

CDFI Loans For Small Business

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Small business often finds it difficult to borrow money for operations and growth from commercial banks or other traditional sources of financing. This is especially true in economically distressed communities.

Government backed programs may provide a valuable alternative for small business in these areas, providing access to capital and other assistance that might not otherwise be available.

One such program is the Community Development Financial Institutions Fund (“[CDFI Fund](#)”), whose mission is to “promote access to capital and local economic growth in urban and rural low-income communities across the nation.”

Financial institutions can apply to CDFI, and if selected in a competitive process, be designated as Community Development Financial Institutions (“CDFI’s”) and receive an award or allocation in the form of funds or tax credits. These CDFIs become eligible due to their commitment for providing access to capital to eligible small businesses through these programs.

This past summer the CDFI Fund [announced](#) two new training programs for the benefit of CDFI’s focused on small business lending and microfinance.

A success story from the CDFI program was recently highlighted in the [Los Angeles Times](#) and involves a swap meet vendor in Alameda, California who received a \$5775 loan with a creative payback arrangement that automatically deducts a portion of payments the vendor receives from customers by credit or debit card. If sales go down, the loan installments drop.

The product, dubbed EasyPay, came from a San Jose non-profit, Opportunity Fund, which won an award from the CDFI Fund.

Local businesses, especially those in economically distressed communities, can benefit from such programs and need to investigate opportunities available from CDFI’s.

Link to original article: <http://commercialcounselor.com/cdfi-loans-for-small-business/>

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