

The CDCU Secondary Market™

About the Federation

The National Federation of Community Development Credit Unions is a network of nonprofit financial institutions serving low-income communities. Founded in 1974, the Federation represents 220 community development credit unions (CDCUs) in 45 states, serving 900,000 people in urban and rural areas. The Federation's Capitalization Program, established in 1982, is one of the oldest community development financial intermediaries in the country. In 23 years, it has invested \$50 million in CDCUs, raising funds from banks, foundations, religious investors, and the federal CDFI Fund for placement in grassroots credit unions.

About the CDCU Secondary Market

The CDCU Secondary Market, launched in October 2005, is the newest vehicle in the Federation's social-investment family. By purchasing affordable mortgages from CDCUs, the Federation will help its member credit unions to recycle their capital and expand access to affordable housing finance in low-income communities. For a variety of reasons, only a minority of CDCUs currently use the major secondary markets, whether because their origination volume is too low, or their product, documentation, or borrower characteristics do not conform to secondary-market guidelines. The Federation's CDCU Secondary Market will bridge this gap, by purchasing, seasoning, and reselling CDCU mortgage loans in larger blocks, thus serving as a conduit to the broader capital markets.

The Federation has established the **CDCU Mortgage Center, LLC**, to manage the CDCU Secondary Market. The federal Community Development Financial Institutions Fund has granted \$1.5 million in start-up capital to launch the CDCU Secondary Market. The Federation will provide a matching amount from its net assets. We are now seeking \$15 million in working capital to finance mortgage purchases over the next four years.

For further information:

Please contact Clifford Rosenthal, Executive Director of the Federation (croenthal@cdc.coop; 212-809-1850 ext. 216). The Federation is a 501(c) (3) charitable organization, a certified Community Development Financial Institution (CDFI), and a certified Community Development Entity (CDE).