

# **Native Community Development Financial Institutions (CDFIs)**

## **A CDFI Coalition Analysis of Native Program Participation in CDFI Fund Programs**

**October 2006**

### **Acknowledgements**

This report was written by Patrick J. Carr of the CDFI Coalition. The author thanks Stewart Sarkozy-Banoczy and Jody Sarkozy-Banoczy of First Nations Oweesta Corporation, and Jennifer A. Vasiloff of the CDFI Coalition for their contributions to the report.

## INTRODUCTION

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In 1994 Congress created the Community Development Financial Institutions (CDFI) Fund and mandated the CDFI Fund conduct a study on investment and lending practices on American Indian and Alaska Native Lands in the United States. The resulting study released in 2001 highlighted the problems and barriers to financial services and capital plaguing American Indian, Alaska Native, and Native Hawaiian (Native) communities.<sup>1</sup> In 2000, these same barriers were identified in a Federal Reserve Bank of San Francisco article discussing the challenges of becoming a homeowner for members of the 550 federally recognized tribes, a problem primarily attributed to a lack of access to capital.<sup>2</sup> A 2004 Urban Institute report further validated the assertion that significant economic development barriers exist, citing key challenges as legal and administrative barriers, focus on short term rather than long term results, lack of investment capital, and poor coordination of business related activities within the tribe and with neighboring cities and counties.<sup>3</sup>

Besides lack of available capital, American Indian communities also suffer from a “we struck oil” image problem. Because of the aggressive expansion of Indian gaming, many people assume all tribes are rich with gambling revenue. But, as Elsie Meeks, Executive Director of First Nations Oweesta Corporation, stated at a Congressional hearing, “Many Americans seem to assume that Indian gaming has ‘solved’ the problems created by poverty in Native communities. However, as the members of this Committee know all too well, gaming has been a boon to only a small number of tribes and many Native people, regardless of income, still lack the basic resources to protect their financial future (even if their governments own profitable enterprises.)”<sup>4</sup> While distribution of gaming wealth has been scattered, it still has benefited many tribal economies, as approximately 200 of 561 federally recognized tribes had gaming operations in 2001, generating revenues of \$12.7 billion.<sup>5</sup> But, as Elsie Meeks confirmed, the majority of Tribes do not offer gaming and some efforts to establish gaming have been unsuccessful, or only produced modest revenue.

Statistics further support claims that gaming has not solved the economic development problems of Native communities. In 2000, approximately half of the 2.7 million Native peoples residing in the United States lived on Native designated lands, where average unemployment rates were 50%.<sup>6</sup> In the same year, the overall poverty rate for all Native people was 26%, compared to 12% for all U.S. citizens.<sup>7</sup> In addition, Native populations had household incomes 75% of the national average.<sup>8</sup> Since the CDFI Fund study’s release in 2001 the statistics have remained bleak, as the poverty rate

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<sup>1</sup> In 1999, the CDFI Fund proposed to Congress to expand the Study beyond the original Congressional mandate to include Native Hawaiians. In this report, “Native” refers to Native American, Alaska Native, and Native Hawaiians, except as may be hereinafter specified.

<sup>2</sup> Nolte, Craig. (2000, May) Sovereign Lending: Bringing Housing to Indian Country. [Federal Reserve Bank of San Francisco](#)

<sup>3</sup> Hilabrant, Walter, Earp, Judy, Rhoades, Mack, & Pindus, M. Nancy. (2004, August 22). Overcoming Challenges to Business and Economic Development in Indian Country. [Urban Institute](#).

<sup>4</sup> Meeks, Elsie. (2006, May 10). Testimony of Elsie M. Meeks to the Senate Committee on Indian Affairs Oversight Hearing on Economic Development.

<sup>5</sup> Hilabrant, Walter, Earp, Judy, Rhoades, Mack, & Pindus, M. Nancy. (2004, August 22). Overcoming Challenges to Business and Economic Development in Indian Country. [Urban Institute](#).

<sup>6</sup> Department of the Treasury, CDFI Fund, The Report of the Native American Lending Study. (2001, November) <[www.cdfifund.gov/docs/2001\\_nacta\\_lending\\_study.pdf](http://www.cdfifund.gov/docs/2001_nacta_lending_study.pdf)>

<sup>7</sup> Ibid.

<sup>8</sup> Ibid

over the past three years, 2002-2005, has remained at 25% and household income has dropped to 73% of the real national median household income of \$46,326.<sup>9</sup>

Many long term and serious social problems confront Native populations, but the lack of access to financial institutions adds an increasingly important barrier to those striving to enter the financial mainstream. According to the lending study only 14% of Native lands have a financial institution and 15% of Native people must travel 100 miles or more to reach a bank or Automatic Teller Machine. This exclusion exists even though there are an estimated 400,000 ATMs<sup>10</sup> and 92,514 bank branches<sup>11</sup> nationwide, or approximately 1.5 bank or ATMs for every 1,000 people in the United States.

In addition, of the 85% of Native people with access to a financial institution, 50% of those financial institutions only provide basic banking service and personal consumer loans.<sup>12</sup> Besides a lack of basic consumer financial services, entrepreneurial activities can be stymied due to difficulty in obtaining business loans. Twenty-four percent of lending study participants stated obtaining a business loan on Native lands was impossible and 67% believed that obtaining a business loan of \$100,000 or greater was difficult to impossible.

Finally, a broader trend that could impact small business creation on Native lands is the increasing number of bank mergers nationwide. This phenomenon has caused some to speculate that small businesses could be forced to lessen their use of smaller, relationship intensive banks as a source of capital. Analysis of this trend also suggests that small businesses could be especially impacted in regions where the largest banks hold the majority of deposits.<sup>13</sup> In addition, because distance between lenders and local borrowers is negatively associated with a commercial loan being made by banks, this trend could be particularly damaging for small businesses operating on Native lands.<sup>14</sup> These trends suggest that without an alternative financing mechanism, already isolated Native small businesses would have even fewer outlets available for capital financing. For additional information on bank consolidation trends and bank asset size distribution see graphs A1, A2, and A3 in the appendix.

## **BARRIERS TO THE FINANCIAL MAINSTREAM**

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The five major barriers facing Native communities identified in the CDFI Fund's lending study are legal infrastructure, government operations, economic barriers, financial and physical infrastructure, and educational and cultural barriers.

