



A FREE GUIDE FOR NEW BUSINESS OWNERS

The CDFI Funding Starter Guide

The New Business Funding Playbook: how brand new owners secure capital with low credit and zero revenue.

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The Best Kept Secret in Business Funding

Starting a new business is one of the most exciting things you will ever do. It is also one of the scariest. If your company is less than six months old, you can probably feel that pressure right now. Maybe you just formed your LLC. Maybe you are still filing the paperwork. You have the vision, but you are staring at the same wall almost every new owner hits, which is a lack of capital.

You have little to no business credit. You may have no revenue yet. Your startup cash is limited. So you do what most people do. You assume a brand new business cannot get funded anywhere except a traditional bank, and you already know how that story ends. Big banks want years of tax returns, strong revenue, and clean personal credit. When you do not have those things, you get a denial.

Here is what almost nobody tells you. There is an entire world of funding built for the exact situation you are in right now. It is called CDFI funding, and it is one of the most overlooked ways to fund a business in its first few months.

This guide gives you the foundation. I am going to show you what a CDFI is and why these lenders are built to say yes to new owners like you. Once you see the what and the why, the path forward gets a lot clearer.

Let us get into it.

01 What a CDFI Actually Is

CDFI stands for Community Development Financial Institution. These are community based financial organizations, and they come in a few forms. Some are community development banks, some are credit unions, and some are non-profit loan funds.

So how is a CDFI different from a big bank, a regular credit union, or an online lender? It comes down to their mission. Traditional banks and large online lenders exist to make the most profit possible for their shareholders. They run your credit score and your revenue through a strict formula, and if you do not fit, you get an automatic denial.

CDFIs are built differently. Their main mission is to grow the local economy and help communities that banks tend to ignore. They receive funding from larger sources, including government programs like the Small Business Administration, and they put that money to work in their communities. Because they are focused on community growth instead of pure profit, they have the flexibility to make decisions that actually make sense for everyday people.

Instead of treating you like a number, a CDFI lender looks at your business plan and your potential. They are in the business of giving everyday people a real chance.

02 Why CDFIs Exist and Who They Serve

CDFIs were created to serve the people and neighborhoods that traditional banks have left behind. That includes minority owned businesses, women owned businesses, and entrepreneurs in low income areas.

They were built to help people who are still climbing. Some folks describe CDFI and microloan programs as Section 8 for entrepreneurs, because the whole point is to give a hand up to people who are facing real financial hurdles.

Most important for you, they fund businesses that are brand new with no track record. CDFIs specialize in startup loans. They understand you may not have proof of concept yet, and they are still willing to bet on you so you can get your doors open.

Why Being 0 to 6 Months Old Is Not a Dealbreaker

One of the biggest fears new owners carry is their lack of history. You might be thinking that because you filed your LLC a few weeks ago, no serious lender will talk to you.

That is not a dealbreaker. It is an opportunity.

Plenty of online lenders demand two years of business history before they will even look at you. CDFIs are the opposite. They are built to fund entrepreneurs who have been open for less than two years, and they are comfortable with the fact that you do not have steady sales yet.

Instead of judging your past, they judge your future, and your future lives inside your business plan. A strong plan shows the lender exactly how you will make money and exactly where every dollar of their loan is going. When that plan is solid, your age in business stops being the issue.

The Main Types of CDFI Funding

As a new owner, you have realistic access to several kinds of CDFI funding. You do not have to swing for some huge, unrealistic number. You can start where you are and grow from there.

Microloans

A small, shorter term loan made for entrepreneurs who cannot easily get traditional bank money. Very beginner friendly, usually **\$5,000 to \$50,000**, which is often exactly what you need to get off the ground.

Small Business Loans

As you build a relationship with your lender, they grow with you. Stay in good standing and pay on time, and they often move you up a tier. Those larger loans commonly run **\$50,000 to \$250,000**.

Lines of Credit

A solid business plan can also get you approved for a revolving line of credit. You pull from it only when you need it, whether that is supplies, marketing, or day to day costs.

Technical Assistance

CDFIs offer more than cash. Many provide coaching, networking, and hands on guidance because they want you to make it through year one. That support is rare, and it is often free.

You are probably wondering if you even qualify. The honest answer is that you very likely do. CDFIs are looking for the exact people who get turned away by traditional lenders.

