

U.S. Treasury Announces Inaugural Round of Small Dollar Loan Program Awards

September 23, 2021

\$10.8 Million Awarded to CDFIs to Provide Alternatives to High Cost Small Dollar Loans

WASHINGTON - The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) awarded more than \$10.8 million in grants to Community Development Financial Institutions (CDFIs) today, through the fiscal year (FY) 2021 round of the Small Dollar Loan Program (SDL Program), to help expand consumer access to financial institutions by providing alternatives to high cost small dollar lending.

"I am proud to announce the inaugural round of Small Dollar Loan Program awards, which will help provide borrowers affordable alternatives to high rate small dollar loans and expand consumer access to mainstream financial products," said CDFI Fund Director Jodie Harris. "Awards will provide CDFIs capital needed to establish loan loss reserves that are critical to the support of small dollar lending initiatives, as well as provide technical assistance to help build their capacity to operate small dollar loan programs."

Authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203), the SDL Program helps Certified CDFIs address the issue of expanding consumer access to mainstream financial institutions and provide alternatives to high cost small dollar loans. The program was also created to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access to the mainstream financial system. Through the SDL Program, the CDFI Fund provides:

- **Grants for Loan Loss Reserves (LLRs):** The awards will enable a Certified Community Development Financial Institution (CDFI) to establish a loan loss reserve fund in order to defray the costs of establishing or maintaining a small dollar loan program.
- **Grants for Technical Assistance (TA):** The awards will support technology, staffing, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program.

SDL Program grants cannot be used to provide direct loans to consumers and may only be used to support small dollar loan programs that offer small dollar loans to consumers that:

- are made in amounts that do not exceed \$2,500;
- must be repaid in installments;
- have no prepayment penalty; and
- have payments that are reported to a least one of the consumer reporting agencies that compiles and maintain files on consumers on a nationwide basis.

A total of 52 CDFIs headquartered in 30 states, the District of Columbia, and Puerto Rico received FY 2021 SDL Program awards. These organizations received awards for the following purposes:

- two organizations received nearly \$300,000 in awards for LLRs;
- nine organizations received \$1.0 million in TA awards; and
- 41 organizations received \$9.5 million in a combination of TA award and LLR awards.

SDL Program award Recipients are comprised of CDFIs of diverse types and include: 28 loan funds that received \$5.2 million; 13 credit unions that received \$2.8 million; and 11 banks or bank holding companies that received \$2.8 million. This includes, two organizations headquartered in Puerto Rico that received \$560,000 in awards, and five minority depository institutions that received a total of \$1.6 million in awards.

Of the 52 Recipients, 13 SDL Program awards totaling nearly \$3 million (or 28% of total funds awarded) were made to Recipients with headquarters located in Persistent Poverty Counties, which exceeds the Congressional mandate of 10%. Persistent Poverty Counties, per Congressional guidance, are those counties that have experienced poverty rates of at least 20% over the past 30 years as measured by the 2011–2015 five-year data series available from the American Community Survey of the U.S. Census Bureau.

Additional FY 2021 SDL Program awards information is below. For more information about the SDL Program, visit the CDFI Fund's website at www.cdfifund.gov/sdlp.

RELATED MATERIALS

- [FY 2021 SDL Program Award Recipients](#) 

ABOUT THE CDFI FUND

Since its creation in 1994, the CDFI Fund has awarded more than \$5.1 billion to CDFIs, community development organizations, and financial institutions through: the Bank Enterprise Award Program; the Capital Magnet Fund; the CDFI Rapid Response Program; the Community Development Financial Institutions Program, including the Healthy Food Financing Initiative; the Economic Mobility Corps; the Financial Education and Counseling Pilot Program; and the Native American CDFI Assistance Program. In addition, the CDFI Fund has allocated \$66 billion in tax credit allocation authority to Community Development Entities through the New Markets Tax Credit Program, and guaranteed bonds for over \$1.7 billion through the CDFI Bond Guarantee Program.

To learn more about the CDFI Fund and its programs, visit the CDFI Fund's website at www.cdfifund.gov.

####