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<sup>9</sup> US Census Bureau. 2005 American Community Survey (ACS), <[http://www.census.gov/Press-Release/www/releases/archives/income\\_wealth/007419.html](http://www.census.gov/Press-Release/www/releases/archives/income_wealth/007419.html)>

<sup>10</sup> Breitkopf, David. (2006, September 15). Two Strategies Emerging In Maximizing ATM Use, [American Banker](#)

<sup>11</sup> American Bankers Association. 2006 ABA Issue Summary. Bank Stats At-A-Glance. <<http://www.aba.com/press+room/default.htm>>

<sup>12</sup> Department of the Treasury, CDFI Fund, The Report of the Native American Lending Study. (2001, November) <[www.cdfifund.gov/docs/2001\\_nacta\\_lending\\_study.pdf](http://www.cdfifund.gov/docs/2001_nacta_lending_study.pdf)>

<sup>13</sup> Craig, Steven G. & Harde, Pauline. (2004, February). The Impact of Bank Consolidation on Small Business Credit Availability [Office of Advocacy, the United States Small Business Administration](#). Houston, TX

<sup>14</sup> Brevoort, Kenneth P. & Hannan, Timothy H. (2004, February). Commercial Lending and Distance: Evidence from Community Reinvestment Act Data, [Federal Reserve Board](#)

- Legal Infrastructure: Many Native lands have inadequate Tribal commercial laws and regulations, which creates uncertainty for investors and lenders. This uncertainty results in financial institutions not making loans on Native lands or lending with substantially higher rates. The uncertainty for investors and lenders arises from the tribal sovereignty rights allowing Tribes to govern, adjudicate disputes, and remain immune from suits.
- Government Operations: The role of government (Federal, State, and Tribal) slows and deters the flow of capital. Slow decision making in state and federal programs and constrictive regulations are primarily to blame. Inflexible banking regulations make borrowing for Native people with no credit history or non-traditional income earners very difficult. Lastly, uncertainty generated by potential changes in Tribal leadership and ownership questions regarding Tribal assets and businesses contribute to the possibility of economic disruption.
- Economic Conditions: Native populations have challenges associated with the limited use of Native trust land as collateral. This is primarily due to the complicated transferability of Native trust land which makes obtaining home mortgages extremely difficult. Because many living on Native trust lands are not homeowners, they often lack capital, collateral, and credit histories.
- Financial and Physical Infrastructure: Some Native lands are characterized by a lack of physical infrastructure such as roads and telecommunications infrastructure, which deters potential private investment.
- Educational and Cultural Conditions: Many Native people lack knowledge and experience interacting with the financial world. Some Native populations lack credit histories or find difficulties rectifying credit problems. These experiences, or lack of experience lead to lower levels of financial literacy, which is exacerbated by limited technical assistance targeted to educate Native populations. Lastly, a difference in values between Native people and private investors often creates a lack of shared understanding of the mission and goals of Native populations. This creates mistrust between banks and tribes, impeding the development of relationships and access to loans.

## **CDFIs IDEALLY SUITED TO ADDRESS BARRIERS**

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While mainstream financial institutions lack much of the specialized knowledge necessary to serve Native populations, CDFIs are uniquely positioned to address many of the obstacles highlighted above. CDFIs are mission driven financial institutions focused on meeting the capital and financial services needs of underserved localities. With local staff, local board leadership, and a community building focus, CDFIs are the logical solution to bringing Native populations into the financial mainstream. As Elsie Meeks stated, “Native CDFIs act as catalysts for economic growth in their community.”<sup>15</sup> The power of Native CDFIs is that they can encourage private sector enterprise, while still fitting in reservation economies as a credible institution with community focused goals.

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<sup>15</sup> Meeks, Elsie. (2006, May 10). Testimony of Elsie M. Meeks to the Senate Committee on Indian Affairs Oversight Hearing on Economic Development.

### *Congressional Support of Native CDFIs*

Targeted appropriations from Congress have supported the growth of Native CDFIs. Since Fiscal Year 2001 Congress has mandated the CDFI Fund set aside a designated amount to build the capacity of CDFIs serving Native populations. Table 2 details overall CDFI Fund appropriations and the Native set-aside since 2001. As the table shows, Congressional set asides have remained steady while total appropriation dollars have decreased, increasing the percentage of the overall appropriation allocated to the NAI program.

**Table 2**

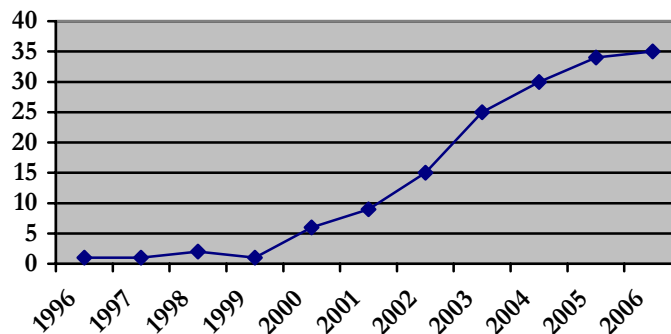
<b>Appropriation and Native American Initiative Comparison</b>			
<b>Fiscal Year</b>	<b>CDFI Fund Appropriation (in millions)</b>	<b>NAI Allocation</b>	<b>% of Appropriation</b>
2006	\$54,500,000	\$4,000,000	7%
2005	\$55,000,000	\$4,000,000	7%
2004	\$61,000,000	\$4,000,000	7%
2003	\$75,000,000	\$5,000,000	7%
2002	\$80,000,000	\$5,000,000	6%
2001	\$118,000,000	\$5,000,000	4%
<b>Total</b>	<b>\$444,500,000</b>	<b>\$27,000,000</b>	<b>6%</b>

### *CDFI Fund Response: Native American Initiatives Program*

In 2002, the CDFI Fund made its first awards under the Native American Initiatives (NAI) program. The initiatives associated with this prioritization have led to a dramatic increase in CDFI activity on Native lands. From 2002-2006 a total of 95 organizations have received awards totaling \$19.5 million through NAI programs. Graph 1<sup>16</sup> shows the growth in the number of CDFIs serving primarily Native communities.<sup>17</sup> As the graph demonstrates, there are currently 35 Native CDFIs, a group comprised of 5 credit unions, 25 loan funds, 4 banks, and 1 intermediary.<sup>18</sup> In addition to the certified group, there are approximately 70 other Native CDFIs that are considered emerging and not yet certified by the CDFI Fund.

**Graph 1**

### **Number of Native CDFIs**



<sup>16</sup> Dewees, Sarah. (2004, April). "Investing in Communities: Community Development Financial Institutions in Native Communities."

<sup>17</sup> First Nations OWEESTA. (2005, May). Native Financial Institutions.

<sup>18</sup> Ibid.

### ***NAI Program History***

The first iteration of NAI was the Native American CDFI Technical Assistance (NACTA) program, which awarded technical assistance grants in Fiscal Year 2002. The purpose of the awards was to enable the CDFI industry to serve the financial needs of Native communities in the United States.

In Fiscal Year 2003 NACTA was replaced by a second iteration of NAI which included the Native American Technical Assistance program (NATA) and the Native American CDFI Development program (NACD). By Fiscal Year 2004 a third iteration of NAI was introduced, as the NATA and NACD programs were joined by the Native American CDFI Assistance (NACA) program.