Here is who tends to qualify:

- ✓ Entrepreneurs with personal credit scores as low as 500
- ✓ Startups with fewer than 10 employees
- ✓ Owners who do not yet have steady income
- ✓ Anyone with a completed, detailed business plan

So what kind of businesses do they love to fund? They love businesses that give back to the community. The people behind this money want to know that funding you helps the local economy. They lean toward early stage businesses that will create local jobs, hire from the neighborhood, or work with local suppliers.

Opening an ice cream shop and sourcing from a local dairy farm? They love that. Starting a clothing brand and hiring a local seamstress? They love that too. They want to see the money stay in the community.

When you are desperate for cash, it is easy to walk into a trap. A lot of new owners reach for merchant cash advances, hard money lenders, or predatory online loans.

An MCA or hard money lender will often approve you fast, then hit you with daily payments and sky high rates that bleed your new business dry before it ever has a chance to grow. That is the business model. They count on desperate new owners.

CDFI money works the other way. Here is what sets it apart.

- 1 **Affordable interest rates.** Where predatory lenders pile on fees, CDFI and microloan programs keep rates low, usually between 3 percent and 9 percent.
 - 2 **Friendly repayment terms.** Flexible, longer term repayment, often in the range of 36 to 48 months. That gives your business room to breathe and turn a profit.
 - 3 **No equity required.** Unlike a show like Shark Tank, these lenders fund you without taking a piece of your company. You keep full ownership and full control.
 - 4 **They care about your success.** Because they are community focused, some CDFIs will even pause or defer payments for a short stretch if you hit a rough
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patch early. You will not get that grace from a predatory online lender.

07 Myths That Keep New Owners From Applying

Bad information stops more new owners than bad credit ever will. Let us clear up the myths that keep people from even applying.

Myth: I need perfect credit to get a business loan.

✓ Truth: Big banks may want a 720 or higher, but many CDFI programs will work with you with a score as low as 500. They are weighing your business plan, not just your past mistakes.

Myth: I have to be in business for two years.

✓ Truth: This might be the most expensive myth in the game. Some traditional SBA loans want two years of history, but CDFIs specialize in brand new, day one startups.

Myth: I need a pile of cash to put down.

✓ Truth: Lenders like to see some skin in the game, but that does not mean serious wealth. The money you spent on a business class, your LLC filing, or your first round of supplies can all count as your personal investment.

Myth: I have no collateral, so I will be denied.

✓ Truth: Collateral does not have to be a paid off house or a commercial building. It can be almost anything of value. For these kinds of loans, a computer, a car, or even a sneaker collection can work.

08 Your 6-Month Readiness Checklist

Before you go further, take an honest look at where you stand. If your business is in its first six months, run through this quick checklist.

☐ I know the exact product or service my business will sell

☐ I have registered my LLC or I am in the process of doing it

☐ I know exactly who my target customer is

☐ I have a clear estimate of how much money I need to open

- ☐ I understand that every dollar I request has to be accounted for
- ☐ I have a basic read on my local competition
- ☐ I am ready to build a professional business plan for a lender

**Check most of these boxes and you are already ahead of most new owners.
You are ready for the next step.**

09 The Missing Pieces: What to Master Next

By now you know what a CDFI is, why these lenders want to fund you, and why being brand new is an advantage instead of a problem. You have the what and the why.

But I already know the question running through your head. *How do I actually do this?*

That part is execution, and it is exactly what we cover live on the webinar.

Finding the right lender is a skill. Search business loans on your own and you will get swallowed by predatory hard money lenders paying for the top of the page. On the webinar I walk you through how to find, match with, and get approved by the right CDFI in your specific state.

Your business plan is the one thing standing between you and your funding. We go into which documents and which positioning get a brand new business approved fast, and the exact pieces your plan needs so a lender says yes without hesitating.

I will also give you the questions to ask a loan officer before you ever submit an application, so you know you fit their criteria before you apply.

You have the foundation. On the webinar, we build the house, and then we go to work on getting you funded.



CONCLUSION

Your Next Step to Funding

You do not have to put your dream on hold because the money is not in your account yet. And you do not have to spend the next ten years slowly funding your business out of your nine to five. Trying to grow a business on paycheck leftovers is a dead end.

Funding exists to grow your business now. The community money is real. It is sitting in accounts waiting for entrepreneurs who have the courage to ask for it the right way.

You already know that bad credit, a brand new LLC, and zero revenue are not dealbreakers. You have the knowledge. The strategy is what comes next.

Do not let this guide sit in a folder on your laptop. Show up to the webinar, bring your questions, and let us get you ready to secure your CDFI funding.

