

IMPORTANCE OF CDFI'S IN THE U.S.

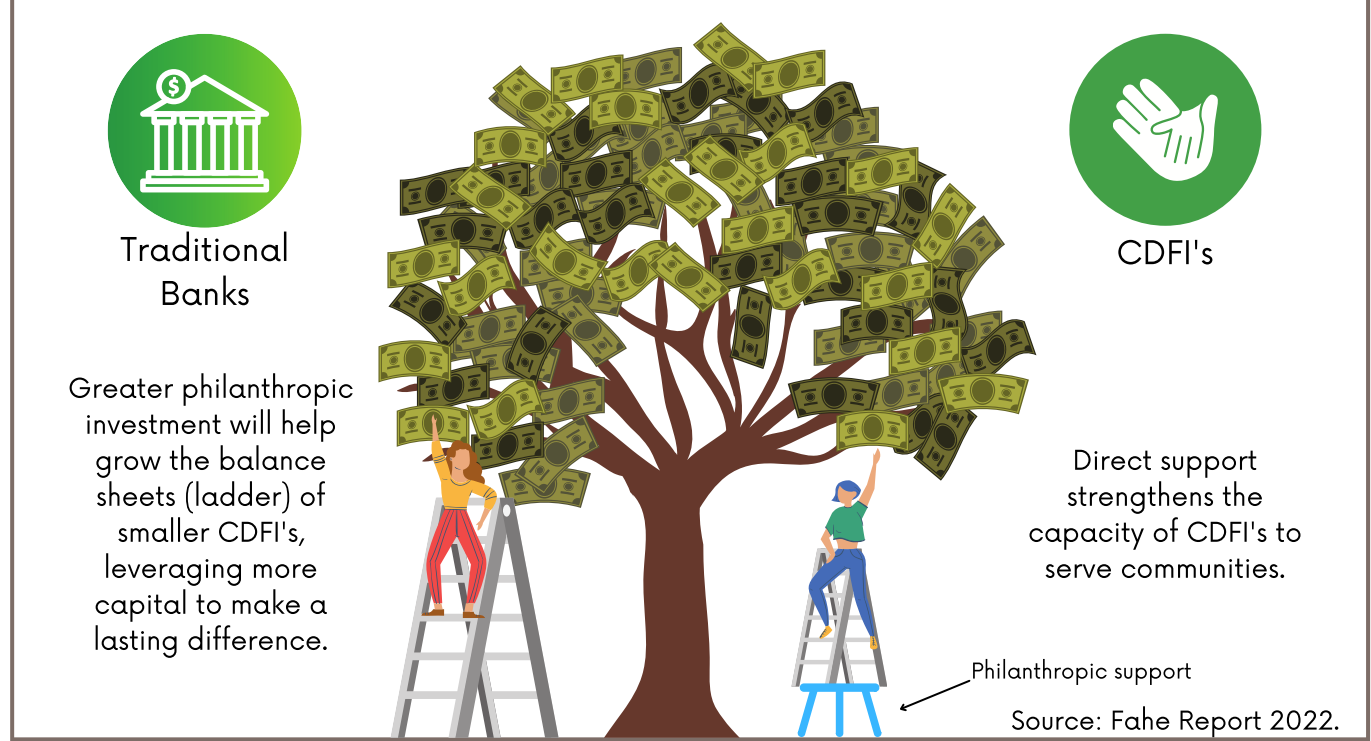
As bank branches have steadily declined throughout Rural America, CDFI's have remedied the generation of economic growth and opportunity in distressed communities across the U.S. over the last 25 years.