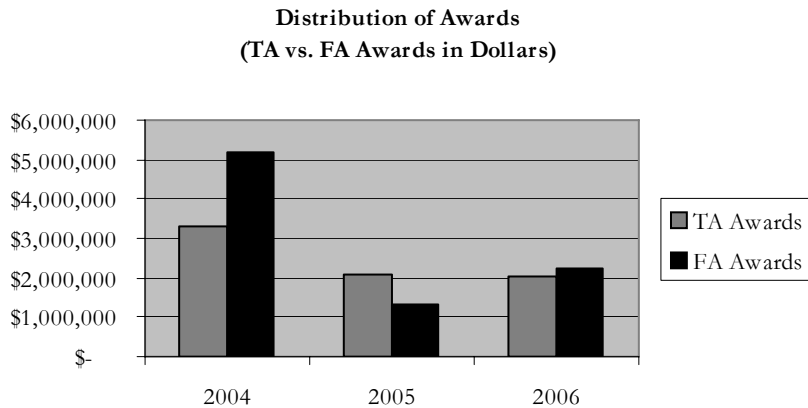
The NACA program was significant as it was the first of the NAI programs which offered financial assistance (FA) as well as TA to Native CDFIs, allowing applicants to request awards up to \$500,000. In Fiscal Year 2005 the NAI programs were adjusted again, leaving only the NACA program, an arrangement which has continued into 2006. Table A1 in the appendix provides a full description and timeline of the various NAI programs utilized by the CDFI Fund.

### **BUILDING NATIVE CDFI CAPACITY**

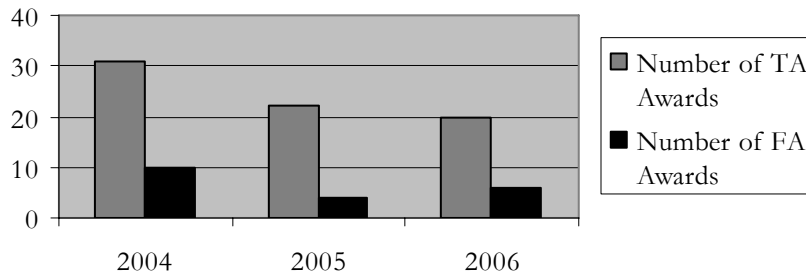
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During the first two years of the NAI program, all awards made by the CDFI Fund through the NAI program were in the form of technical assistance grants. Starting in 2004, organizations could apply for financial assistance grants or a combination of the two. Applicants for financial assistance under the NAI program were required to “match” any amount awarded with private sector funding on a one to one basis. The matching requirement is the same for all CDFIs receiving financial assistance awards from the CDFI Fund. Graphs 2 and 3 provide an illustration of how the allocation has shifted in recent years.

**Graph 2**

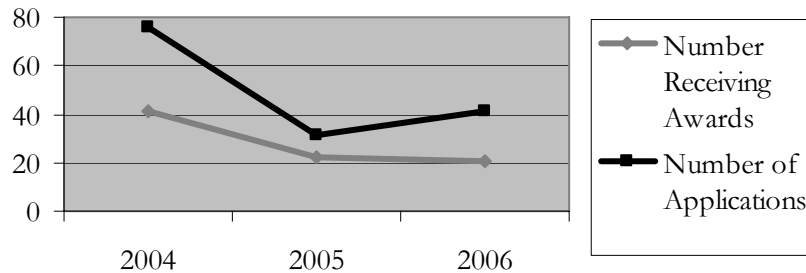


**Graph 3**  
**Distribution of Awards**  
**(TA vs. FA Awards in Number)**

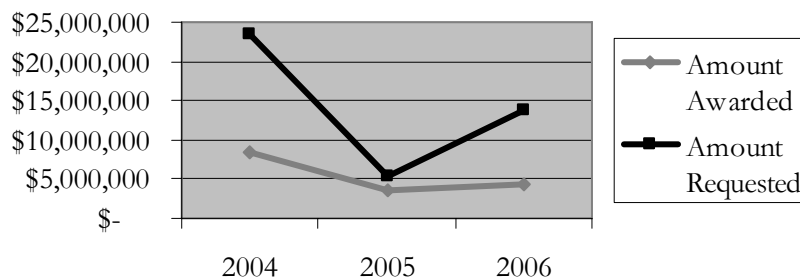


Fiscal Year 2004 was an outlier for NAI programs as 2003 funds were carried over into the following year and the CDFI Fund was the beneficiary of a well conceived outreach effort by First Nations Oweesta and all its partners. These circumstances increased applications in 2004 and skewed the data for comparison purposes. Since 2004, applications to NAI programs have increased. This increase has been in both total dollars requested and number of applicants. Graphs 4 and 5 demonstrate the demand and the “need gap” existing for Native CDFIs, as demand and supply have further separated since 2005.

**Graph 4**  
**Demand for Native CDFI Funding**  
**(Number Applying vs. Awarded)**



**Graph 5**  
**Demand for Native CDFI Funding**  
**(Amount Award vs. Requested)**



### ***Improving Access to Financial Services, Financial Education, and Asset Building***

Besides directing resources specifically towards the growth of Native CDFIs, the CDFI Fund has also invested in programs that focus on building individual assets and financial skills among Native people through Native CDFIs and their partner organizations. Towards this end, in 2005 the CDFI Fund launched a \$1.2 million initiative to increase access to savings programs that promote small business and home ownership in Native communities.

The “Expanding Native Opportunity: Native IDA Initiative” (NIDA) aims to increase access to financial services, financial education, and asset building opportunities. The CDFI Fund contracted with CFED, First Nations Development Institute, and First Nations Oweesta to implement the program. The collaborative has developed culturally relevant training and resource materials to help Native organizations and other entities implement and sustain Individual Development Account (IDA) matched savings programs. Using the training and resource materials, they are also conducting seven regional institutes and providing customized follow-up technical assistance to participating Native CDFIs. Of the 2006 CDFI Fund NACA awardees, six participated in the Native IDA Initiative through training workshops in Seattle, WA Albuquerque, NM Minneapolis, MN and Fairbanks, AK.

In a further effort to assist Native CDFIs and their partners with building organizational capacity and development services programs, in September 2006 the CDFI Fund launched two additional new initiatives. The first project is an expanded version of the Native Communities Financing Initiative, a program through which organizations receive intensive classroom training combined with follow up on-site TA visit by an experienced CDFI practitioner. The updated version includes expanded TA for Native CDFIs and a Native credit union training and TA program. The second project has two components: the first includes specific Native financial education training and TA; and the second involves development of a curriculum/training program with follow-up TA for Native entrepreneurship. Portions of these new contracts will begin as early as November 2006.

