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U.S. CDFIs Take On More Debt To Grow Their Lending Capacity: Ratings Will Likely Remain Stable - S&P

Key Takeaways

- U.S. CDFIs are looking to grow by attracting new capital to expand their lending capacity in underserved communities.
- Capital adequacy is weakening but remains at levels commensurate with current ratings.
- Diligent underwriting and effective portfolio oversight underpin the rated sector's asset quality, but delayed project stabilization or take-out financing could impair loan performance for certain organizations.
- Lending strategies and funding sources vary among rated CDFIs, which is reflected in our view of their individual financial strength.

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