

## CDFI Fund Glossary

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The terms in this Glossary are streamlined definitions that, in general, apply across all types of financial institutions. These definitions should be used as a guide to users for how to complete the Annual Certification and Data Collection Report Form. Please refer to the appropriate program-specific guidance documents for more detailed definitions.

Term	Definition
Accountability	In general, an organization’s ability to support the interests of the residents of its Investment Area(s) or Targeted Population(s) through representation on its governing board or otherwise.
Allowance for Loan and Lease Losses (ALLL) (i.e., loan loss reserves)	Account value for unidentified Loan or Investment losses, inclusive of depository loss reserve as of the reporting period end. This appears as a contra Asset on the balance sheet.
Arm’s Length Transaction	A Transaction between independent, unrelated parties, each acting in its own best interest.
Asset	Anything having commercial or exchange value that is owned by a business, institution, or individual.
Average Assets	The average amount of Assets held during the reporting period.
Bank or Thrift	Generally, an insured depository institution which is a bank or savings association, the deposits of which are insured by the Federal Deposit Insurance Corporation pursuant to 12 U.S.C. 1811 et seq.
(Operating) Business Financing	Financing provided when the Predominant business activity (i.e., activity that generates more than 50 percent of the business’ Gross Income) does not include the development (including construction of new facilities and rehabilitation/ enhancement of existing facilities), management, or leasing of real estate.
Business Technical Assistance	Assisting borrowers with business plan development including developing record keeping accounting systems, understanding critical expenses, applying for licenses or permits, accessing government and corporate procurement processes, and/or other related services.
Capital	Assets that can be used for lending and Equity Investments that have not already been committed, disbursed, or restricted for other purposes.
Cash and Cash Equivalents	The value of Assets that are cash or can be converted into cash within 3 months.
CDFI Serving Native Communities	A CDFI that demonstrates that at least 50 percent of its past activities were in one or more Native Communities.
Charge-Off (i.e., write-offs)	The dollar amount of a receivable, primarily a Loan, that has been determined to be a loss or non-recoverable during the repayment cycle and that has been taken off the balance sheet as a loss.

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Charter School Financing	Financing provided for the purpose of acquisition, construction, renovation, and maintenance or improvement of charter schools.
Community Development Financial Institution	In general, CDFIs are community-based, specialized financial institutions that serve Low-Income people and/or work in economically distressed communities, often working in market niches that may be underserved by traditional financial institutions.
Commercial Real Estate Finance	Financing provided for the purpose of the acquisition or rehabilitation of a building, or the acquisition, construction and/or development of property located for commercial purposes.
Community Facilities Finance	Financing provided for the purpose of acquisition, construction, renovation, and/or maintenance or improvement of facilities where health care, childcare, educational, cultural, or social services are provided.
Consumer Finance	The division of retail banking that deals with lending money to individuals or families where the proceeds are used for consumer purposes, versus business or Investment.
Consumer Loans	Credit extended to individuals, usually on an unsecured basis, for personal, family, or household purposes. Excludes mortgages and home equity lines of credit. See Residential Real Estate.
Contribution (Capital Category)	A transfer of money or property to, or for the use of, a qualified charitable organization under the Internal Revenue Code (e.g., section 501(c)(3), 501(c)(4)), without expectation of repayment.
Credit	The ability to obtain goods or services before payment, based on the trust that payment will be made in the future.
Credit Counseling	Counseling that covers topics such as establishing, maintaining, and repairing credit, appropriate use of credit cards, and reading and interpreting credit reports.
Credit Union	Generally, an insured credit union which is a cooperative association organized in accordance with 12 U.S.C. 1752(7), the member accounts of which are insured by the National Credit Union Share Insurance Fund or State or private insurance.
Current Assets	The value of all Assets that are reasonably expected to be converted into Cash within 12 months in the normal course of business and that face no restrictions which would prevent an organization from doing so.
Current Liabilities	The value of Debts, obligations, or Payables due within 12 months.
Debt	Money or obligations in the form of bonds, promissory notes, or mortgages, owed and required to be paid by a specified date (maturity).
Depository Institution Holding Company	Generally, a bank holding company or savings and loan holding company that owns or has controlling interest in one or more Bank, as more specifically defined in the statutes and regulations that govern the appropriate Federal banking agency.
Deposit (Capital Category)	Securities or accounts placed with a Bank or other institution for a particular purpose.