### **A SLOWLY MATURING NATIVE CDFI INDUSTRY**

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Four indicators that point to a more mature, yet still emerging, Native CDFI industry are the number of repeat awardees, the average award size, the distribution of awardees by CDFI type, and by geographic area served. Established Native CDFIs have competed successfully for NAI funding in multiple years, usually starting with a TA award and subsequently obtaining larger awards that include financial assistance as well as TA. Increasing award sizes demonstrate the necessary increases in organizational capacity to effectively manage larger or more frequent financial exchanges. A distribution of awardees by type similar to the overall CDFI industry could be indicative of a diversification of financial services community needs in Native communities. Finally, a geographic spread of awardees similar to the geographic spread of Native populations could suggest a matching of services to need.

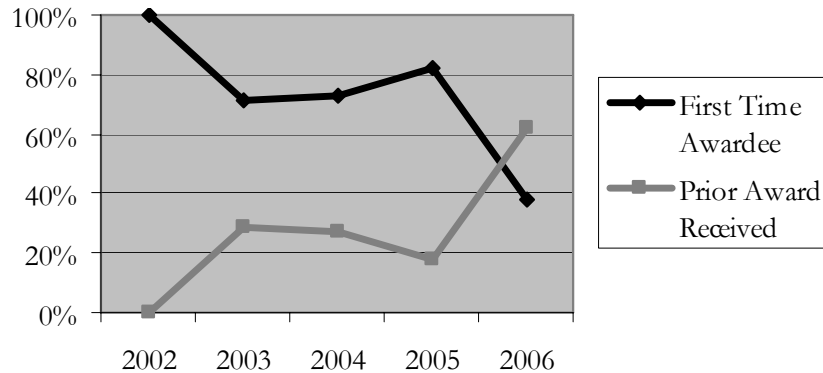
### *Repeat Awardees*

Graph 6 shows the percentage of awards separated by first time awardees and repeat awardees for the NAI program. Since the first awards were distributed in 2002 there has been a steady decline in the number of first time awardees, as a percentage of all awards granted. This could indicate a critical mass of Native CDFIs have reached a point of maturation where successful utilization of CDFI Funds is possible. As the graph shows, in Fiscal Year 2006 the percentage of awardees who had previously received CDFI Fund assistance was 62%, compared to 18% the previous year. This percentage is still lower than the average repeat awardee percentage for all CDFIs, which has averaged 83% for the past three years, but seems to be moving closer to the industry average.

Conceptually, the CDFI Fund has utilized a two step approach to creating a mature Native CDFI industry. The two steps are to first build organizational capacity through TA funding, followed by FA awards which capitalize the organizations. A logical third step which would demonstrate a fully mature industry would be for Native CDFIs to successfully compete for

**Graph 6**

**Native CDFI Repeat Awardees**



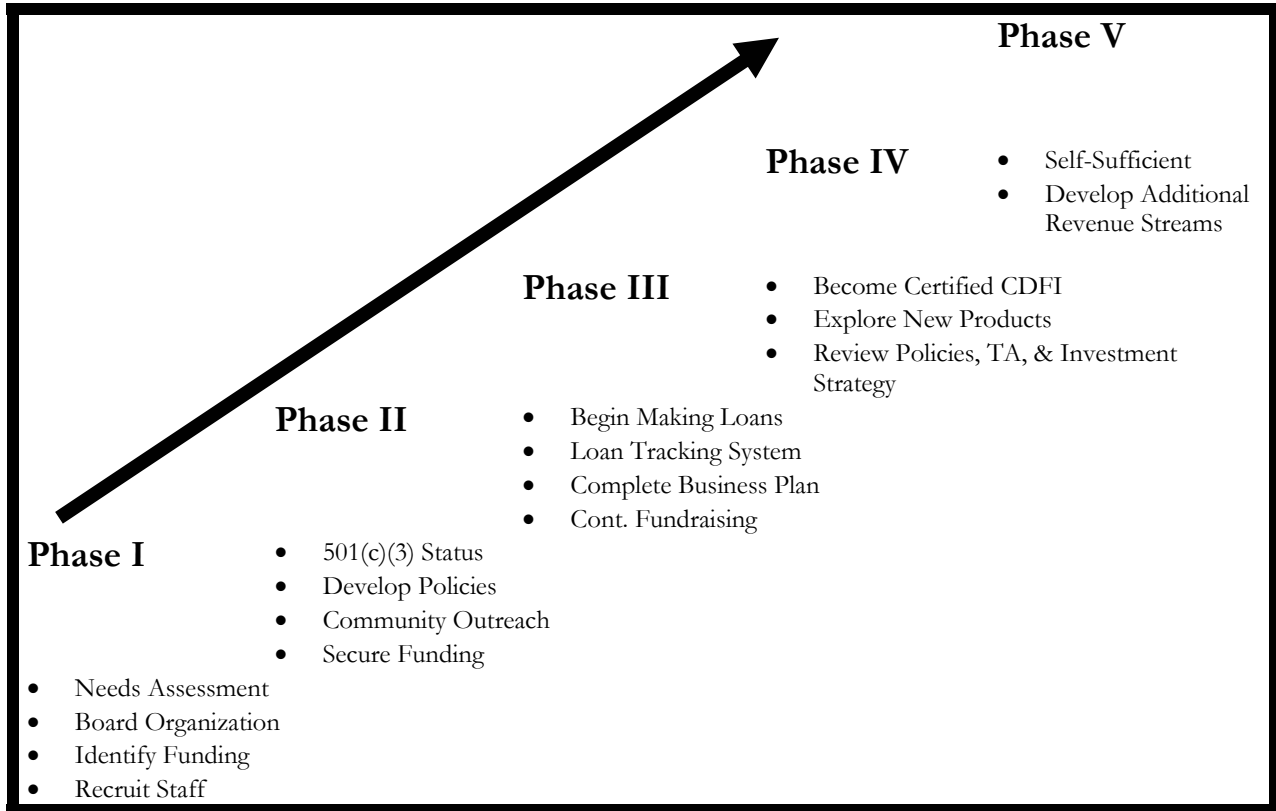
program funds available to all CDFIs, not just NAI program dollars. Thus far, this evolution is not apparent as only a handful of organizations have received FA awards. Specifically, since 2002, five CDFIs classified as Native CDFIs by the CDFI Fund have been awarded FA awards.<sup>19</sup>

Similarly, Native CDFIs have only received three Bank Enterprise Awards and one TA award since 2002 and the organizational characteristics of these awardees suggest they already had sufficient capacity prior to NAI program efforts. Although the Native CDFI market is still emerging, some Native focused groups were competing for FA, TA, and Bank Enterprise Awards before the advent of NAI programs. Alaska Growth Capital BIDCO, Inc. (2 awards), Hopi Credit Association (2 awards), Impact Seven, Inc. (two awards), The Lakota Fund, and the Hawaii Community Loan Fund received FA awards totaling approximately \$6.7 million prior to 2002. First Nations Oweesta Corporation, Four Bands Community Fund, Inc., Four Directions Development Corporation, Alaska Growth Capital BIDCO, Inc., Native American Development Corporation, Native American Lending Group, Hopi Credit Association, Lokahi Pacific, The Lakota Fund, and Hawaii Community Loan Fund received TA awards prior to 2002, totaling \$855,000. Bank of Cherokee County, Inc. and First National Bank were the only Native focused groups who received Bank Enterprise Awards prior to 2002, totaling \$405,000.