CALL TO ACTION

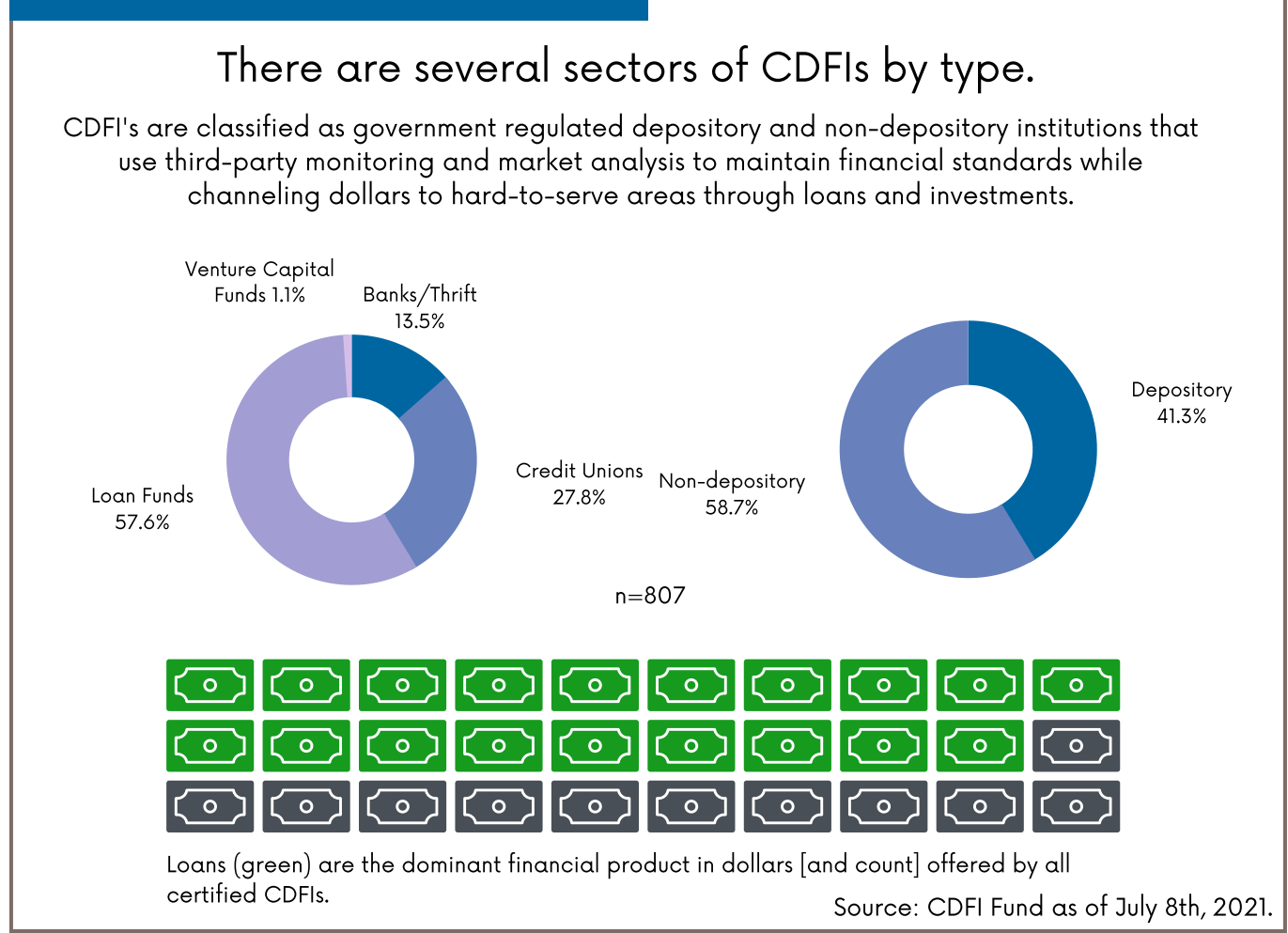
Community Development Financial Institutions (CDFI) are helping bridge the disinvestment gap in communities left out of traditional financial markets by providing equitable lending opportunities to all people. Even so, funding for these services are inequitably distributed to places where greater capacity already exists. The need for philanthropic support to bring more capital to underserved places is critical for the future of these areas.

WHY IT MATTERS

Anticipated funding from the Infrastructure and Investment Jobs Acts, and the potential Build Back Better Act, generate a sense of hope for institutions like CDFI's. If allocated equitably, this once-in-a-lifetime opportunity holds the potential to help low-income communities build lasting wealth and create stability for the future.



