

# CDFI Bond Guarantee Program





- Program was authorized by the Small Business Jobs Act of 2010 with strong bipartisan support
- Created in response to scarcity of 15-30 year financing / smaller-size loans for projects that create jobs and eliminate blight in areas with significant poverty.
- CDFI's play a key role in providing specialized affordable debt products , often in partnership with traditional banks
- Generally the capital available to CDFIs is short-term.

## How it Works

1. **Treasury** provides guarantee on bonds issued by the **Qualified Issuers**
2. **Federal Financing Bank** purchases bonds from the **Qualified Issuers** and disburses funds to the **Eligible CDFIs**
3. **Master Servicer/Trustee** at the direction of the Qualified Issuer collects repayments, disburses to Eligible CDFIs and manages Eligible CDFI accounts
4. **Qualified Issuer** pools **Eligible CDFIs** and acts as Program Administrator and Servicer, receiving and approving loan commitments from **Eligible CDFIs**
5. **Eligible CDFIs** originate and make Secondary Loans for Eligible Community and Economic Development Purposes.
6. **Secondary Borrowers** may include CDFIs, affordable housing, child care centers, health facilities, charter schools, etc



# CDFI Bond Guarantee Program

---

- Small Business Jobs Act authorized up to \$500mm of guarantee in 2013 and up to \$1 billion in following years
- Minimum Bond Issuance = \$100 million per Eligible Bond Issuer
- \$350mm in bond guarantees approved in 2013 allocation; announcement made [Sept 30](#)



## **2013 Round Awards**

### Four Eligible CDFIs:

- Clearinghouse CDFI
- Enterprise Community Loan Fund
- The Community Development Trust
- Local Initiatives Support Corporation

### Three Qualified Issuers:

- The Community Reinvestment Fund
- Opportunity Finance Network
- TriSail Funding Corporation (Bank of America)

## Eligible Asset Classes

Eligible CDFI must make Secondary Loans for **Eligible Asset Classes**:

- CDFI-to-CDFI / CDFI to Financing Entity (other than a Certified CDFI)
- Charter Schools
- Commercial Real Estate
- Daycare Centers
- Healthcare Facilities
- Rental Housing
- Rural Infrastructure
- Owner-occupied homes
- Licensed Senior Living
- Long-Term Care Facilities
- Small Business (for-profit)
- Not-For-Profit Organizations

- Eligible CDFI borrows at 30 year Treasury rate + fees (approx. 4.75%)
- Eligible CDFI lends to Eligible Asset Class at cost of funds plus approx 200+ bps
- Minimum term of 10 years, maximum no later than bond maturity (expected Jan 2043)
- Up to 80% LTV
- 1.20 debt service coverage
- Monthly amortizing principal and interest
- Enterprise product roll-out expected in January 2014

## For more information

Michelle Whetten

[mwhetten@enterprisecommunity.org](mailto:mwhetten@enterprisecommunity.org)

504.335.2303



[www.EnterpriseCommunity.org](http://www.EnterpriseCommunity.org) | [www.EnterpriseCommunity.com](http://www.EnterpriseCommunity.com)