<sup>19</sup> 2005: Community Development Bank, FSB, Sovereign Leasing and Financing, Inc., 2003: Impact Seven, Inc., 2002: Alaska Growth Capital BIDCO, Inc., First Nations Oweesta Corporation

The organizations receiving FA, TA, and Bank Enterprise Awards prior to 2002 are part of a select group of Native CDFIs resting in the upper stages of organizational maturity. These groups have reached step three, or phase IV or V in the First Nations Oweesta Corporation model. First Nations Oweesta Corporation developed a more nuanced approach for categorizing maturing CDFIs, one that fits within the three step framework. The Oweesta development phase is broken into five steps summarized in Diagram 1. According to Oweesta, the majority of Native CDFIs analyzed in their research fall in phase I, II, or III,<sup>20</sup> which matches the analysis in this report showing the majority of Native CDFIs as emerging and not yet certified by the CDFI Fund.

**Diagram 1**



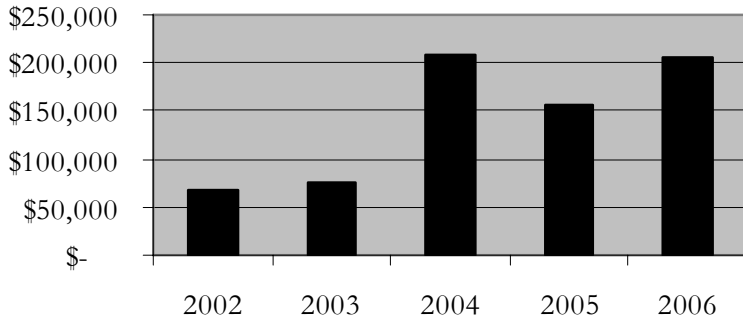
***Award Size***

After increasing significantly between 2003 and 2004, the average award under the NAI program has leveled to \$200,000 (see Graph 7 for details). The jump in award size in 2004 is attributed to policy changes in the NAI program which increased the maximum award to approximately \$500,000 from \$100,000. This increase in the maximum award has allowed CDFIs to request more money under the financial assistance component of the program and allowed the CDFI Fund to utilize more available NAI grant dollars.

<sup>20</sup> Dewees, Sarah. (2004, April). “Investing in Communities: Community Development Financial Institutions in Native Communities.

**Graph 7**

**Average Native CDFI Award**

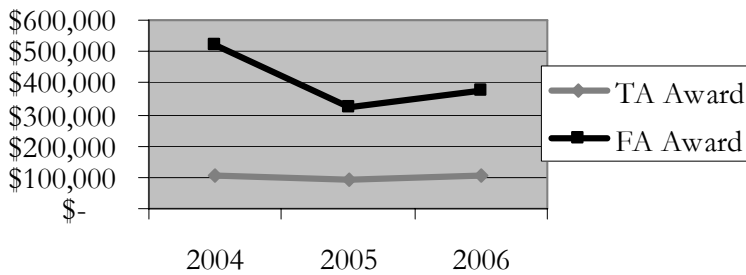


The 2004 policy change is best illustrated in graph 8, which shows the average FA award for 2004 at approximately \$500,000. Since 2004 the average award amount has decreased slightly while average TA awards have remained constant.

***Types of Native CDFIs***

**Graph 8**

**Average Award Size  
(Shown by Type of Award)**



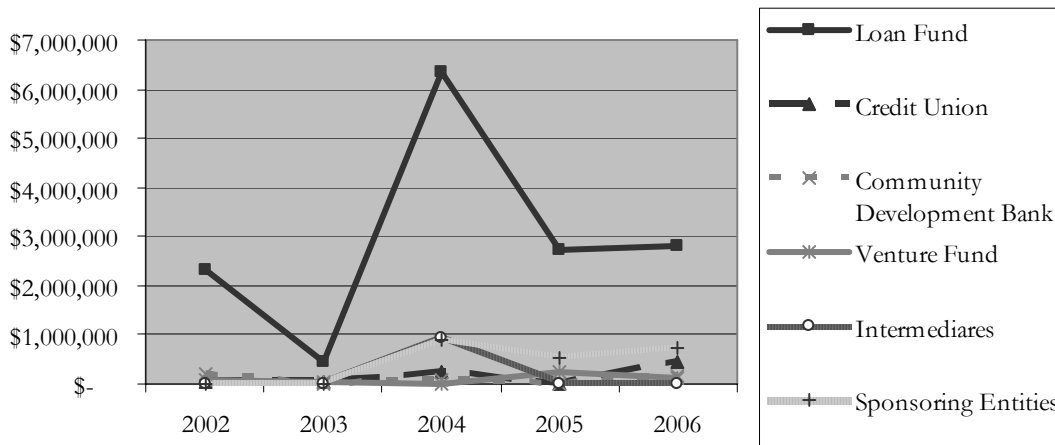
Consistent with the CDFI industry as a whole, Native Loan Fund CDFIs receive the overwhelming majority of awards and award dollars provided through the NAI program. Graphs 9, 10, 11, and 12 provide a detailed overview of the NAI program award dollars from 2002 to 2006, separated by program type.

amount awarded each year to loan funds have both declined. The primary beneficiary of this decline has been Sponsoring Entities, groups proposing to start a CDFI, which first started to receive

Two interesting trends emerge from the data. First, the total number of loan fund awards and the percent of the total

**Graph 9**

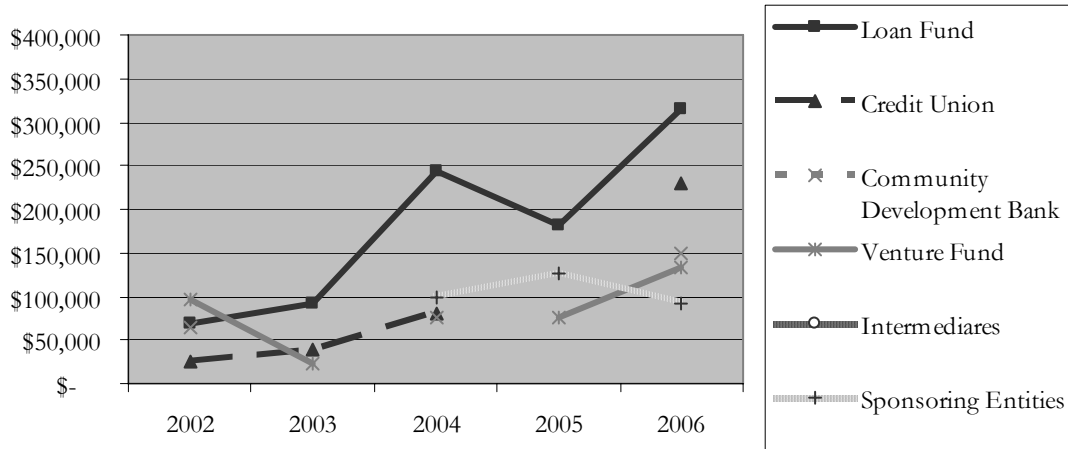
**Total NAI Awards by Type  
(In Dollars)**



awards in Fiscal Year 2004. By investing in Sponsoring Entities, the CDFI Fund has assumed the risk that a CDFI may not be viable in the proposed community and it is possible that no CDFI will be created in the area where the award was targeted. This shows Native CDFIs are still very much in the development phase, as limited resources are being used to grow the industry instead of allocate more funds to already operational Native CDFIs.

