

## FY 2012 Native American CDFI Assistance Program Financial Assistance and Technical Assistance Awards

### Awardee Highlights

The CDFI Fund has completed its fiscal year (FY) 2012 funding round of the Native American CDFI Assistance Program (NACA Program). The CDFI Fund received 66 eligible NACA applications requesting \$20.94<sup>1</sup> million. The CDFI Fund made 33 awards totaling \$11.47 million to organizations located in 16 states.

The Notice of Funds Available was published on November 14, 2011. Applications were due on January 18, 2012.

#### Key Statistics of Awardees (FA and TA awards combined):

- 33 organizations received \$11,473,647 in awards, all of which were grants.
- 15 FA and 18 TA awards were made.
- 28 loan funds, four credit unions, and one bank or thrift were awarded.

The NACA Program encourages the creation and strengthening of certified CDFIs that primarily serve Native American, Alaska Native, and Native Hawaiian communities (collectively referred to as “Native Communities”). Organizations funded under the NACA Program serve a wide range of Native Communities, and reflect a diversity of institutions in various stages of development -- from organizations in the early planning stages of creating a CDFI, to tribal entities working to certify an existing lending program, to established CDFIs in need of further capacity building assistance.

Through the NACA Program, the CDFI Fund provides two types of funding – 1) Financial Assistance (FA) awards which are only available to certified CDFIs; and 2) Technical Assistance (TA) grants, which are available to certified CDFIs, emerging Native CDFIs, and Sponsoring Entities. Unique to the NACA Program, Sponsoring Entities may create and support fledgling Native organizations as they progress toward certification.

FA awards are primarily used for financing capital. TA grants are usually used to acquire products or services including computer technology; staff training; professional services, such as market analysis; and support for other capacity-building activities.

#### Organizational Diversity

The CDFI industry consists of a wide variety of financial institutions including banks, credit unions, loan funds, and venture capital funds. Each provides a different mix of products geared to reach specific customers, such as the following:

- **Community development banks** are for-profit corporations which provide capital to rebuild economically distressed communities through targeted lending and investment.

<sup>1</sup> The figures presented for number of applications received and amount of funding requested differ from those stated in the CDFI Fund press release issued in March 2012. The original figures included organizations that were later deemed ineligible for funding or that submitted incomplete applications.

- **Community development credit unions** are non-profit cooperatives owned by members which promote ownership of assets and savings and provide affordable credit and retail financial services to low-income people.
- **Community development loan funds**, usually non-profits, provide financing and development services to businesses, organizations and individuals in low-income urban and rural areas, and can be further categorized based on the type of client(s) served: micro-enterprise, small business, housing and community service organizations.
- **Community development venture capital funds** are both for-profit and non-profit organizations which provide equity and debt-with-equity features for businesses in distressed communities.

### Geographic Diversity

The FY 2012 NACA Program FA and TA awardees are headquartered in 16 states. For more detailed geographic breakdowns by program, please refer to the individual FA and TA highlights sections that follow.

## Financial Assistance Awards Highlights

### Overview

The CDFI Fund uses Financial Assistance awards through the NACA Program to invest in and build the capacity of Native CDFIs to serve low-income people and communities lacking adequate access to affordable financial products and services. The CDFI Fund provides these awards to Native CDFIs that demonstrate, through their proposed comprehensive business plans, the ability and capacity to deploy credit, capital, and financial services to their target markets or to expand into new investment areas, low-income targeted populations, or other targeted populations. Low-income communities are defined as those census tracts with poverty rates of greater than 20 percent and/or median family incomes that are less than or equal to 80 percent of the area median family income.

### Key Statistics of FY 2012 NACA Financial Assistance Awardees

- Total number of awards - 15 CDFIs received awards
- Total amount awarded - \$9,039,700 all of which were grants
- Type of organizations receiving awards
  - Loan Funds - 12
  - Credit unions - 2
  - Bank or Thrift-State Chartered Institution - 1
- Primary target marketsd
  - Major urban markets only - 0 awardees
  - Minor urban areas only - 1
  - Rural areas only - 11
  - Some major urban markets - 1
  - Some minor urban markets - 3
  - Some rural markets - 2

- Persistent Poverty
  - Total number of awardees that committed to lend in persistent poverty counties - 7
  - The minimum amount of the awards that was committed to be lent in persistent poverty counties - \$2,507,590

**NACA Financial Assistance Applicants and Awardees**

The FY 2012 NACA FA awardees include 12 loan funds, two credit unions, and one bank or thrift state-chartered institution.

