WHAT ARE CDFIs?
Community development financial institutions (CDFIs) are private financial institutions that deliver responsible, affordable finance to help people and communities underserved by mainstream finance join the economic mainstream. CDFIs can be loan funds, banks, bank holding companies, credit unions, or venture capital firms.

For more than 40 years CDFIs have leveraged capital from banks, foundations, corporations, and government to help move money into rural, urban, and Native communities where mainstream bank financing doesn’t reach.

Today, there are more than 1,100 CDFIs certified by the U.S. Department of the Treasury’s CDFI Fund with more than $222 billion in assets. These organizations create jobs, build affordable housing, support quality education, advance community-based health care, and provide access to banking services across America.

CDFI borrowers are 85 percent low-income, 58 percent people of color, 48 percent women, and 26 percent rural.

DEEP COMMUNITY ROOTS
CDFIs operate in every state. We have deep roots in the communities we serve and offer localized solutions to pressing economic problems. CDFIs create on-the-ground, targeted partnerships to build affordable housing and vital community facilities, support small businesses and boost local economies, and help individuals successfully and safely build financial health and well-being.

COUNTER CYCLICAL
During the Great Recession, when mainstream finance retracted lending, CDFIs kept capital flowing to businesses and communities. With consistently low loan loss rates—a cumulative 0.73% from 1999-2017 that outperformed the 0.92% loan loss rate of FDIC-insured institutions in that same time period—CDFI lending is effective and successful in all economic conditions for investors and borrowers.
KEY PLAYERS, TERMS, AND ESSENTIAL TOOLS

**OFN (Opportunity Finance Network)** – OFN is the leading national network of CDFIs dedicated to driving capital to low-wealth communities throughout America. OFN organizes its initiatives around three pillars: Strength (data and research, capacity building, industry conferences, and membership), Voice (public policy, national partnerships, and external communications), and Money (a CDFI itself, OFN manages more than $750 million in intermediary loans to other CDFIs).

**OFN’s Annual Conference** – OFN’s signature event is its Annual Conference, the premier and largest event for the CDFI industry. Industry leaders, practitioners, investors, funders, and partners converge to expand their networks, share best practices, and establish new connections.

**CDFI Loan Fund** – One of the five CDFI varieties, a CDFI Loan Fund provides financing and development services to businesses, organizations, and individuals in low-income communities. There are four main types of loan funds: microenterprise, small business, housing, and community service organizations. Each is defined by the client served, though many loan funds serve more than one type of client in a single institution. CDFI Loan Funds tend to be nonprofit and governed by boards of directors with community representation.

**Native CDFI** – CDFI that primarily serves a Native community, with at least 50 percent of its activities serving Native Americans, Alaska Natives, and/or Native Hawaiians.

**CDFI Fund** – Federal program administered by the U.S. Department of Treasury to certify and support a national network of community development lenders, investors, and financial service providers. Support programs include:

- CDFI certification. All CDFIs are certified by the U.S. Treasury to have demonstrated accountability to target markets and community development missions. CDFI certification is a precondition for participating in numerous federal funding programs.
- Grant capital through the CDFI Native American CDFI Assistance, Capital Magnet Fund, and Bank Enterprise Award programs.
- Debt, tax credit, and other programs. New Markets Tax Credit, CDFI Bond Guarantee Program, and capacity building initiatives.

**PRI (Program Related Investment)** – A mainstay of CDFI capitalization strategies, PRIs are loan agreements between a CDFI and its upstream financing partner that designates specific objectives with respect to the CDFI’s mission-centered programs.

**SDGs (Sustainable Development Goals)** – Created by the United Nations in 2015, SDGs are often adopted by CDFIs to categorize, describe, and measure impact results in the communities that CDFIs serve. There are 17 interconnected SDGs relating to poverty, inequality, climate change, environmental degradation, peace, and justice.

**Underserved Communities** – People and places that are often excluded by the mainstream financial system from access to capital needed to start a business, own a home, get an education, etc. Underserved communities may be geographic or demographic in nature. Underserved Communities are disproportionately represented in communities of color, indigenous areas, and rural geographies. Interchangeable terms include Under-resourced Communities, Disinvested Communities, and Underbanked Communities.

**Persistent Poverty** – Federal classification of U.S. counties with poverty rates of 20 percent or more in each of the 1990, 2000, and 2010 U.S. censuses.