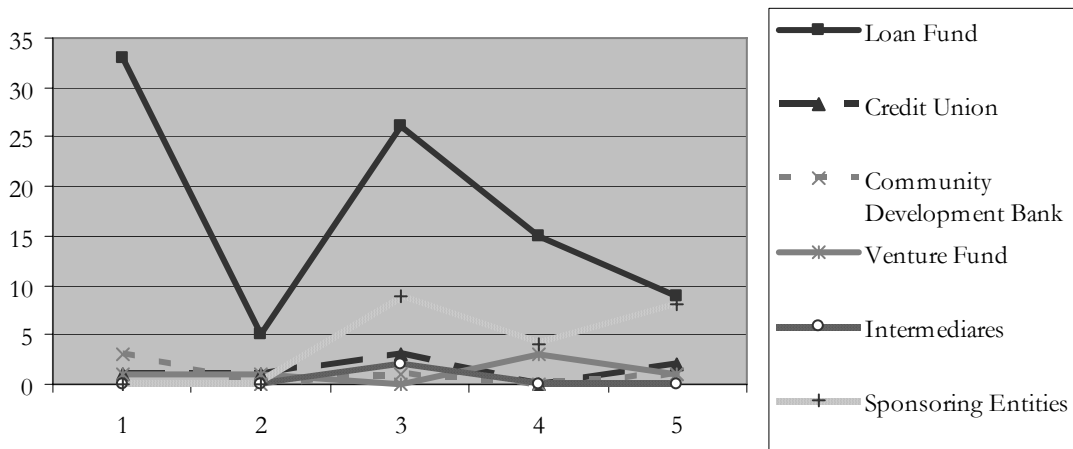
**Graph 10**

**Average NAI Awards by Type  
(In Dollars)**



**Graph 11**

**Total NAI Awards by Type  
(In Number of Awards)**

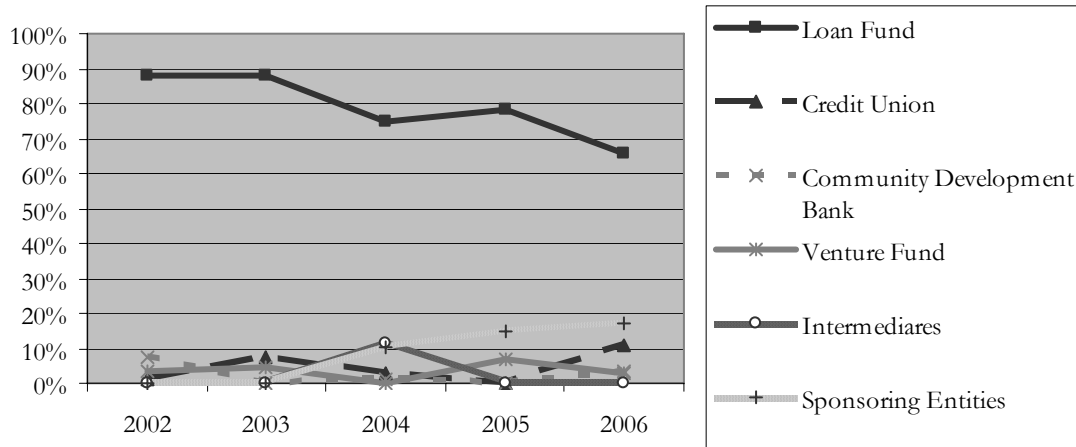


The second trend identified is an increase in the average award size by loan funds from \$75,000 in 2002 to over \$300,000 in 2006 in Graph 10. This suggests that Native loan funds receiving awards have become proficient enough to handle larger awards, demonstrating their maturity organizationally. Also notable is an increase in the average award dollars being distributed to venture

funds and credit unions, albeit in a sporadic manner as both sectors have experienced years in which no awards were granted to their sectors. Finally, a critical sign of organizational capacity is that by accepting FA awards, Native CDFI awardees have demonstrated their ability raise the outside capital required to fund the matching component of the award agreement.

**Graph 12**

**Percent NAI Awards by Type  
(In Dollars)**



***Midwest and West Allocation***

Almost 90% of the awards through the NAI program have been directed towards the West and Midwest regions of the United States. This is a logical distribution as the majority of Native populations are located west of the Mississippi River, as shown in the Appendix, Map A1. This map shows that Native population is heavily skewed towards western states, with 43% of all Native people residing in this region of the United States. Map A1 also provides information on individual state’s density of Native populations.<sup>21</sup> In total, 129 NAI awards have been made to organizations in 23 different states totaling \$19.5 million. In Table A2 in the appendix awards are segmented by region and division in accordance with U.S. Census definitions. Lastly, Map A2 is presented in the appendix to show the locations of Native CDFIs currently operating in the United States.

<sup>21</sup> US Department of Commerce Economics and Statistics Division, US Census Bureau, <[http://www.census.gov/geo/www/maps/aian\\_wall\\_map/us\\_wall100.htm](http://www.census.gov/geo/www/maps/aian_wall_map/us_wall100.htm)>

## CONCLUSION

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Significant resources have been invested in growing the Native CDFI industry and the success of this initiative is cause for optimism. Congressional support has been consistent, helping increase the number of certified Native CDFIs from 9 to 35 since 2002. The early investments by the CDFI Fund in training and organizational building are achieving results as more organizations are working through a maturation process. Native CDFIs who have moved beyond the start up phase are benefiting as NAI award distribution trends show that the success of prior awardees applications is increasing, as is the average award size. Both these trends show organizations that have become mature CDFIs are capable of handling larger and more frequent CDFI awards.

While the Native CDFI industry has grown, need is still outstripping demand, as in 2006 the amount applied for by Native CDFIs and the amount awarded differed by almost \$10 million. It is likely this “need gap” will remain a challenge for the CDFI Fund and potentially hamper Native CDFI industry maturation in the years ahead. TA and FA funding allocations suggest a segment of the Native CDFI industry is approaching full maturity, but the majority of Native CDFIs are still emerging and will continue to require capacity building assistance.

