

United States Senate

March 20, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Leader McConnell and Leader Schumer:

I request a funding allocation of at least \$550 million for the CDFI Fund in the upcoming COVID-19 stimulus package. CDFIs have the organizational tools and resources needed to immediately provide debt relief, working capital, and consumer loans to their borrowers.

CDFIs finance small businesses, affordable housing, non-profits, and community development projects which address the needs of low-income Americans and their communities. Many CDFI borrowers are experiencing a multitude of challenges due to the Coronavirus crisis. For example, CDFIs are reporting that small-business and non-profit borrowers are struggling to repay debt as businesses are ordered to be shut down, and affordable housing developers are experiencing delays and stops in construction.

I also propose that certain program requirements be waived in order to expedite the distribution of funds so that those in desperate need receive money as quickly as possible. This would include waiving matching fund requirements and award caps that in normal times would otherwise apply to CDFI Program dollars. You may recall that such waivers were provided alongside additional CDFI Program appropriations as part of the American Recovery and Reinvestment Act in 2009. Additionally, it is important that these dollars be distributed through a streamlined application process allowing the dollars to get to businesses and organizations in need as quickly as possible.

Congress should also waive interest rates on the existing Financial Assistance Direct Loan program¹ so that CDFIs can access credit from the U.S. Department of the Treasury's CDFI Fund to meet the cash-flow needs of impacted borrowers and communities. The Direct Loan program would support zero-interest loans from the CDFI Fund to certified CDFIs which then would re-lend the dollars to impacted borrowers and entities needing assistance. This would provide CDFI borrowers cash-flow resources to weather the current public-health and economic crisis. As with the additional CDFI Fund Program appropriations, these loan dollars

¹ CDFI Program Financial Assistance awards are provided in the form of a direct loan if the awarded organization provides eligible matching funds in the form of a loan. The [fiscal year 2020 CDFI Program NOFA](#) states such loans will be 13-years, with semi-annual interest-only payments due in years 1 through 10, and fully amortizing payments due each year in years 11 through 13. The interest rate is calculated on the 10-year Treasury note.

should also be exempted from matching funds requirements and award caps. Further the CDFIs who use these funds to provide loans to impacted businesses and organizations should be required to limit interest rates they charge to no greater than 2.5%.

As we work to help our nation weather this public health and economic emergency, I urge you to consider this proposal.

Sincerely,

Chris Van Hollen

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