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FY 2008 CDFI PROGRAM AWARD SUMMARY FINANCIAL ASSISTANCE AND TECHNICAL ASSISTANCE PROGRAMS

Overview

Administered by the Community Development Financial Institution (CDFI) Fund, the CDFI Program makes equity, loan and deposit investments, as well as capital and technical assistance grants to new and existing CDFIs through an annual competitive grant program. The CDFI Program is funded by Congressional appropriations and allocations to each CDFI Program are determined by the Fund. For fiscal year 2008, the CDFI Program received a \$54.2 million allocation. This summary begins with a review of the Financial Assistance (FA) awards and follows with Technical Assistance (TA) award information.

FY 2008 Highlights

| | |
|-----------------------|----------------|
| Total FA Award Amount | \$52.1 million |
| Total TA Award Amount | \$2 million |
| Average FA Award | \$709,089 |
| Average TA Award | \$86,957 |
| Number of FA Awards | 66 |
| Number of TA Awards | 23 |

Key Features of FA awards

FA awards are used by CDFIs as financing capital, loan loss reserves, capital reserves, and for general operation. FA applicants apply for one of two types of awards: Category I/ SECA (Small and Emerging CDFI Assistance) or Category II/CORE. Category I/SECA eligibility requires CDFIs to be below a certain asset size or to have begun operations within the last five years and to have received not more than \$500,000 in FA awards previously. Category I/SECA applicants are typically smaller and newer CDFIs, may not request more than \$500,000, and are required to provide matching funds equal to 25% of their total requested amount. Category II applicants, typically larger CDFIS, may request up to \$2 million and are required to match 100% of their request with non-Federal funds.

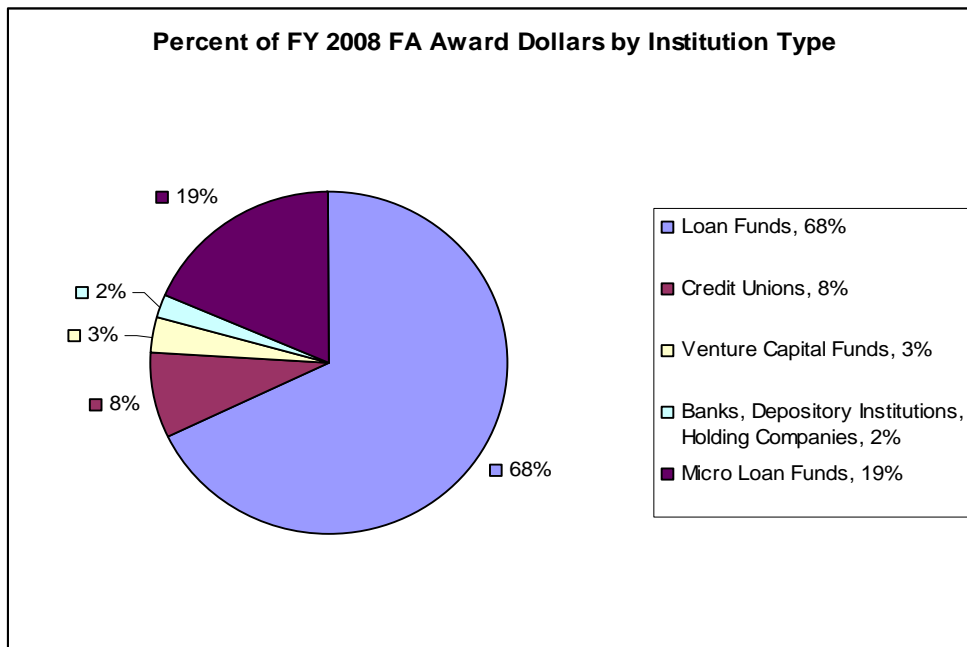
For the FY 2008 funding round, 170 CDFIs applied for over \$200 million in financial assistance. In September 2008, the Fund awarded \$52,145,865 to 66 CDFIs. Of the 66 awards, 22 were Category I (SECA) and 44 were Category II (Core).

The amount of FA dollars available more than doubled (\$25 million to \$52 million) in FY 2008 compared to FY 2007. Among all institution types (see categories below), loan funds received the largest share (68%) of FA award dollars, which is consistent with past years. Micro Loan Funds received 19%, Credit Unions 8%, Venture Capital Funds 3% and Banks, Depository Institutions, Holding Companies receive 2%. Loan Funds accounted for almost all of the additions FA dollars that was available.