Finally, while the CDFI Fund has germinated an emerging Native CDFI industry, the broader measures of economic well being for Native people remain poor. Both median income levels and poverty rates lag behind national averages, signs that additional action must be taken. Native CDFIs can contribute to lower poverty rates and higher median incomes by improving access to capital and financial services, two critical barriers that must be eliminated to increase prosperity for Native populations.

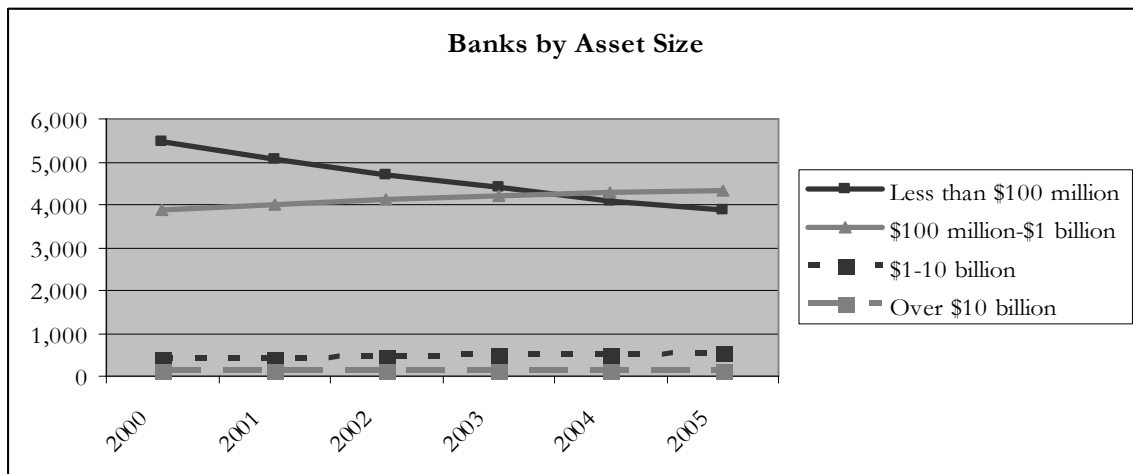
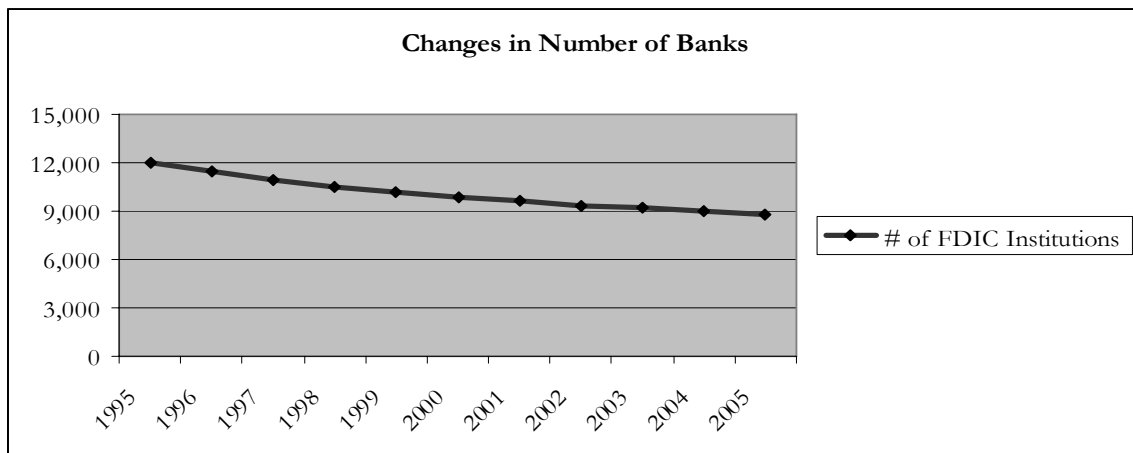
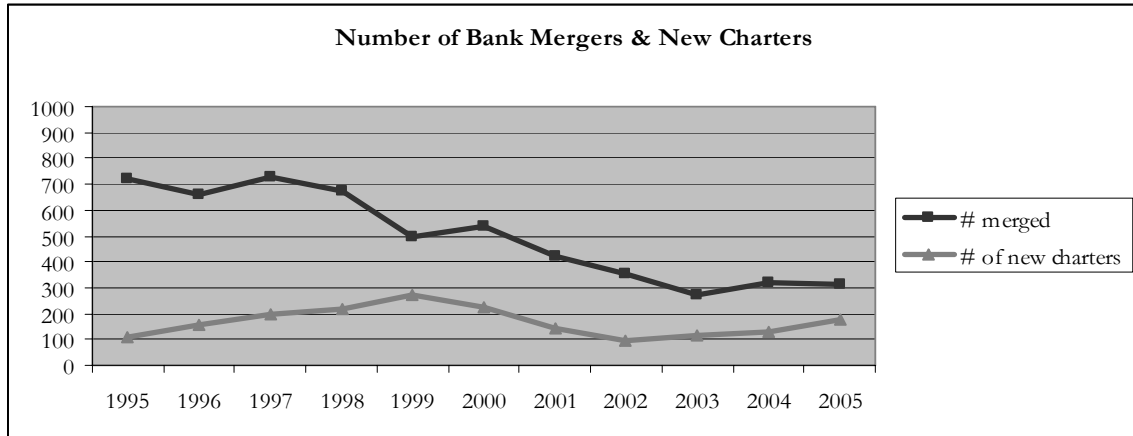
*To learn more about organizations supporting the growth of Native CDFIs please refer to page 19*

*For more information regarding the contents of the report, contact the CDFI Coalition at [info@cdfi.org](mailto:info@cdfi.org) or 703-294-6970.*

# APPENDIX

## BANK TRENDS<sup>22</sup>

Graphs A1, A2, & A3



<sup>22</sup> American Bankers Association. 2006 ABA Issue Summary. Bank Stats At-A-Glance. <<http://www.aba.com/press+room/default.htm>>