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Development Services	Activities that promote community development and are integral to lending or investment activities, including business planning, financial and credit counseling, and marketing and management assistance.
Earned Income	Income generated by Assets and activities, excluding Grants and Contributions.
Equity (Capital Category)	The amount of balance sheet funds contributed by owners (the stockholders) plus Retained Earnings (or losses).
Equity Investment	An Arms-Length Investment with a third party such as a stock purchase, a purchase of partnership interest, a purchase of a limited liability company membership interest, a Loan made on such terms that it has sufficient characteristics of Equity, a purchase of secondary Capital, among others.
Expenses	A decrease in Equity during the accounting period in the form of outflows or depletions of Assets or the incurrence of Liabilities that result in decreases in Equity, other than those relating to distributions to Equity participants.
Financial Education	Education that covers such topics as household budgeting, strategies for saving, benefits of saving, retirement accounts, and Investments.
Financial Products	Loans, Equity Investments, Loan purchases, Loan Guarantees, and similar Financing Activities.
Financial Services	Checking, savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking, safe deposit box services, and/or other similar services.
Financing Activities	Activities that support the provision of Financial Products.
Financing Debt	Amount of money outstanding that is associated with financing activities (e.g., Loans and Equity Investments).
Financing Entity	An organization whose Predominant business activity is the provision, in Arm's Length Transactions, of Financial Products.
Full Time Equivalents (FTEs)	An employee, or the sum of employees, who works at least a 35 hours per week.
Grants (Capital Category)	Financial assistance provided by a Federal awarding agency to carry out a public purpose authorized by law, not including subsidies, Loans, Loan Guarantees, or insurance.
Gross Income	An organization's Revenue minus cost of goods or services sold.
Gross Revenue	Revenue minus cost of goods sold.
Healthcare Facility Financing	Financing provided for the purpose of acquisition, construction, renovation, and maintenance and/or improvement of healthcare facilities.
Homeownership Counseling and Technical Assistance	Assisting borrowers, who are new or existing homeowners, make informed decisions related to budgeting, selecting a home, types of mortgage insurance, homeowner tax benefits, Equity build up, home maintenance, energy conservation, and foreclosure prevention.
Income	Money that an individual or business receives in exchange for providing a good or service or through investing Capital.
Interest Expense	Total Expenses generated by interest-bearing Liabilities.
Interest Income	Gross Revenue generated by interest-earning Assets.
Intermediary Financing	Financing that is provided to a financial institution that in turn provides financing to other financial institution(s).
Investment	The use of Capital to create more Capital.

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Term	Definition
Investment Area	A geographic unit or contiguous geographic units that meet poverty and Low-Income criteria as set forth in the regulations that govern the CDFI Program at 12 C.F.R. 1805.200.
Legal Entity	An organization that is duly formed and in good standing under the laws of the state in which it is incorporated or established.
Liability	Debts and obligations that represent a creditor's claim on Assets.
Loan	A type of Debt in which a lender transfers funds to a borrower with the expectation of repayment over time.
Loan Fund	An organization, not regulated by a state or Federal agency, whose predominant business activity is the provision of Loans.
Loan Guarantee	In general, a promise by a party to assume a Debt obligation of a borrower, if the borrower defaults.
Loan and Investments Portfolio	Total outstanding Loans and Investments held by an organization.
Low-Income	An Income, adjusted for family size, of not more than: for metropolitan areas, 80 percent of the area median family Income; and for non-metropolitan areas, the greater of: (i) 80 percent of the area median family Income; or (ii) 80 percent of the statewide non-metropolitan area median family Income.
Microfinance Loan	A Loan having a total obligation that is less than \$50,000 towards a business purpose.
Net Assets	Excess or deficiency of Assets compared to Liabilities, classified into three mutually exclusive classes according to the existence or absence of externally imposed restrictions (i.e., Permanently Restricted Net Assets, Temporarily Restricted Net Assets, and Unrestricted Net Assets).
Net Worth	Equity, or the amount by which Assets exceed Liabilities.
Nonaccrual Loans	A non-performing Loan that is not generating the stated interest rate because of nonpayment by the borrower, typically due to financial difficulties.
Non-Governmental Entity	An organization that is not an agency or instrumentality of the United States, or any state or political subdivision thereof.
Non-performing Assets	Total Assets that are 90 days or more past due and Loans on nonaccrual exclusive of Charge-Offs, including Other Real Estate Owned (OREO) and Troubled Debt Restructuring (TDR).
Other Real Estate Owned (OREO)	In general, real estate, including capitalized and operating leases, that is acquired through any means, in full or partial satisfaction of a Debt previously contracted.
Operating Expenses	Expenses related to everyday business operations, such as interest Expense, staff salaries, professional fees, depreciation, and Provision for Loan Losses, among others.
Operating Revenue	Income generated by Assets and activities, including Grants and Contributions.
Payables	Money owed to a third party that is not yet paid.
Permanently Restricted Net Assets	Excess or deficiency of Assets compared to Liabilities, which are subject to externally imposed, permanent restrictions.
Predominance	Relative majority of an organization's business activities and staff time.
Primary Line of Business	The business activity in which the organization devotes the most resources and staff time.

