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Arlington, VA 22201
703-294-6970

December 8, 2008

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 Capitol Building
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
S-221 Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
S-230 Capitol Building
Washington, D.C. 20510

The Honorable John A. Boehner
Minority Leader
1011 Longworth House Office Building
Washington, DC 20515

Dear Congressional Leaders:

On behalf of the members of the Coalition of Community Development Financial Institutions (CDFI Coalition), we commend Congress for its efforts to stabilize the economy through its upcoming stimulus plan. We urge Congress to ensure that the needs of low- and moderate-income communities and people are not left behind.

As the impact of America's economic crisis worsens, the need to provide critical investment in our most vulnerable communities grows. CDFIs offer an efficient delivery mechanism for rapid deployment of much-needed debt and equity finance to the nation's homeowners, small businesses and community infrastructure. CDFIs have an established track record of delivering loan and investment capital in an economical and prudent manor to people and regions that have traditionally

been underserved by the nation's financial system and that are currently among those hardest hit by the financial crisis.

The CDFI Coalition urges Congress to work expeditiously to boost the flow of funds to critical community development projects and expand existing programs that provide catalytic investment in America's low- to moderate-income neighborhoods.

Recommendation for Stimulating Community Investment During This Crisis

We propose that a "Community Development Stimulus Program" be created to support lending to and investing in low- and moderate-income communities and people. We recommend that \$500 million a year for two years be allocated to the U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund). This program will create an immediate economic stimulus for low income communities and directly infuse capital into Community Development Financial Institutions (CDFIs). The program could also reach institutions that are not currently certified CDFIs through awards to CDFI intermediary organizations. Congress should delegate administration of the initiative to the Director of the CDFI Fund.

In each annual competition for CDFI Fund award dollars, applicants ask for, and can deploy, nearly five times the amount of dollars available. Any remaining funds would be directed to a special funding round or allocated to future funding rounds as determined by the CDFI Fund. In order to expedite the release of funds, the cap on awards will need to be lifted for this special funding¹ and the matching fund requirement should be waived in order to expedite the rapid deployment of community development dollars in the distressed communities CDFIs serve. Within 45 days of receiving these funds, CDFIs will start dispersing them and impacting communities.

Impact of the Crisis on Low Income Communities

Over the past several years, tragically, many of the communities CDFIs serve were targeted by unscrupulous predatory lenders. These lenders took advantage of borrowers and have stripped wealth from families and communities. They have reversed much of the progress created by our institutions and the economic expansion that began during the post civil rights era and more recently in the mid-1990s. It will require resources, hard work and committed partners to return these communities and their residents to economic stability. Directing resources through CDFIs will help to contain the credit and financial crisis and increase the much needed-flow of capital to low- and moderate-income communities.

Who We Are

CDFIs are for-profit and not-for-profit financial institutions—development banks, credit unions, loan funds, venture capital funds, and microenterprise funds—whose primary mission is to lend and invest in low- and moderate-income communities. CDFIs offer an effective vehicle for achieving the goals of the stimulus by providing an efficient delivery mechanism for rapid deployment of much-needed debt and equity finance to the nation's homeowners, small businesses and community infrastructure. CDFIs have an established track record of delivering loan and investment capital in

¹ Per CDFI Fund regulations, the Fund may not provide more than \$5 million, in the aggregate, in financial and technical assistance to an Awardee and its Affiliates during any three-year period. (§ 1805.402 Assistance limits)

an efficient and prudent manner to people and regions that have traditionally been underserved by the nation's financial system and that are currently among those hardest hit by the financial crisis.

CDFIs work in urban, rural, and reservation-based markets in all 50 states, the District of Columbia and Puerto Rico, where they produce jobs, affordable housing, and facilities for vital social services. Today there are approximately 800 CDFIs across the nation that are certified by the U.S. Treasury Department's CDFI Fund as targeting 60% or greater of their total activity to low income communities and people. Our memberships include many more institutions with CDFI missions that have not gone through the process of being certified.

The CDFI Coalition is a group of leading CDFIs and national intermediaries that represent all sub sectors of CDFIs—banks, thrifts, credit unions, loan funds, venture capital funds and microenterprise funds. It is the unified national voice of community development financial institutions. Our mission is to encourage fair access to financial resources for America's underserved people and communities.

Since 1995, the CDFI Fund has invested \$942 million in CDFIs. The Treasury Department has documented that for every \$1 CDFIs receive through a CDFI Fund award, CDFIs leverage between \$19 and \$27 in private sector financing for emerging domestic markets across the nation. These federal dollars have been leveraged not only efficiently but also prudently, as CDFIs have cumulative net charge-offs of about 0.5%, an enviable record in comparison with that of the mainstream financial industry.

If you have any questions, please do not hesitate to contact Fred Zeytoonjian, Executive Director of the CDFI Coalition, at 703-294-6970 or zeytoonjian@cdfi.org.

Sincerely,



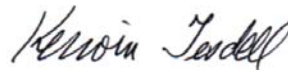
Kevin Kelly
Association for Enterprise Opportunity




Jeannine Jacokes
Community Development Bankers
Association



Ron Phillips
Coastal Enterprises, Inc.



Kerwin Tesdell
Community Development Venture Capital
Alliance



Elsie Meeks
First Nations Oweesta Corporation



David Beck
Self-Help



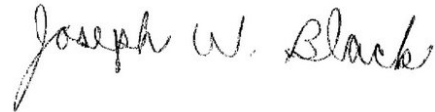
Ray Moncrief
Kentucky Highlands Investment
Corporation



Fran Grossman
ShoreBank



Saurabh Narain
National Community Investment Fund



Joe Black
Southern Bancorp



Cliff Rosenthal
National Federation of Community
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