Highlights of the FY 2005 CDFI Program - Financial Assistance Component

The Community Development Financial Institutions Fund (the Fund) has completed its FY 2005 round of funding under the Financial Assistance (FA) Component of the Community Development Financial Institutions (CDFI) Program. Of the 140 applications received, the Fund made a total of 48 awards totaling $32,847,674 to from 26 states and the District of Columbia.

Through the FA Component, the Fund invests in CDFIs that demonstrate the financial and managerial capacity to provide affordable and appropriate financial products and services that positively impact their communities; be viable financial institutions; and use and leverage CDFI Fund dollars effectively. Financial assistance 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. CDFIs respond to this demand through the provision of loans, investments, training, technical assistance, and basic financial services such as checking or savings accounts.

Award Types

The Fund invests in CDFIs using flexible tools such as equity investments, loans, grants, and deposits, depending on institutional needs and available matching funds. Every dollar of financial assistance must be matched with a dollar of private, non-federal funds. The FY 2005 awards include one equity investment, 13 loans, and 34 grants. (Note: Some Awardees may have received more than one form of assistance.)

Organizational Diversity

The CDFI industry consists of a wide variety of financial institutions including loan funds, credit unions, community development banks/holding companies, and venture capital firms. CDFIs focus on different financial sectors - typically affordable housing and economic development. Some CDFIs also serve as national or regional intermediaries, providing financial products and services to local CDFIs and other community development organizations.

The FY 2005 awardees include 38 loan funds, 7 credit unions, and 3 community development banks/holding companies.

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Geographic Diversity

The CDFIs selected for funding are headquartered in 26 states and the District of Columbia. Based on all markets served by Awardees, 33% (16) primarily serve major urban markets, 25% (12) primarily serve minor urban areas, and 42% (20) primarily serve rural areas.

Awardee Categories

The FY 2005 round included two categories: Category I/SECA (Small and Emerging CDFI Assistance) and Category II/Core. Category I/SECA are CDFIs that requested awards of less than $300,000 and (i) have been in operation for five years of less; or (ii) have assets of less than $5 million (less than $100 million for community development banks and less than $10M for credit unions and venture capital funds). All other applicants were considered Category II/Core. The Fund made 17 Category I/SECA awards and 31 Category II/Core awards.

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