

SEDI Definitions

Socially and Economically Disadvantaged Individual (SEDI)-owned business.

A. a business enterprise that certifies that it is owned and controlled by individuals who have had their access to credit on reasonable terms diminished compared to others in comparable economic circumstances, due to

- (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society,
- (2) gender,
- (3) veteran status,
- (4) limited English proficiency,
- (5) disability,
- (6) long-term residence in an environment isolated from the mainstream of American society,
- (7) membership of a Federally or state-recognized Indian Tribe,
- (8) long-term residence in a rural community,
- (9) residence in a U.S. territory,
- (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization), or
- (11) membership of an underserved community

(see Executive Order 13985, under which “underserved communities” are populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the definition of “equity.” Equity is consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.);

- B. a business enterprise that certifies that it is owned and controlled by individuals whose residences are in Community Development Financial Institution (CDFI) Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);3
- C. a business enterprise that certifies that it will build, open, or operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
- D. a business enterprise that certifies that it is located in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

For purposes of the definition of “SEDI-owned business,” a business is “owned and controlled” by applicable individuals:

- (1) if privately owned, 51 percent or more is owned by such individuals;
- (2) if publicly owned, 51 percent more or of the stock is owned by such individuals; and
- (3) in the case of a mutual institution, if a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of such individuals.