

U.S. DEPARTMENT OF THE TREASURY

Community Development Capital Initiative

Program Purpose and Overview

Many communities that are underserved by traditional banks and financial services providers found it harder to obtain credit as the economy began its downturn.

Community Development Financial Institutions (CDFIs) exist to provide financing to these communities.

In particular, CDFIs focus on providing financial services to low- and moderate-income, minority, and other underserved communities.

Treasury created the Community Development Capital Initiative (CDCI) on February 3, 2010 to help viable certified CDFIs and the communities they serve cope with effects of the financial crisis.

Under this program, CDFI banks, thrifts and credit unions received investments of capital with an initial dividend or interest rate of 2 percent, compared to the 5 percent rate offered under the Capital Purchase Program. To encourage repayment while recognizing the unique circumstances facing CDFIs, the dividend rate will increase to 9 percent after eight years, compared to five years under CPP. CDFIs that participated in the CPP and were in good standing were allowed to exchange securities issued under CPP for securities under the more favorable terms of this program.

Treasury completed funding through this program in September 2010. The total investment amount for the program was approximately \$570 million for 84 institutions. Of this amount, approximately \$363.3 million (\$355.7 million from principal and \$7.6 million from warrants) represented exchanges by 28 banks of investments under the CPP into the CDCI.

Read more about the [program status](#).