CDFI PORTFOLIO



COMMUNITIES SERVED

According to the Annual Certification Report (2020), certified CDFI's served 4.6 million people in the U.S., offering various development services. Credit Unions served the most, followed by loan funds. However, loan funds make up 97% of the equity investments share for all certified CDFI's.

Redbud

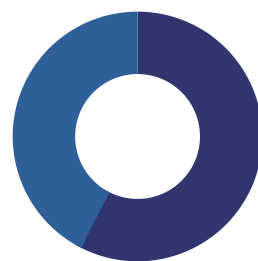


Redbud is a Community Development Financial Institution (CDFI) located in Hazard, KY, with a mission to provide equitable consumer and mortgage financial products that help clients achieve housing and overall financial stability.



RedBud offers an alternative to predatory lending by providing clients with credit and financial counseling to make informed choices on how to build their assets. Despite success and great community reception, the need for financial support to increase capacity was evident.

Payday Amount
\$350



Payday Loan Interest
\$472.50

In Kentucky the average APR on payday loans exceeds 300%.

"An act of confidence from Fahe shows funders that we are worth the risk."



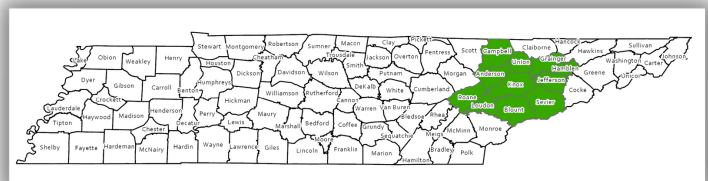
Mae Humiston, Redbud's former CDFI Manager

An investment loan from Fahe in 2018 has enabled Redbud to continue working to create access to affordable financing and uplift the potential of their communities.

Source: Fahe Report <https://fahe.org/a-reliable-financial-alternative-to-predatory-lending-in-rural-kentucky/>

HomeSource East Tennessee

"Without a line of credit and immediate funding from Fahe, we would not have had the capacity to offer upfront assistance to 187 families struggling to make their rent, mortgage, and/or utility payments."

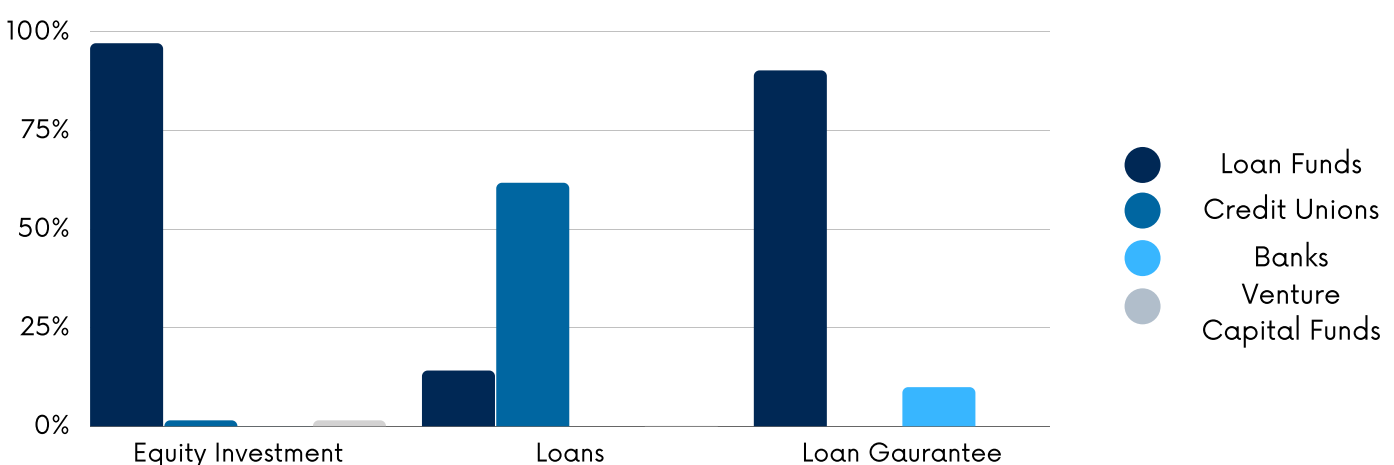


HSET serves 17 coal-impacted counties in East Tennessee designated as 'at-risk' by the Appalachian Regional Commission.

