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PRESS RELEASE

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Announcing the CDFA Minority Capital Loan Guarantee Program

Columbus, OH — The Council of Development Finance Agencies (CDFA) is honored to announce the CDFA Minority Capital Loan Guarantee Program which aims to increase access to capital for businesses in communities that have been historically excluded from opportunity. With the support of the Robert Wood Johnson Foundation (RWJF), CDFA has developed a 10-year, \$18 million loan guarantee program to help development finance agencies (DFAs) in the United States deliver capital in a more equitable manner. RWJF is providing additional grant funds to support the training, continuing education, and technical assistance aspects of the program.

“CDFA is grateful to have the support of RWJF to develop new solutions that remove some of the lending barriers minority businesses experience by helping DFAs leverage their lending programs for greater impact in the communities they serve.” states Toby Rittner, DFCP and President & CEO of CDFA. “Over the next ten years, we will be working closely with a diverse group of DFAs willing to commit to new lending strategies necessary to address the racial lending gap.”

CDFA will provide technical assistance to six DFAs who are committed to instituting significant change in their small business lending practices. The first three DFAs selected for the program are the Development Finance Authority of Summit County (Ohio), Milwaukee Economic Development Corporation (Wisconsin), and Tucson Industrial Development Authority (Arizona). In the coming year, an additional three DFAs will be selected to participate in the Program.

“Traditional lending practices can screen out borrowers that have nontraditional employment, credit, or other factors,” says Kimberlee Cornett, Director of Impact Investments at RWJF. “RWJF’s guarantee enables participating development finance agencies to test new methods of underwriting with the goal of qualifying more borrowers for capital to grow their businesses.”

CDFA investigated the barriers that minority-owned businesses face when accessing capital and how a new loan guarantee program could inform lending practices. This initiative included surveying existing loan funds, interviewing state and local DFAs, and researching similar loan guarantee programs operated by DFAs.

Findings from this study were used to design a holistic program that pairs a loan guarantee with flexible, character-based lending criteria as well as resources for developing a Behavioral Change Strategy, professional development, and broadening outreach to underserved borrowers. Participating DFAs must

already be dedicated to addressing economic justice in their lending practices, and this loan guarantee offers a comprehensive tool to support them in that goal.

CDFA believes this work brings philanthropy into coordination with public finance in ways that target high social impact investments in communities that have been excluded from opportunity. A loan guarantee program of this nature leverages DFA capital for greater impact and drives more equitable community-based lending through lessons learned across the United States.

The **Council of Development Finance Agencies** is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit www.cdfa.net.

About the Robert Wood Johnson Foundation

The Robert Wood Johnson Foundation (RWJF) is committed to improving health and health equity in the United States. In partnership with others, we are working to develop a Culture of Health rooted in equity that provides every individual with a fair and just opportunity to thrive, no matter who they are, where they live, or how much money they have. For more information, visit www.rwjf.org. Follow the Foundation on Twitter at [www.rwjf.org/twitter](https://twitter.com/rwjf) or on Facebook at [www.rwjf.org/facebook](https://www.facebook.com/rwjf).

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