

CDFI Types

Comparing Different Types of CDFIs

The following tables present a detailed comparison of six types of community development financial institutions. The first table evaluates the CDFIs by *purpose, start-up considerations, governance and ownership, and regulation*. The second table continues the comparison in the fields of *borrowers, capital sources, financial products and services offered, and technical assistance provided*.

CDFI Type	Purpose	Start-up Considerations	Governance & Ownership	Regulation	Borrowers	Capital Sources	Financial Products & Services Offered	Technical Assistance Provided
Community Development Bank	To provide capital to rebuild lower-income communities through targeted lending and investment	<ul style="list-style-type: none"> •Large capital requirement •Compliance with regulatory agencies 	For profit corporation; stock ownership; community representation on board	Federally regulated and insured through the Federal Depository Insurance Corp., the Federal Reserve, Office of the Comptroller of the Currency, state banking agencies	Non-profit community organizations, individual entrepreneurs, small businesses, housing developers	Deposits (often below market investments) from individuals, institutions and the government	Mortgage financing; home improvement, commercial business, non profit and student loans; consumer banking services	Usually sub-contractors or separate subsidiaries offer credit counseling, business planning

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Community Development Credit Union	To promote community ownership of assets and savings, provide affordable credit card and retail financial services to lower-income people with special outreach to minority communities, take deposits and make loans only to members	<ul style="list-style-type: none"> •Need to organize communities •Compliance with regulatory agencies 	Nonprofit financial cooperatives owned and operated by lower-income persons who are members	Federally and state regulated and insured by the National Credit Union Administration	Members of the credit union (usually individuals)	Member deposits and limited non-member deposits from social investors, the government	Consumer banking services (e.g. savings accounts, check cashing, personal loans , home rehabilitation loans)	Credit counseling, business planning
Community Development Loan Fund	To aggregate capital from individuals and institutional social investors at below-market rates and re-lend this money primarily to non-profit housing and business developers in urban and rural lower-income communities	<ul style="list-style-type: none"> •Flexible start-up requirements 	Nonprofit, democratic; community investors, borrowers and technical experts serve on the board and loan committees	Self-regulated; except for non-profit 501(c)(3) restrictions and state securities law where applicable	Non-profit community organizations, social service provider facilities and small businesses	Foundations, banks, religious organizations, corporations, the government, insurance companies and individuals	Construction; pre-development; facilities and business start-up and expansion loans	Extensive guidance before, during and after the loan transaction

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Community Development Venture Capital Fund	To provide equity and debt with equity features for medium-sized businesses to create jobs, entrepreneurial capacity and wealth that benefit low-income people and communities	•Large capital requirement	For profit or nonprofit.; varied community representation.	Variable; depends on funding sources	Invests in small to medium-sized businesses in distressed communities that hold the promise of rapid growth	Foundations, corporations, individuals, the government	Commercial equity investments and loans with equity features	Extensive technical assistance to portfolio companies, including taking seats on their board of directors
Microenterprise Development Loan Fund	To foster social and business development through loans and technical assistance to low-income people involved in very small businesses or self-employed and unable to access conventional credit	•Flexible start-up requirements	Nonprofit, democratic; in peer lending model, borrower groups make loan decisions	Regulated by the IRS and grant makers as any other 501(c)(3) nonprofit	Low-income individuals and entrepreneurs	Foundations, the government	Micro-business start-up and expansion	Substantial training and technical assistance in social and business development
Community Development Corporations	To revitalize neighborhoods by producing affordable housing, creating jobs, and providing social services to low-income communities	•Community participation •Community-directed workplans	Nonprofit; formed by local community residents; operated by a volunteer board, community residents are board members	Regulated by the IRS and grant makers as any other 501(c)(3) nonprofit	Entrepreneurs, homeowners, business owners, consortia of community residents	Banks, foundations, corporations, other private support, the government	Equity Investments, mortgage lending, debt financing, linked deposits, Individual Development Accounts	Marketing, business planning, flexible manufacturing networks, business improvement