All Loan funds (including micro loan funds) accounted for 80% of the organizations that received awards and 78% of the organizations that applied. Overall 39% of organizations that applied received awards. See Appendix B for tables of awards from 2005-2008 by institution type. Below we summarize the financial award history in recent years and present a pie graph of FY2008 award disbursement by institution type.

Financial Assistance Awards (in millions of dollars) and Number of Awards

| Type of Institution | FY 2008 | | FY 2007 | | FY 2006 | | FY 2005 | |
|---|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| | Award Value | Number of awards | Award Value | Number of awards | Award Value | Number of awards | Award Value | Number of awards |
| Banks, Depository Institutions, Holding Companies | \$1.19 | 2 | \$2.50 | 5 | \$0.59 | 1 | \$4.32 | 4 |
| Credit Union | \$4.20 | 8 | \$5.14 | 8 | \$2.98 | 7 | \$3.96 | 6 |
| Loan Fund | \$35.30 | 40 | \$16.28 | 32 | \$17.59 | 37 | \$22.40 | 35 |
| Micro Loan Fund ¹ | \$9.69 | 13 | \$1.45 | 3 | \$3.40 | 7 | \$1.02 | 3 |
| Venture Capital Fund | 1.77 | 3 | \$0.48 | 1 | 0 | 0 | \$1.16 | 2 |
| Total | \$52.15 | 66 | \$25.84 | 49 | \$24.46 | 52 | \$32.85 | 38 |



¹ The CDFI Fund does not distinguish between Loan Funds and Micro Loan Funds, some of these organizations might not be exclusively micro loan funds and may have been labeled as a Loan Fund in the past.

The CDFI Fund did not impose an award ceiling for FA awards in FY 2008 like in some past years. The purpose of the award ceiling in past years was to explore whether the CDFI Fund could disperse more awards and achieve greater geographic diversity. With the extra FA funds available the CDFI Fund was able to impact more states that in the past few years (see below).

| | FY 2008 | FY 2007 | FY 2006 | FY 2005 | FY 2004 |
|---|----------------|----------------|----------------|----------------|----------------|
| Number of States and the District of Columbia | 38 | 25 | 25 | 26 | 31 |

The table below depicts changes in average and median award sizes. The average FA award in 2008 increased by \$262,843, or, 50% from 2007; while the median award size increased by \$520,000, or 108% from 2007. The increased amount of FA money, allowed the CDFI Fund to award larger awards to more organizations.

Average and Median FA Award Amounts

| | FY 2008 | FY 2007 | FY 2006 | FY 2005 |
|---|----------------|----------------|----------------|----------------|
| No. of Awards above \$585,000 | 42 | 17 | 0 | 23 |
| No. of \$585,000 Awards | 0 | 1 | 33 | 0 |
| No. of Awards lower than \$585,000 | 24 | 31 | 19 | 25 |
| Average Award Amount | \$790,089 | \$527,246 | \$470,385 | \$684,000 |
| Median Award Amount | \$1,000,000 | \$480,000 | \$585,000 | \$497,340 |

As in past years, previous CDFI program awardees made up the majority of 2008 FA recipients. The prior success in receiving financial assistance awards suggests that FA awardees have the financial and organizational capacity to access private money and pursue Federal funding, and that the Fund is indeed investing in effective CDFIs who consistently leverage their award dollars.

CDFI FA Awardees Prior Success

| | FY 2008 | | FY 2007 | | FY 2006 | | FY 2005 | |
|------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Number | % of Awardees | Number | % of Awardees | Number | % of Awardees | Number | % of Awardees |
| No Prior Award | 7 | 11% | 15 | 31% | 8 | 15% | 9 | 19% |
| Received Prior Award | 59 | 89% | 34 | 69% | 44 | 85% | 39 | 81% |
| | | | | | | | | |
| Received FA Award Previously | 41 | 62% | 12 | 24% | 16 | 31% | 12 | 25% |
| Received TA Award Previously | 5 | 8% | 5 | 10% | 10 | 19% | 9 | 19% |
| Received both FA and TA Previously | 13 | 20% | 17 | 35% | 18 | 35% | 17 | 35% |

In FY 2008, the Fund made 22 awards totaling \$8,992,421 to Small and Emerging CDFIs (SECA-Category I) applicants. This amount is almost twice as much as the previous three years combined in this category, showing the continued interest and financial investment in growing the CDFI field.

