs. Awards by Institution Type | | | | |
|---|----------------------|--------------|----------------------|-----------|
| Applicant Type | % Requested | % Requested | # Awarded | % Awarded |
| CORE | 198 | 72.5% | 108 | 74.5% |
| SECA | 75 | 27.5% | 36 | 25.0% |
| TOTAL | 273 | | 144 | |
| Applicant Type | % Requested | \$ Requested | \$ Awarded | % Awarded |
| CORE | 326,864,750 | 88.9% | 132,235,566 | 88.3% |
| SECA | 40,789,175 | 11.1% | 16,996,000 | 11.4% |
| TOTAL | \$367,653,925 | | \$149,231,566 | |

Financial Assistance Applicants and Awardees

The FY 2012 Financial Assistance awardees include 121 loan funds, 15 credit unions, 6 depository institutions/holding companies, and 3 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.

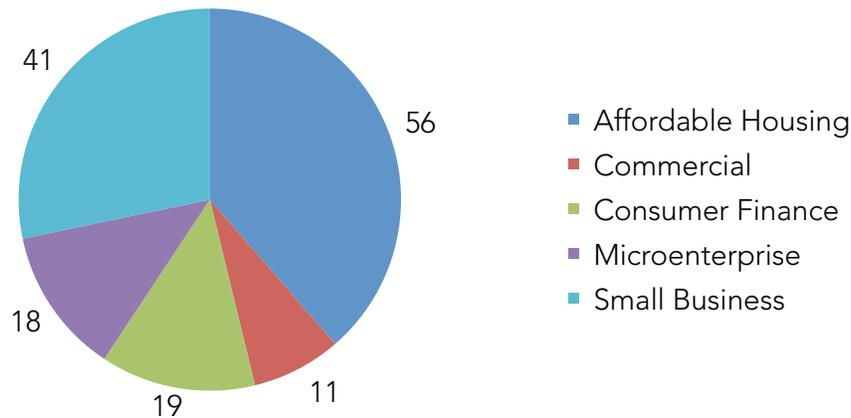
Table 2 demonstrates the breakdown of FY 2012 Financial Assistance applicants and awardees by institution type.

| Table 2- FY 2012 Financial Assistance Awards Applications vs. Awards by Institution Type | | | | |
|--|----------------------|-------------|----------------------|-----------|
| Institution Type | # Requested | % Requested | # Awarded | % Awarded |
| Loan Fund | 201 | 73.6% | 120 | 83.3% |
| Credit Union | 44 | 16.1% | 15 | 10.4% |
| Venture Capital | 6 | 2.2% | 3 | 2.1% |
| Depository Inst. | 22 | 8.1% | 6 | 4.2% |
| TOTAL | 273 | | 144 | |
| Applicant Type | \$ Requested | % Requested | \$ Awarded | % Awarded |
| Loan Fund | \$258,261,748 | 70.2% | \$124,274,663 | 83.3% |
| Credit Union | \$59,026,006 | 16.1% | \$13,772,653 | 9.2% |
| Venture Capital | \$10,000,000 | 2.7% | \$3,861,417 | 2.6% |
| Depository Inst. | \$40,366,171 | 11.0% | \$7,322,833 | 4.9% |
| TOTAL | \$367,653,925 | | \$149,231,566 | |

Financial Product Diversity Among Financial Assistance Awardees

In FY 2012, the 144 FA awardees provide diverse financial products in communities with the majority providing affordable housing products and small business loans. As shown in the graph below, 56 (39%) awardees provide affordable housing products; 40 (28%) provide small business loans; 19 (13%) provide consumer finance loans; 18 (13%) offer microenterprise loans; and 11 (7%) offer commercial loan products.

