

# CDFIs in South Dakota

## Community Development Financial Institutions

### What are CDFIs?

CDFIs are mission-driven financial institutions that provide financial products and services to people and communities underserved by traditional financial institutions.

More than 800 CDFIs have been certified by the CDFI Fund in the Department of Treasury. They operate in low-wealth communities in all 50 states and the District of Columbia. CDFIs can be banks, credit unions, loan funds, venture capital funds, community development corporations or microenterprise loan funds. All are united in their primary mission of community development.

### Why are CDFIs needed?

CDFIs fill a vital niche in the nation's financial services delivery system, offering loan products and financial services to families or in communities that are difficult for traditional financial institutions to serve. They provide loans and investments to support the development of quality affordable housing, finance businesses, and finance community facilities, including health centers, daycare and education facilities, all with the level of technical assistance needed by their borrowers. CDFIs often serve "micro" borrowers and offer a range of business assistance services to help them succeed. Through their lending and investing CDFIs create jobs and build wealth for low income individuals. Many CDFIs also provide basic financial services to the unbanked and products to combat predatory lending in addition to mortgage products for lower income borrowers. Those services frequently incorporate technical assistance and training such as financial literacy and education, housing or foreclosure counseling and other types of training.

### A Unique Federal Partner: The CDFI Fund

The US Treasury Department's CDFI Fund is an innovative federal agency created to support the growth of CDFIs and to build their capacity to greater expand the availability of credit, investment capital and financial services in distressed urban and rural communities. The CDFI Fund administers a range of programs accessible to CDFIs. Foremost is the Financial and Technical Assistance program, a competitive grant program that provides capital to CDFIs to carry out their business plans. Since its first round of funding in 1996, the CDFI Fund has made almost \$770 million in awards for the FA and TA Program. In total, since its creation in 1994, the CDFI Fund has awarded \$1.13 billion to CDFIs, community development organizations, and financial institutions through the CDFI Program, the Bank Enterprise Award (BEA) Program, and the Native Initiatives. In addition, the CDFI Fund has allocated \$26 billion in tax credit authority to Community Development Entities (CDEs) through the NMTC Program.

Visit [www.cdfifund.gov](http://www.cdfifund.gov) for more information.

Number of CDFIs in South Dakota:

18

Total \$ value of CDFI Fund awards to South Dakota organizations since 1996:

\$17,222,636

New Markets Tax Credits awards to South Dakota since 2002:

\$130,000,000

### Putting CDFI Fund Dollars to Work:

South Dakota CDFIs bring capital and credit to low-income communities

Four Bands Community Fund offers a selection of business development classes, one-on-one technical assistance, a savings match program, and business loan fund products to expand private small businesses and financial literacy on the Cheyenne River Reservation in South Dakota. Between April 2000 and August 2009, this Native CDFI offered a business development class to 208 people and provided technical assistance and training services to approximately 1,356 adults and 374 youth. Four Bands also contributed \$241,400 in savings match to youth and adults for asset-building goals and disbursed over \$1,524,000 in loans that helped create and expand 80 Native-owned businesses affecting more than 120 jobs. In addition, it has several projects that promote tourism development, downtown beautification and marketing of the reservation resulting from its research, "Business Opportunities on the Cheyenne River Reservation." Since 2004, Four Bands has received over \$1,000,000 in technical and financial assistance grants from the CDFI Fund. It has used this money for increased capacity in lending, staff salaries, staff and board training, improved computer technology, development of policies, and office materials. It has also coordinated an entrepreneurship fair and updated its credit builder program. These grants have improved Four Bands' capacity to serve and expand the market for private businesses on the Cheyenne River Reservation.

Contact Four Bands at: Box 932, Eagle Butte, SD 57625, 605-964-3687, [www.fourbands.org](http://www.fourbands.org).

mission-driven

bridge the gap

# CDFIs in South Dakota

double bottom line

## Where do CDFIs get their money?

CDFIs are capitalized by a diverse group of investors, all attracted by CDFIs' double bottom line. CDFIs combine financial return with a social return. Investors include individuals, religious institutions, foundations, corporations, federal and state government, banks and thrifts, non-depository financial institutions (such as insurance companies or mutual funds), national intermediaries, credit unions and others. The top four investors in CDFIs are:

- **Individuals**, primarily in the form of savings and checking accounts in community development banks and credit unions. Some wealthy "angel investors" make equity investments in venture capital funds.
- **Banks and Thrifts**, mostly mainstream institutions making loans to loan funds for relending. They often receive CRA credit for these activities.
- **Non-depository financial institutions**, primarily finance companies, but also insurance companies and socially responsible mutual funds. Most make loans to loan funds for re-lending.
- **Corporations**, mostly as deposits in community development banks.

Investment by the Federal Government accounts for only 7% of all CDFI capital. However, it is important to note that oftentimes federal money serves to attract private resources.

## Dollars at Work in South Dakota Communities

At the end of Fiscal Year 2008, CDFIs in South Dakota had over **\$153 million** in financing outstanding. CDFI customers include businesses, affordable housing developers, community facilities, microenterprises (businesses with less than 5 employees), and individuals (for basic checking and savings accounts and personal development loans to buy a home, purchase a used car or pay for an education).

## CDFIs in South Dakota

Consumer's Federal Credit Union  
*Gregory*  
[www.consumersfcu.coop](http://www.consumersfcu.coop)

Dakotaland Federal Credit Union  
*Huron*  
[www.dakotalandfcu.com](http://www.dakotalandfcu.com)

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

Fort Randall Federal Credit Union  
*Pickstown*  
[www.ftrandallfcu.com](http://www.ftrandallfcu.com)

Four Bands Community Fund, Inc.  
*Eagle Butte*  
[www.fourbands.org](http://www.fourbands.org)

Lakota Fund, The  
*Kyle*  
[www.lakotafunds.org](http://www.lakotafunds.org)

Mazaska Owecaso Otipi Financial, Inc  
*Pine Ridge*

Neighborhood Lending Services, LLC  
*Deadwood*  
[www.nhsblackhills.org](http://www.nhsblackhills.org)

Northeast South Dakota Economic Corp  
*Sisseton*  
[www.nesdcap.org](http://www.nesdcap.org)

Rural Collaborative, The  
*Rapid City*  
<http://trc.factor360.com/default.asp>

Rural Electric Economic Development, Inc.  
*Madison*  
[www.eastriver.coop](http://www.eastriver.coop)

Sentinel Federal Credit Union  
*Rapid City*  
[www.sentinelfcu.org](http://www.sentinelfcu.org)

Sisseton Co-op Federal Credit Union  
*Sisseton*  
[www.sissetonrealty.com](http://www.sissetonrealty.com)

Sisseton-Wahpeton Federal Credit Union  
*Agency Village*

South Dakota Rural Enterprise, Inc.  
*Sioux Falls*  
[www.sdrei.org](http://www.sdrei.org)

South Eastern Development Foundation  
*Sioux Falls*  
[www.secog.org/business\\_development/sedf\\_loan\\_programs.htm](http://www.secog.org/business_development/sedf_loan_programs.htm)

Vermillion Federal Credit Union  
*Vermillion*  
[www.vermillionfcu.com](http://www.vermillionfcu.com)

West River Foundation for Economic and Community Development  
*Sturgis*

social return