Jackie Mayo – CEO of HomeSource East Tennessee

Source: Fahe Internal Report

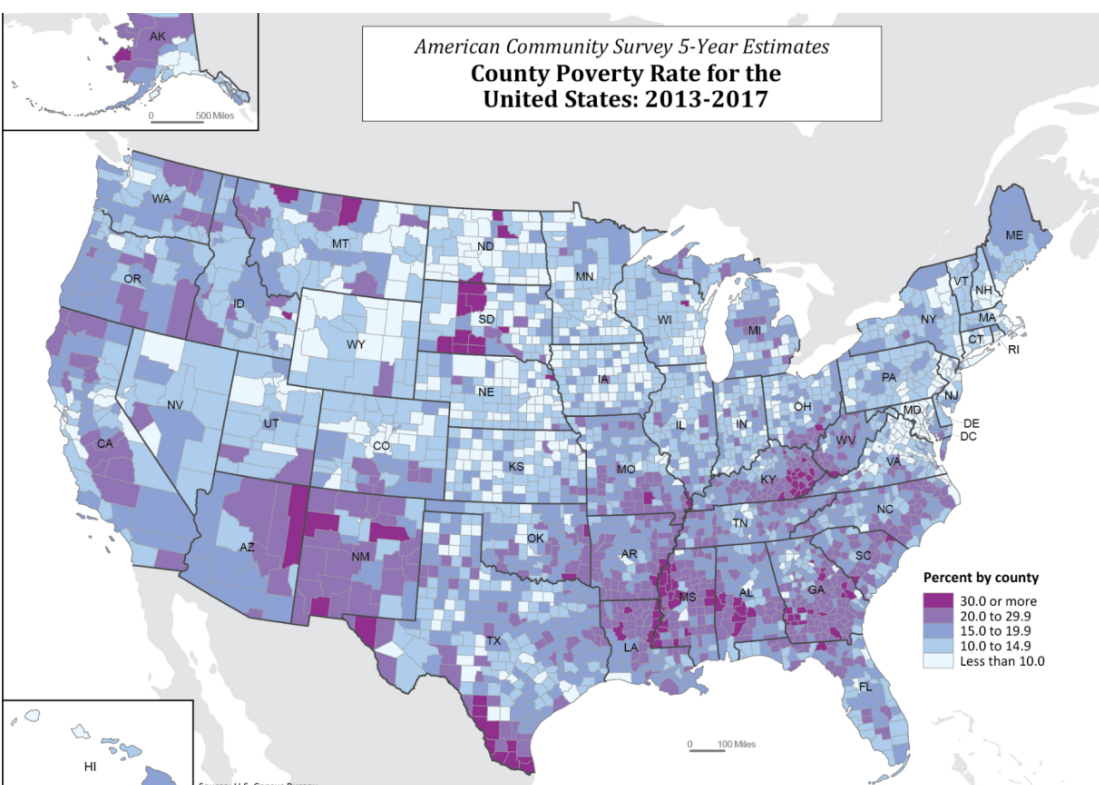
Percentage of total amount of lending activity by reporting CDFIs.



Of 807 reporting CDFI's, 79.1% provided development services to underserved communities.

Consumer financing is the most reported type of financing provided in both count and dollar amount.

Source: CDFI Fund as of July 8th, 2021.



As illustrated by the map (left) concentrations of persistent poverty lag behind large urban areas in philanthropic investment

SOURCE: US Census Bureau American Community Survey, US Treasury CDFI Fund Hope Policy Institute Analysis.