FY 2012 FA Awardees by Primary Line of Business



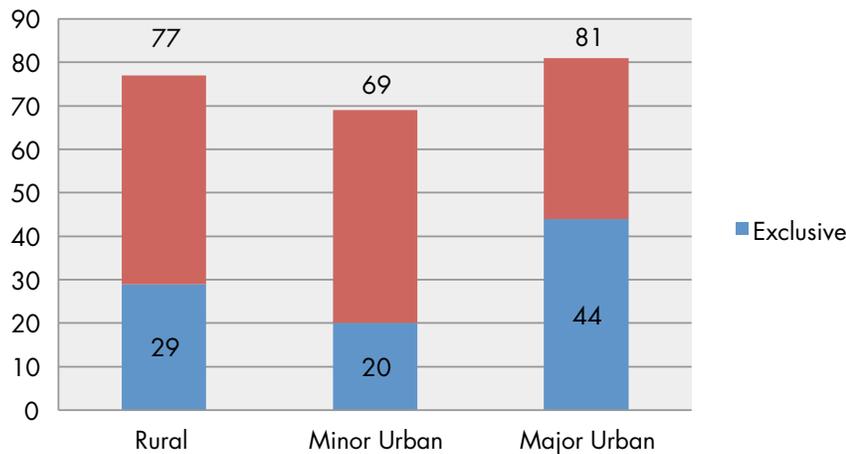
**Table 3- FY 2012 Financial Assistance Awards
Primary Line of Business**

| Primary Line of Business | # Awardees | # Awarded |
|--------------------------|------------|--------------|
| Affordable Housing | 56 | \$61,613,534 |
| Commercial Loans | 11 | \$14,091,861 |
| Consumer Finance | 19 | \$18,689,264 |
| Microenterprise | 18 | \$11,272,029 |
| Small Business | 40 | \$43,564,878 |

Primary Market Diversity Among Financial Assistance Awardees

FY 2012 Financial Assistance awardees serve diverse markets: major urban, minor urban, and rural. Organizations were asked to select any geographic service area in which they have a presence. While some organizations served only one specific geographic market, others have extended their services to include multiple geographic markets. Each column represents those organizations that focus exclusively on one service area and the total number of organizations that have a partial focus on that service area.

FY 2012 FA Awardees by Geographic Service Area Focus*

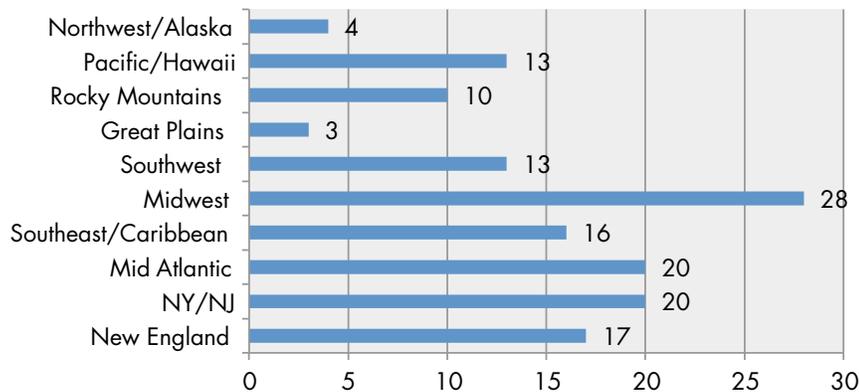


*Awardees may be included in more than one category.

Geographic Diversity Among Financial Assistance Awardees

FY 2012 FA Awardees are headquartered in 40 states and the District of Columbia. The graph below shows the varied regional distribution of the awardees.

