



CDFI Credit Unions Serve People of Modest Means

The National Federation of Community Development Credit Unions promotes the financial independence and well-being of working families and communities by expanding access to safe, responsible financial products and services.

We represent more than 200 Community Development Financial Institution (CDFI) Credit Unions whose purpose is to help low-income and other marginalized people and communities join the economic mainstream. Like all credit unions, CDFI Credit Unions are locally-owned and controlled cooperative financial institutions that align the interests of the institution with the well-being of the consumer. These credit unions serve millions of Americans of modest means, and are often the sole alternative to high-cost fringe banking providers.

CDFI Credit Unions by the Numbers

- More than 280 credit unions have been certified as Community Development Financial Institutions.
- These credit unions currently serve more than 7.4 million members with more than \$70 billion in combined assets in urban and rural communities across 46 states.
- CDFI Credit Unions consistently outperform their peers in delivery of critical member services, return on assets (ROA) and growth.

CDFI Credit Union Request to Members of Congress

- Please protect the Treasury's CDFI Fund: minimal access to grant funding could eventually render the CDFI business model unsustainable
- CDFI coalition is asking for \$250 million appropriation – about same amount as 2016
- Achieve greater institutional diversity in CDFI Fund awards and increased transparency in the evaluation process.
- Serving the low/moderate income individuals and communities requires a customized approach and supportive services to make sure borrowers succeed; we support programs at HUD, SBA and USDA that build the capacity of businesses, homeowners and consumers to build wealth and assets.
- Irresponsible predatory lending drove consumers and homeowners into dangerous levels of financial and economic insecurity in the past. We must preserve consumer protections and maintain transparent financial services, although a "one-size-fits-all" regulatory approach to financial institutions can be costly to CDFIs. We would like to engage with regulators and legislators to eradicate harmful practices while allowing best practice to thrive.

CDFIs: An Investment in Rebuilding American Infrastructure and Local Economies

The promise to generate up to \$1 trillion of investment in public-private partnerships to rebuild America's infrastructure must include targeted investment in CDFIs. CDFIs, such as community development credit unions, use capital investment to stimulate growth and impact in local and regional economies. Some CDFI Credit Unions have used a combination of primary and secondary capital to mobilize local deposits and capital to grow local investment.

CDFI Credit Unions are the most efficient means to channel investment in low-income communities, resulting in \$12 of loan capital leveraged for every \$1 in public investment.

The largest dedicated funding for CDFIs is the U.S. Department of Treasury's CDFI Fund. CDFI Fund awards are investments, not charitable donations. These small investments generate billions of dollars annually in the form of loans to build and improve homes, increase energy efficiency, grow businesses, increase jobs, finance job mobility through wheels-to-work programs, expand access to affordable healthcare and childcare, and create greater financial capability to expand consumer purchasing power. Specific policy proposals include:

- Preserve and grow appropriations to the CDFI Fund, while directing a portion of those resources to expanding consumer lending in underserved communities.
- Maintain standards and definitions of what constitutes a CDFI.
- Increase technical assistance and capacity building support to credit unions to be better equipped to expand their financing activities and better compete across all CDFI programs, including: New Markets Tax Credits, Capital Magnet Fund and CDFI Bond Guarantee Program, which yield long-term returns to the institutions and communities.
- Protect and grow the Community Reinvestment Act. Additional enhancements could provide additional credit to banks for innovative partnerships with local governments, non-profits and Community Development Financial Institutions (CDFIs) that use the bank products and infrastructure to leverage innovative approaches and solutions to serving the underserved.