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Term	Definition
Primary Mission	An organization's objectives and purposefully directed activities as stated in board-approved documents.
Provision for Loan Losses	An Expense recorded in order to maintain the Allowance for Loan and Lease Losses account in the corresponding reporting period.
Real Estate Financing	Financing provided for the purpose of the development (including construction of new facilities and rehabilitation/enhancement of existing facilities), acquisition, management or leasing of real estate by a business.
Real Estate Technical Assistance	Assisting borrowers to determine financial feasibility of commercial property acquisition or expansion, site reviews, and/or construction management.
Recoveries	Amounts received in the corresponding reporting period in satisfaction of Loans and leases previously Charged-Off.
Residential Real Estate	Financing provided for the purpose of acquisition, construction, renovation, and/or maintenance or improvement of single family housing (which includes properties with 1 to 4 residential units). Financing related to rental housing, purchasing (e.g., mortgages), rehabilitating and/or improving single, or multi-family homes.
Restricted Cash and Cash Equivalents	The value of Assets earmarked for a specific purpose and therefore not available for immediate and general use.
Retained Earnings (Capital Category)	Profits that are neither paid out in cash dividends to stockholders nor used to increase other Equity accounts.
Revenue	Incoming funds, including Earned Income, Grants, and Contributions, but not including in-kind Contributions.
Secondary Capital, Uninsured (Credit Unions Only)	An uninsured secondary capital account or other form of non-share account as defined by the appropriate Federal regulating agency.
Secondary Line of Business	The business activity in which the organization devotes the second most resources and staff time.
Sufficient Capital	The amount of Assets required to continue financing activities for at least 3 months.
Target Market	An Investment Area or Targeted Population approved by the CDFI Fund when a CDFI is certified by the CDFI Fund.
Targeted Population	Individuals, or an identifiable group of individuals, including Native groups, who are Low-Income persons or otherwise lack adequate access to Financial Products and/or Financial Services.
Temporarily Restricted Net Assets	Excess or deficiency of Assets compared to Liabilities, which are subject to externally imposed restrictions that are not permanently restricted Net Assets.
Tier 1 Capital	In general, this term is used by financial institution regulators to compute an organization's Capital adequacy and may include common Equity, noncumulative perpetual preferred stock, minority interests in consolidated subsidiaries, less goodwill and other ineligible, intangible Assets.
Total Assets	The total value of the sum of all Assets.
Total Equity	See Equity.
Total Expenses	The total value of Expenses incurred.

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Term	Definition
Total Investment Portfolio	The gross value of all Investments included in the financing portfolio.
Total Liabilities	The total value of short-term and long-term outstanding Debts, obligations, and payables.
Total Loan Portfolio	The gross value of Loans receivable included in the financing portfolio.
Total Revenue	The gross value of receipts received.
Transaction	A transaction includes Loans, Equity Investments, Loan purchases, Loan Guarantees, and similar financing activities. Excludes checking, savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking, safe deposit box services, and/or other similar services.
Troubled Debt Restructuring (TDR)	A Loan or other Debt instrument, restructured for economic or legal reasons, in which a lender grants a concession to the borrower.
Unrestricted Cash and Cash Equivalents	The value of unencumbered Assets that are cash or can be converted into cash within 3 months.
Unrestricted Net Assets	Excess or deficiency of Assets compared to Liabilities, which are not subject to externally imposed restrictions.
Venture Capital Fund	An organization that makes Equity Investments in startup and small- and medium-size enterprises with strong growth potential.