FY 2012 FA Awardees by Region

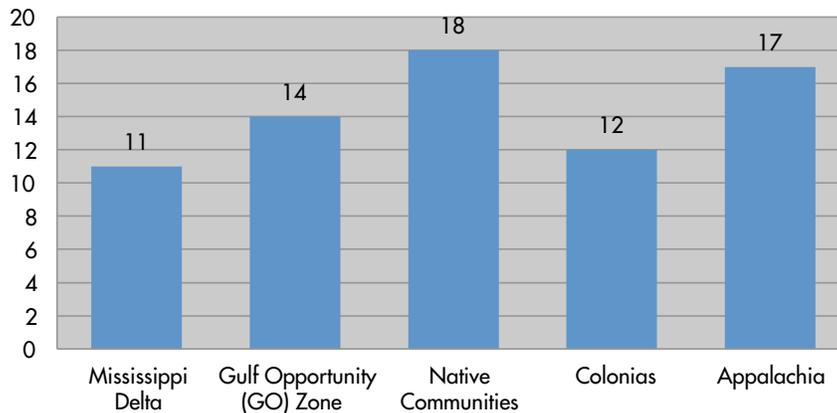


*States correspond to regions classified by the U.S. Department of Housing and Urban Development

Areas Served with Severe Economic Distress

FY 2012 FA Awardees serve diverse areas of severe economic distress. Seventy-two (72) Awardees serve at least one region of severe economic distress depicted in the graph below.

FY 2012 FA Awardees Serving Areas of Distress



In the CDFI Fund’s FY 2012 appropriation, Congress mandated “that of the funds awarded...not less than 10 percent shall be used for projects that serve populations living in persistent poverty counties (where such term is defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years as measured by the 1990, 2000, and 2010 decennial censuses.)”

To meet this mandate, the CDFI Fund made FA awards totaling over \$23,033,038 to 66 award-ees that committed to deploy a portion or all of their award dollars into counties that have been designated as persistent poverty areas.

Technical Assistance Awards Highlights

Overview

The CDFI Fund makes TA awards to emerging as well as established CDFIs to help them increase their capacity to serve their target markets. Both certified and non-certified CDFIs are eligible to apply for TA awards. Non-certified organizations must be able to meet CDFI certification requirements within two years.

The maximum TA award amount is \$100,000. TA awards are made in the form of grants and can be used for a variety of purposes—for example, to purchase equipment, materials, supplies, for consulting or contracting services, to pay the salaries and benefits of certain personnel, and to train staff or board members. Established CDFIs often use TA grants to build their capacity to provide new products, to serve their markets in new ways, or to enhance the efficiency of their operations. Newer CDFIs often use their TA grants to do market research, to develop underwriting policies, and to purchase computers and other essential equipment.

Key Statistics of FY 2012 TA Program Awardees

- 33 CDFIs were awarded \$3,049,760 in TA awards
- 26 Loan Funds and 7 Credit Unions were awarded
- Primary target markets³
 - Major urban markets only - 11 awardees
 - Minor urban areas only- 6
 - Rural areas only- 4
 - Some major urban markets – 17
 - Some minor urban markets – 16
 - Some rural markets -14
- The primary line of business provided by TA awardees is as follows: 8 affordable housing; 11 microenterprise; 6 small business; 6 consumer finance; 1 retail; and 1 commercial lending
- 2 awardees provide financing to Appalachia; 1 to Native Communities; 1 to Colonias; and 1 to the Gulf Opportunity Zone
- Persistent Poverty
 - Total number of awards - 5
 - Total amount of awards - \$487,976

One hundred and sixteen (116) eligible organizations applied and requested over \$11.1 million in TA funds under the FY 2012 funding round, which is the fifteenth offering of a TA component since its inception in 1998. The CDFI Fund selected 33 organizations to receive \$3,049,760 in awards for FY 2012. Awards ranged in size from \$54,384 to \$100,000, with the average being \$92,417. Awards included funds to pay for one or more of the following capacity-building activities: consulting services, technology purchases, operating expenses, and staff and board training.

³ Awardees may be included in more than one category.

Organizational Diversity

The CDFI Fund makes funds available to loan funds, credit unions, depository institutions, community development venture capital organization and other groups. Out of 33 organizations receiving a TA Award, 26 (79%) were loan funds and 7 (21%) were credit unions.