Small and Emerging CDFI Assistance Awards (SECA)

| | FY 2008 | | FY 2007* | | FY 2006 | | FY 2005 | |
|------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|
| | Number Dollars | Percentage of Total Awards | Number Dollars | Percentage of Total Awards | Number Dollars | Percentage of Total Awards | Number Dollars | Percentage of Total Awards |
| Awards | 22 | 33.3% | 14 | 28.6% | 12 | 23% | 16 | 33.3% |
| Award Dollars | \$8,992,481 | 16.6% | N/A | N/A | \$2,578,528 | 10.54% | \$3,917,990 | 11.9% |

*The CDFI Fund did not distinguish between SECA and CORE FA awards dollar amounts in FY 2007

Key Features of TA awards

Technical Assistance awards assist new and developing CDFIs to build their organizational capacity and/or to complete the CDFI certification process. Funds are commonly used to support personnel and professional development of staff and board members, to hire consultants and professional services, and to cover equipment, training, and other capital costs. Certified CDFIs and emerging CDFIs are eligible to apply for a maximum of \$100,000. Unlike the FA award, no financial match is required by the organization.

55 applicants applied for technical assistance, requesting over \$5.2 million. The Fund awarded 23 organizations a total of \$2,035,868. The TA pool increased from 2007, when 19 organizations were awarded \$1,501,507 (see chart below). This year's awardees represented slightly greater geographic diversity than FY 2007. In FY 2008, recipients had headquarters in 18 different states including the District of Columbia, whereas only 14 states were represented in FY 2007.

CDFI Fund Program --- Technical Assistance

| | FY 2008 | FY 2007 | FY 2006 | FY 2005 |
|--|-------------|-------------|-------------|-------------|
| Total Amount Allocated | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Total Number of Awards | 23 | 19 | 21 | 41 |
| Average Award (in dollars) | \$88,516 | \$79,027 | \$90,734 | \$50,059 |
| Total Amount Awarded | \$2,035,868 | \$1,501,507 | \$1,905,409 | \$2,052,420 |
| Number of States and the District of Columbia | 18 | 14 | 11 | 22 |

Conclusion

According to the 2008 figures, we observe a continued, strong demand for CDFI Program funding. The amount of funding available for the CDFI Program doubled compared to FY 2007 and still the CDFI Fund had to turn away over 125 organizations and over \$150 million in requests. If the funding for the CDFI Program tripled, the CDFI Fund would still have to turn away many good applications.

Once again, Loan Funds received the majority of the CDFI Program awards, but this is to be expected as they make up 67% of the certified CDFIs. Despite the increase in available funds, Credit Unions, Banks and Venture Capital Funds did not see a significant increase in awards. The CDFI Program continues to impact broadly across the United States; 38 states and the District of Columbia received awards in FY 2008.

For more information on the CDFI Program Analysis, please contact CDFI Coalition Executive Director, Fred Zeytoonjian at zeytoonjian@cdfi.org or 703-294-6970.

Appendix A

CDFI Program --- Financial Assistance

| | Date Notice of Funds Availability (NOFA) Opened | Amount Allocated for FA by Fiscal Year | Amount Available (in millions) | Amount Requested (in millions) | Number of Organizations Applying | Date Awards Announced | Amount Awarded (in millions) | Number of Awardees |
|---------------|--|---|---------------------------------------|---------------------------------------|---|------------------------------|-------------------------------------|---------------------------|
| Round 1 | 10/19/1995 | 1996 | \$31.00 | \$300.00 | 268 | 8/10/1996 | \$37.25 | 32 |
| Round 2 | 4/4/1997 | 1997 | \$32.50 | \$193.00 | 162 | 9/1997 | \$38.30 | 48 |
| Round 3 | 3/20/1998 | 1998 | \$40.00 | \$169.30 | 131 | 9/28/1998 | \$53.44 | 42 |
| Round 4 | 10/26/1998 | 1999 | \$50.00 | \$184.00 | 153 | 10/6/1999 | \$71.40 | 78 |
| Round 5 | 11/1/1999 | 2000 | \$50.00 | \$264.20 | 160 | 10/3/2000 | \$72.20 | 75 |
| Round 6 | 8/14/2000 | 2001 | \$50.00 | \$215.50 | 153 | 9/20/2001 | \$53.10 | 59 |
| Round 7 | 9/24/2001 | 2002 | \$36.90 | \$199.15 | 136 | 8/5/2002 | \$41.60 | 51 |
| Round 8 | 2/4/2003 | 2003 | \$30.00 | \$106.60 | 131 | 10/14/2003 | \$22.96 | 34 |
| Round 9 | 2/26/2004 | 2004 | \$45.00 | \$124.78 | 138 | 9/30/2004 | \$46.66 | 68 |
| Round 10* | 11/10/2004 | 2005 | \$22.00 | | 140 | 9/16/2005 | \$32.85 | 48 |
| Round 11 | 12/01/05 | 2006 | \$25.00 | \$146.7 | 127 | 8/25/06 | \$24.47 | 52 |
| Round 12 | 12/21/2005 | 2007 | \$26.00 | \$133.54 | 135 | 9/14/07 | \$25.84 | 49 |
| Round 13 | 8/29/2007 | 2008 | \$24.00 | \$200.28 | 170 | 8/28/2008 | \$52.15 | 66 |
| TOTALS | | | | | | | \$572.22 | 702** |

