The Community Development Financial Institutions (CDFI) Fund promotes economic revitalization and community development through investment in and assistance to community development financial institutions.

This fact sheet explores the benefits of becoming certified as a CDFI by the CDFI Fund and the process national banks and federal savings associations (collectively, banks) must undertake to be certified.

Since its creation, the CDFI Fund has awarded more than $1.7 billion to community development organizations and financial institutions, and the fund has allocated $36.5 billion in New Markets Tax Credits.

What Are Community Development Financial Institutions?

CDFIs are specialized financial institutions that work to meet the credit needs of economically distressed people and places. CDFIs include regulated institutions, such as banks and credit unions, and non-regulated institutions, such as nonprofit loan funds and venture capital funds.

CDFIs offer financial products and services in economically distressed target markets, such as mortgage financing for low-income and first-time homeowners and not-for-profit developers; flexible underwriting and risk capital for community facilities; and technical assistance, commercial loans, and investments to small, start-up, and expanding businesses in low-income areas.

CDFI certification is an official designation of the CDFI Fund. CDFI Certification is the U.S. Department of the Treasury’s recognition of specialized financial institutions serving low-income communities.

How Does CDFI Certification Benefit Banks?

CDFI certification is required to access financial and technical assistance from the CDFI Fund through the following programs:

- CDFI Assistance and Native American CDFI Assistance (NACA) programs.
- Special purpose programs offered through the CDFI Fund, including the Community Development Capital Initiative (CDCI) and the CDFI Bond Guarantee Program.

CDFI certification is also required to access certain benefits under the Bank Enterprise Award (BEA) Program to support an organization’s established community development financing programs.

Additionally, a bank with CDFI certification can register with the CDFI Fund and be
automatically designated as a community development entity (CDE). The CDE designation is necessary to access the New Markets Tax Credit Program.

CDFIs are exempt from the Consumer Financial Protection Bureau’s ability-to-repay requirements, provided they meet certain other applicable requirements.2

Some CDFIs have found that CDFI certification increases their ability to raise capital from other sources, such as banks, foundations, and government agencies at all levels.

A bank can invest in a certified CDFI through the OCC’s Public Welfare Investment Authority under Part 24 (12 CFR 24). Those investments may also be eligible for Community Reinvestment Act consideration.3 Generally, under the regulatory capital rules, investments in entities designated as CDFIs may be exempt from certain deductions and certain investments may receive more preferential risk-weighting. Investments in CDFIs are exempt from the Basel III requirements for deduction of capital for certain investments in the capital of unconsolidated financial institutions.4

How Does a Bank Become Certified?

Banks can apply for CDFI certification by submitting a certification application at any time. The application and additional materials can be downloaded from the CDFI Fund Web site. Generally, an applicant will receive a determination of CDFI certification status within 90 days from the date the application is received.5

A certified CDFI must meet the following criteria:6

- Be a legal entity.
- Have a primary mission of promoting community development.
- Be a financing entity.
- Provide development services, such as training and technical assistance, that prepare borrowers to access the bank’s financial products.
- Principally serve one or more eligible target markets, as defined by the CDFI Fund.
- Be accountable to the target markets served, either through a governing board or advisory board with board members that are representative of the target market, or through other methods, approved by the CDFI Fund, that are incorporated into the applicant’s decision-making process.
- Be a non-governmental entity and not be controlled by a government entity.

For More Information

- CDFI Fund
- OCC’s Community Development Bank and CDFI Resource Directory

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2 Ability-to-repay requirement under the Truth in Lending Act (Regulation Z) 12 CFR Part 1026.43 (a)(3)(v)(A) and (B).


4 Federal Register Vol. 78, No. 198, October 11, 2013. Also, for purposes of certain deductions from regulatory capital, see 12 CFR 3.2 (definition of financial institution at (7) that, by definition, generally exempts investments in CDFIs from deduction under 12 CFR 3.22(c)(2), (3), (4), (5), and (d) otherwise applicable to investments in the capital instruments of financial institutions); for purposes of risk-weights: see 12 CFR 3.2 and 3.32(l)(5) for the definition of high volatility commercial real estate(HVCRE) and applicable 100 percent risk-weight, respectively, and for equity exposures, see 12 CFR 3.52(b)(3)(i), for the applicable 100 percent risk weight.


6 CDFI Fund, CDFI Certification Application, revised June 2007.
• OCC’s Public Welfare Investments Resource Directory

• OCC’s Community Developments Insights Report on New Markets Tax Credits

• Community Reinvestment Act; Interagency Questions and Answers Regarding Community Investment

• National Community Investment Fund

• Opportunity Finance Network

• CDFI Coalition