The following table shows the breakdown of the organizational diversity of the TA applicants and awardees.

| Institution Type | # Requested | % Requested | # Awarded | % Awarded |
|------------------|---------------------|-------------|--------------------|-----------|
| Loan Fund | 89 | 76.7% | 26 | 78.8% |
| Credit Union | 24 | 20.7% | 7 | 21.2% |
| Venture Capital | 2 | 1.7% | 0 | 0% |
| Depository Inst. | 1 | 0.9% | 0 | 0% |
| TOTAL | 116 | | 33 | |
| Applicant Type | \$ Requested | % Requested | \$ Awarded | % Awarded |
| Loan Fund | \$8,550,276 | 77.0% | \$2,370,761 | 77.7% |
| Credit Union | \$2,295,049 | 20.7% | \$678,999 | 22.3% |
| Venture Capital | \$199,998 | 1.8% | \$0 | 0% |
| Depository Inst. | \$58,760 | 0.5% | \$0 | 0% |
| TOTAL | \$11,104,083 | | \$3,049,760 | |

Additionally, the CDFI Fund made awards to organizations that engage in different primary lines of business. The following chart shows a breakdown of the different activities that FY 2012 TA awardees engage in.

FY 2012 TA Awardees by Primary Line of Business

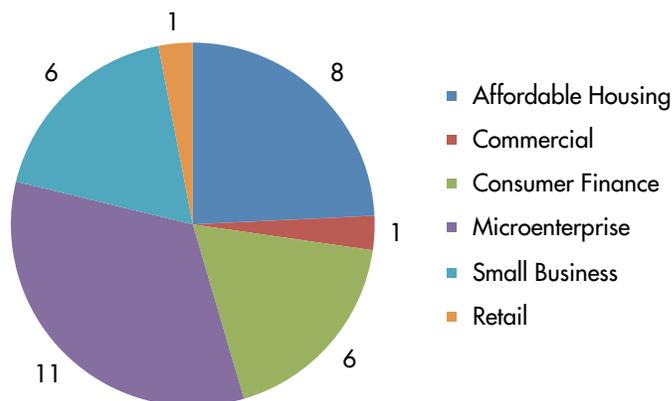


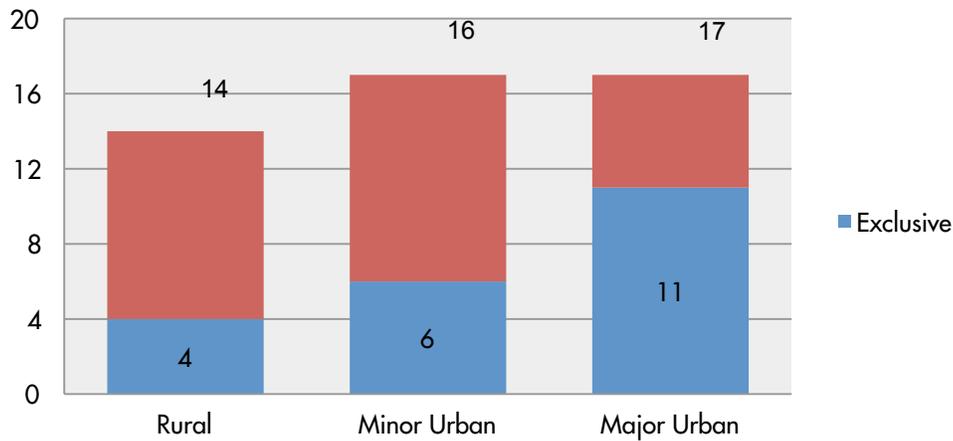
Table 5- FY 2012 Technical Assistance Awards
Primary Line of Business

| Primary Line of Business | # Awarded | \$ Awarded |
|--------------------------|-----------|-------------|
| Affordable Housing | 8 | \$757,288 |
| Commercial Loans | 1 | \$96,400 |
| Consumer Finance | 6 | \$542,383 |
| Microenterprise | 11 | \$1,017,081 |
| Small Business | 6 | \$545,608 |
| Retail | 1 | \$91,000 |

Geographic Diversity

The 33 TA awardees are headquartered within the United States and are located in 21 states and the District of Columbia. The awardees reported serving major urban, minor urban and rural areas. The following graph shows the breakdown of the FY 2012 TA awardees by the primary market served.