Native CDFIs focus, largely, on two different financial sectors: 1) affordable housing (housing development and homeownership); and 2) economic development (job creation, business development, and commercial real estate development). Some Native CDFIs serve as national or regional intermediaries, providing financial products and services to local Native CDFIs and other community development organizations.

Table 1 provides a breakdown of FY 2012 NACA Program FA applicants and awardees by institution type.

Table 1—FY 2012 NACA Financial Assistance Applications vs. Awards by Institution Type				
Institution Type	# Requested	% Requested	# Awarded	\$ Awarded
Loan Fund	18	81.8%	12	80.0%
Credit Union	2	9.1%	2	13.3%
Bank or Thrift-State Chartered Inst.	2	9.1%	1	6.7%
<b>Total</b>	<b>22</b>		<b>15</b>	
Applicant Type	\$ Requested	% Requested	\$ Awarded	%Awarded
Loan Fund	\$12,320,000	84.6%	\$7,550,000	83.5%
Credit Union	\$739,700	5.1%	\$739,700	8.2%
Bank or Thrift State Chartered Inst.	\$1,500,000	10.3%	\$750,000	8.3%
<b>Total</b>	<b>\$14,559,700</b>		<b>\$9,039,700</b>	

### Geographic Diversity Among NACA Program FA Awardees

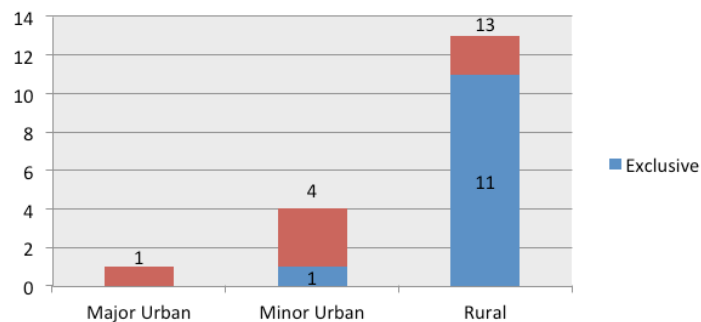
The FY 2012 NACA Program FA awardees are headquartered in the following nine states: Alaska, Arizona, California, Hawaii, Maine, Minnesota, New Mexico, Oklahoma, and South Dakota.

### Financial Product Diversity Among NACA Program FA Awardees

FY 2012 NACA Program FA awardees provide diverse financial products in communities with the majority providing affordable housing products and small business loans. As shown in the table below, seven awardees provide affordable housing products; two provide small business and three provide microenterprise loans; two provide consumer loan products; and one provides commercial loans.

Primary Line of Business	Awardees	Awarded
Affordable Housing	7	\$ 4,500,000
Consumer Finance	2	739,700
Small Business	2	1,500,000
Microenterprise	3	1,550,000
Commercial	1	750,000
<b>Total</b>	<b>15</b>	<b>\$9,039,700</b>

FY 2012 NACA Program FA Awardee Geographic Service Area Focus\*



### Persistent Poverty Counties

In the CDFI Fund’s FY 2012 appropriation, Congress mandated: “that of the funds awarded... not less than 10 percent shall be used for projects that serve populations living in persistent poverty counties (where such term is defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years as measured by the 1990, 2000, and 2010 decennial censuses.)”

To meet this mandate, the CDFI Fund made NACA Program FA awards totaling over \$2.5 million to 7 awardees that committed to deploy a portion or all of their award dollars into counties that have been designated as persistent poverty areas.

## Technical Assistance Awards Highlights

### Overview

The CDFI Fund makes Technical Assistance awards to both established and emerging Native CDFIs for the purpose of enhancing their capacity to serve their target markets. The grants are awarded based on a competitive application process, requiring a review of the Applicant's Comprehensive Business Plan. This is the tenth annual funding round in which TA grants have been awarded since its inception in 2002.

Organizations receiving TA awards under the NACA Program serve a wide range of Native Communities, and reflect a diversity of institutions in various stages of development – from organizations in the early planning stages of creating a Native CDFI, to tribal entities working to certify an existing lending program, to established Native CDFIs in need of further capacity building assistance. Unique to the NACA Program is the ability of Sponsoring Entities to create and support fledgling Native organizations as they move toward certification.

Forty-four eligible organizations applied and requested over \$6.3 million in Technical Assistance. The CDFI Fund made 18 NACA Program TA awards totaling more than \$2.4 million to organizations located in 12 states.