* Amount requested was made public in FY 2005

** Many CDFIs have received multiple FA awards over the history of the program

Appendix B

Institutions Funded through the Financial Assistance Programs (in millions)

| Type of Institution | FY 2008 | % of Awards | FY 2007 | % of Awards | FY 2006 | % of Awards | FY 2005 | % of Awards |
|---|----------------|----------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Banks, Depository Institutions, Holding Companies | \$1.19 | 2.28% | \$2.53 | 9.79% | \$0.59 | 2.40% | \$4.32 | 13.15% |
| Credit Union | \$4.20 | 8.05% | \$5.09 | 19.71% | \$2.98 | 12.13% | \$3.96 | 12.05% |
| Loan Fund | \$35.30 | 67.69% | \$16.28 | 63.03% | \$17.59 | 71.62% | \$22.40 | 68.17% |
| Micro Loan Fund | \$9.69 | 18.58% | \$1.45 | 5.61% | \$3.40 | 13.84% | \$1.02 | 3.10% |
| Venture Capital Fund | \$1.77 | 3.39% | \$0.48 | 1.86% | 0 | 0.00% | \$1.16 | 3.53% |
| Total | \$52.15 | 100.00% | \$25.83 | 100% | \$24.56 | 100% | \$32.86 | 100% |

Institutions Funded through the Financial Assistance Programs (in numbers)

| Type of Institution | FY 2008 | % of Awards | FY 2007 | % of Awards | FY 2006 | % of Awards | FY 2005 | % of Awards |
|---|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Banks, Depository Institutions, Holding Companies | 2 | 3.03% | 5 | 10.20% | 1 | 1.92% | 4 | 8.33% |
| Credit Union | 8 | 12.12% | 8 | 16.33% | 7 | 13.46% | 6 | 12.50% |
| Loan Fund | 40 | 60.61% | 32 | 65.31% | 37 | 71.15% | 33 | 68.75% |
| Micro Loan Fund | 13 | 19.70% | 3 | 6.12% | 7 | 13.46% | 3 | 6.25% |
| Venture Capital Fund | 3 | 4.55% | 1 | 2.04% | 0 | 0.00% | 2 | 4.17% |
| Total | 66 | 100% | 49 | 100% | 52 | 100% | 48 | 100% |

FY 2008 CDFI Program – Financial Assistance

| Organization Type | Total applied | Percent of Total applied | Total awardees | Percent of awarded | Percent of applied that were awarded |
|---|---------------|--------------------------|----------------|--------------------|--------------------------------------|
| Loan Fund* | 133 | 78% | 53 | 80% | 40% |
| Credit Unions | 26 | 15% | 8 | 12% | 31% |
| Banks, Depository Institutions, Holding Companies | 7 | 4% | 2 | 3% | 29% |
| Venture Capital Fund | 4 | 2% | 3 | 5% | 75% |
| Total | 170 | 100% | 66 | 100% | 39% |

* due to the fact that the CDFI Fund does not distinguish between Loan Funds and Micro Loan Funds and only provides awardees profiles, there is no way to know how many of the Loan Funds that applied are Micro Loan Funds, so we did not distinguish between the two types of loan funds in this chart.

Appendix C