FY 2012 TA Awardees by Geographic Service Area Focus*



*Awardees may be included in more than one category

Use of Funds Categories

The FY 2012 TA awardees received TA funds in one or more categories. The eight categories are: 1) Personnel (Salary); 2) Personnel (Fringe Benefits); 3) Training; 4) Travel; 5) Professional Services; 6) Materials/Supplies; 7) Equipment & Other Capital Expenditures; and 8) Other Costs. The following table shows the amounts and percentages funded for each category.

| Category | \$ Amount | % of total |
|--|-------------|------------|
| Personnel (Salary) | \$1,783,092 | 58.5% |
| Personnel (Fringe Benefits) | \$260,291 | 8.5% |
| Training | \$83,419 | 2.7% |
| Travel | \$93,172 | 3.1% |
| Professional Services | \$497,117 | 16.3% |
| Materials/Supplies | \$57,326 | 1.9% |
| Equipment & Other Capital Expenditures | \$201,183 | 6.6% |
| Other Costs | \$74,160 | 2.4% |
| Total | \$3,049,760 | 100% |

Persistent Poverty

As with FA, in the FY 2012 CDFI Fund appropriations, Congress mandated “that of the funds awarded...not less than 10 percent shall be used for projects that serve populations living in persistent poverty counties (where such term is defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years as measured by the 1990, 2000, and 2010 decennial censuses.)”

To meet this mandate, 5 of the 33 TA awardees have headquarters located in counties that have been designated as persistent poverty areas.

Healthy Food Financing Initiative Financial Assistance Awards Highlights

The CDFI Fund has completed its fiscal year 2012 funding round of the Healthy Food Financing Initiative under the CDFI Program. The CDFI Fund received applications from 26 eligible organizations requesting \$63.8 million in Healthy Food Financing Initiative Financial Assistance (HFFI-FA). The CDFI Fund made 12 awards totaling approximately \$23 million to organizations located in ten states.

Key Statistics of Awardees

- Twelve organizations received \$23,098,483⁴ in awards.
- Eleven loan funds and one credit union were awarded.
- All awardees were Core applicants.
- Five awardees primarily serve major urban markets, one primarily serves rural markets, and six primarily serve a combination of these markets.

Overview

HFFI is an interagency initiative involving the U.S. Department of the Treasury, the U.S. Department of Agriculture, and the U.S. Department of Health and Human Services. HFFI represents the federal government's first coordinated step to eliminate "food deserts" – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by promoting a wide range of interventions that expand the supply of and demand for nutritious foods, including increasing the distribution of agricultural products; developing and equipping grocery stores; and strengthening producer-to-consumer relationships.

Through HFFI-FA, the CDFI Fund has provided \$47.8 million in awards to 19 CDFIs in the past two years; five FY 2012 awardees also received assistance in FY 2011. Awardees will use the funds to enhance their capacity to make investments in a range of healthy food projects serving food deserts, including grocery stores, mobile food retailers, farmers markets, cooperatives, corner stores, bodegas, and stores that sell other food and non-food items along with a full range of healthy foods.

HFFI-FA Award Types

The CDFI Fund invests in CDFIs using flexible tools such as equity investments, loans, grants, and deposits, depending on institutional needs. HFFI-FA awards are made in the form of grants and loans, which enable CDFIs to leverage private capital to respond to demand for affordable financial products and services in economically distressed markets.

Geographic Diversity Among HFFI-FA Awardees

FY 2012 HFFI-FA awardees are headquartered in ten states: Colorado, Illinois (two awards), Kentucky, Louisiana, Massachusetts, New York (two awards), Ohio, Pennsylvania, Texas, and Virginia.

⁴ This amount includes \$1,838,756 in loans with a credit subsidy of \$740,283.