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From: Matthew Roth [<mailto:mroth.gcb@gmail.com>]

Sent: Thursday, April 01, 2010 3:03 PM

To: CDFIHELP

Cc: Gambrell, Donna; Stever, Christopher; Jeannine Jacokes

Subject: Public Comment - CDFI Fund Authorizing Statute

Dear Mr. Berman,

I am the lead organizer and prospective President and Chief Executive Officer of Generations Community Bank, a bank in organization in Chicago, IL. We hope to be certified as a CDFI once we open, and will also be a Minority Depository Institution. Our focus will be on providing a comprehensive suite of services to the underbanked consumer community, as well as promoting the revitalization of distressed communities through an active community development finance program.

One of the principal challenges for a de novo, particularly in this economic environment, is raising the substantial level of capital required to open. My understanding of the current statute is that a bank must be open to receive certification, and thus could only access a capital investment by the Fund once it is open. That precludes the Fund from providing capital when it is needed most to ensure a vibrant and growing sector of CDFI banks.

I believe the statute should provide flexibility for de novo banking institutions to obtain CDFI certification prior to opening - thus opening the door for possible equity investments in an initial capitalization. This has never been more important given that initial capitalization levels required today are substantially higher than they have ever been. It seems to me that probably the biggest concern that the authors of the original statute had in providing for this would have been the risk that a bank in organization would talk the talk but not in practice focus on the underserved. I would like to submit various means to safeguard against that risk, all of which are being met by Generations Community Bank:

* Our charter application clearly spells out an intent to be a CDFI, not to mention MDI, bank. It details plans to bring financial services to the underserved. As the FDIC requires adherence to the Business Plan as outlined in the application, this likely provides as much if not more long-term assurance to the Fund as to an institution's commitment to the mission required of CDFIs.

* Our offering circular also makes clear to prospective investors that we are a community development bank, and thus also details the mission-related scope of our services.

* In our application, we have used FDIC and Census Bureau information to demonstrate that our community is indeed underserved by banks. Moreover, our bank will reside in a low-moderate income census tract.

It would seem to me that the CDFI Fund could review these documents and plans and be very reasonably assured of an institution's objectives. (As an alternative to certification prior to opening, perhaps there are other ways to modify the Fund's statute to, for example, permit a preliminary certification which in turn could provide for the ability to subscribe to a share subscription subject to obtaining charter approval. I would welcome the opportunity to help think of other ways the statute could be modified to achieve these goals.) As the capital thresholds for de novos rise, I believe accessing the Fund will be imperative to ensure the continued growth of the CDFI banking sector.

Thank you very much for taking the time to consider this issue.

Best Regards,
Matthew

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