## NAI PROGRAM TIMELINE

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Table A1

2002	2003	2004	2005 - 2006
<p><b><u>NACTA</u></b>  <b>Maximum Award:</b>                      \$100,000  <b>Eligible Applicants:</b>                      Entities that propose to build the capacity of or establish a new CDFIs that will serve a Native American or Alaska Native population(s)  <b>Eligible Use of TA:</b> Technology acquisition, staff training, consulting services for needed capacity, and staff salary for capacity building activities.  <b>Ineligible Use of TA:</b> Operating expenses</p>	<p style="text-align: center;">→</p> <p><b><u>NATA</u></b>  <b>Maximum Award:</b>                      \$100,000  <b>Eligible Applicants:</b>                      Certified and Certifiable Native CDFIs; Emerging Native CDFIs  <b>Ineligible Applicants:</b>                      Sponsoring entities and entities the Fund has previously selected to receive over \$250,000 in TA or FA.  <b>Eligible Use of TA:</b>                      Technology acquisition, training, consulting services, staff salary for certain purpose  <b>Ineligible Use of TA:</b>                      Operating expenses</p>	<p style="text-align: center;">→</p> <p><b><u>NACA</u></b>  <b>Maximum Award:</b>                      \$500,000 (Of which \$150,000 can consist of TA)  <b>Eligible Applicants (FA &amp; TA):</b>                      Certified Native CDFIs or Certifiable Native CDFIs  <b>Eligible Applicants (TA Only):</b>                      Emerging Native CDFIs and Sponsoring entities  <b>Ineligible Applicants:</b>                      Organizations providing training or TA to CDFIs.</p>	<p style="text-align: center;">→</p> <p><b><u>NACA</u></b></p>
	<p style="text-align: center;">→</p> <p><b><u>NADA</u></b>  <b>Maximum Award:</b> \$100,000  <b>Eligible Applicants:</b>                      Sponsoring entities that will not become Native CDFIs but plan to create separate Native CDFIs.  <b>Ineligible Applicants:</b>                      Certified, certifiable, and emerging Native CDFIs.  <b>Eligible Use of TA:</b>                      Technology acquisition, training, consulting services, staff salary for certain purposes.  <b>Ineligible Use of TA:</b>                      Operating expenses</p>	<p style="text-align: center;">→</p> <p><b><u>NATA</u></b></p>	
		<p style="text-align: center;">→</p> <p><b><u>NADA</u></b></p>	



## NATIVE CDFI FUND AWARDS BY REGION

Table A2

	Award Dollars	Percent of Total Award Dollars
<b>Northeast<sup>23</sup></b>		
New England <sup>24</sup>	\$1,380,000	7.1%
Maine	\$1,380,000	7.1%
Middle Atlantic	\$184,000	0.9%
New York	\$184,000	0.9%
<b>Total Northeast</b>	<b>\$1,564,000</b>	<b>8.1%</b>
<b>Midwest</b>		
East North Central	\$1,345,630	6.9%
Michigan	\$548,500	2.8%
Wisconsin	\$797,130	4.1%
West North Central	\$6,996,726	36.1%
Minnesota	\$2,924,833	15.1%
Nebraska	\$257,460	1.3%
Kansas	\$25,000	0.1%
North Dakota	\$281,700	1.5%
South Dakota	\$3,507,733	18.1%
<b>Total Midwest</b>	<b>\$8,342,356</b>	<b>43.0%</b>
<b>South</b>		
South Atlantic	\$605,490	0.9%
Maryland	\$176,040	2.2%
North Carolina	\$429,450	0.4%
East South Central	\$70,000	0.2%
Alabama	\$35,000	0.2%
Tennessee	\$35,000	0.2%
West South Central	\$1,783,880	9.2%
Oklahoma	\$1,783,880	12.7%
<b>Total South</b>	<b>\$2,459,370</b>	<b>3.1%</b>
<b>West</b>		
Mountain	\$3,606,703	18.6%
Arizona	\$1,660,250	8.6%
Colorado	\$270,000	1.4%

<sup>23</sup> The Northeast region includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The South includes Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The West includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

<sup>24</sup> The New England division includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. The Middle Atlantic division states are New York, New Jersey, and Pennsylvania. The East North Central division includes Ohio, Indiana, Illinois, Michigan, and Wisconsin. The West North Central division includes Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. The South Atlantic division comprises Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida. The East South Central division states are Kentucky, Tennessee, Alabama, and Mississippi. The West South Central division includes Arkansas, Louisiana, Oklahoma, and Texas. The Mountain division states are Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. The Pacific division includes Washington, Oregon, California, Alaska, and Hawaii.

Montana	\$706,600	3.6%
Wyoming	\$616,853	3.2%
Utah	\$353,000	1.8%
Pacific	\$3,419,877	17.6%
California	\$520,706	2.7%
Alaska	\$451,250	2.3%
Hawaii	\$721,121	3.7%
Washington	\$1,726,800	8.9%
<b>Total West</b>	<b>\$7,026,580</b>	<b>36.2%</b>
<b>Total</b>	<b>\$19,392,306</b>	

Please Note: In Fiscal Year 2006, three NAI award recipients plan to serve regions outside the state their organization is headquartered. These organizations are: Native American Bancorporation, Co., Pokagon Band of Potawatomi Indians, and First Nations Oweesta Corporation. In Fiscal Year 2005, five Native American Initiatives Award recipients served additional states outside the state where the organization is headquartered. These organizations included: Four Corners Enterprise Community, Inc., Heritage Capital Fund, Native American Community Development Corporation, Southwest Tribal Housing, LLC, and The Pathfinder Fund, LLC. In Fiscal Year 2004, three CDFIs, Affiliated Tribes of Northwest Indians Revolving Loan Fund, Navajo Nation of Economic Development, and Yurok Indian Housing Authority served additional states outside of where the organization is headquartered.

## EXPANDING NATIVE OPPORTUNITY

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**CDFI Coalition**  
[www.cdfi.org](http://www.cdfi.org)

The Coalition of Community Development Financial Institutions is the lead national organization in the United States promoting the work of community development financial institutions. The CDFI Coalition coordinates industry wide initiatives and conducts a variety of public education programs to introduce key audiences to the valuable work performed daily by CDFIs.



**CDFI Fund**  
[www.cdfifund.gov](http://www.cdfifund.gov)

In September 1994, Congress mandated the CDFI Fund identify barriers to private financing, identify the impact of such barriers on access to capital and to credit for Native peoples, and provide options to address these barriers. Since then the CDFI Fund has embarked on a number of initiatives designed to overcome barriers preventing access to credit, capital and financial services in Native American, Alaska Native and Native Hawaiian communities. Through these initiatives, the CDFI Fund provides direct monetary awards and training aimed at increasing the number and capacity of existing or new CDFIs serving Native Communities.



**First Nations Development Institute**  
[www.firstnations.org](http://www.firstnations.org)

Through a three-pronged strategy of education, advocacy, and capitalization, First Nations Development Institute is working to restore Native control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Native communities.



**First Nations Oweesta Corporation**  
[www.oweesta.org](http://www.oweesta.org)

First Nations Oweesta Corporation aims to enhance the capacity of Native tribes, communities and peoples to access, control, create, leverage, utilize and retain financial assets; and to provide appropriate financial capital for Native development efforts.



**The Native Financial Education Coalition**  
[www.nfec.info](http://www.nfec.info)

The Native Financial Education Coalition is a group of local, regional, and national organizations and government agencies joined together to promote financial education in Native communities.