### Key Statistics of FY 2012 NACA Technical Assistance Awardees

- 18 organizations were awarded \$2,433,947 in TA awards
- 16 loan funds and 2 credit unions were awarded<sup>2</sup>
- Primary target markets served by TA Awardees<sup>3</sup>
  - Major urban markets only – 1
  - Minor urban markets only – 0
  - Rural markets only – 12
  - Some major urban markets – 2
  - Some minor urban markets – 5
  - Some rural markets – 5
- Primary line of business provided by TA Awardees
  - Affordable Housing – 2
  - Commercial – 1
  - Consumer Finance – 3
  - Microenterprise – 6
  - Small business – 6
- Persistent Poverty
- Total number of awards – 4
- Total amount of awards - \$554,625

<sup>2</sup> Included are three proposed loan funds and two proposed credit unions supported by sponsoring entity awardees.

<sup>3</sup> Awardees may be included in more than one category.

### Organizational Diversity

The CDFI Fund makes TA awards available to loan funds, credit unions, depository institutions, community development venture capital organizations, and other groups. Out of 18 organizations receiving a NACA Program TA award, 16 were loan funds and two were credit unions.

The following table shows the breakdown of the organizational diversity of the FY 2012 NACA Program TA applicants and awardees.

Institution Type	# Requested	% Requested	# Awarded	% Awarded
Loan Fund	41	93.2%	16	88.9%
Credit Union	2	4.5%	2	11.1%
Venture Capital	1	2.3%	0	0%
<b>Total</b>	<b>44</b>	<b>100%</b>	<b>18</b>	<b>100%</b>
Applicant Type	\$ Requests	% Requested	\$ Awarded	% Awarded
Loan Fund	\$5,967,437	93.6%	\$2,212,606	90.9%
Credit Union	\$258,668	4.0%	\$221,341	9.1%
Venture Capital	\$150,000	2.4%	0	0
<b>Total</b>	<b>\$6,376,105</b>	<b>100%</b>	<b>\$2,433,947</b>	<b>100%</b>

In addition, the awardees have diverse primary lines of business. The following table shows a breakdown of those different activities:

Primary Line of Business	# Awardees	\$ Awarded
Affordable Housing	2	\$258,707
Commercial	1	146,355
Commercial Finance	3	371,336
Small Business	6	796,595
Microenterprise	6	860,954
<b>Total</b>	<b>18</b>	<b>\$2,433,947</b>

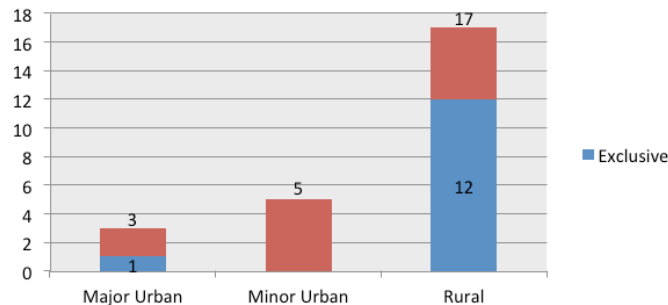
### Geographic Diversity Among NACA Program TA Awardees

The 18 TA awardees are headquartered in 12 states: California, Hawaii, Idaho, Louisiana, Michigan, Minnesota, Montana, Nebraska, New Mexico, South Dakota, Washington, and Wisconsin.

### Primary Market Diversity Among NACA Program TA Awardees

FY 2012 NACA Program TA awardees serve diverse markets: major urban, minor urban, and rural. Organizations were asked to select any geographic service area they in which they have a presence. While some organizations served only one specific geographic market, others have extended their services to include multiple geographic markets. Each column represents those organizations that focus exclusively on one service area and the total number of organizations that have a partial focus on that service area.

FY 2012 NACA Program TA Awardee Geographic Service Area Focus\*



\*Awardees may be included in more than one category

Table 5—FY 2012 NACA Technical Assistance Uses of Funds Categories

Category	Amount	Percent of Total
Personnel (Salary)	\$1,406,395	58%
Personnel (Fringe Benefits)	\$357,087	15%
Training	\$86,155	4%
Travel	\$163,484	7%
Professional Services	\$229,825	9%
Materials/Supplies	\$75,770	3%
Equipment & Other Capital Expenditures	\$19,325	1%
Other Costs	\$95,906	4%
<b>Total</b>	<b>\$2,433,947</b>	<b>100%</b>

**Persistent Poverty Counties**

In the CDFI Fund's FY 2012 appropriation, Congress mandated: "that of the funds awarded... not less than 10 percent shall be used for projects that serve populations living in persistent poverty counties (where such term is defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years as measured by the 1990, 2000, and 2010 decennial censuses.)"

To meet this mandate, the CDFI Fund made NACA Program TA awards to four awardees that have headquarters located in counties designated as persistent poverty areas.