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April 8, 2013

Lisa M. Jones
Manager, CDFI Bond Guarantee Program
CDFI Fund, Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington DC 20220

RE: CDFI Bond Guarantee Program Interim Rule

Dear Ms. Jones:

The CDFI Fund's Interim Rule for the CDFI Bond Guarantee Program will make it very unlikely that the New Hampshire Community Loan Fund will be able to use the program. I write to explain why the program does not fit our needs and to suggest alternatives.

The New Hampshire Community Loan Fund is a certified CDFI that has operated statewide for nearly 30 years. We have been an innovator in affordable housing, specializing in financing resident ownership of manufactured housing communities and fixed-rate mortgages for manufactured homes. We won the 2009 Wachovia NEXT Award for that work and have been a frequent recipient of CDFI Fund FA awards. Over the last five years we have expanded our small business finance operations to meet a critical need in New Hampshire. In short, we are an experienced, successful, mid-sized CDFI with a portfolio of approximately \$65 million and a strong pipeline of community development projects for which the CDFI Fund's 30-year bond guarantee program ought to be ideally suited.

The key barriers to our participation in the Bond Guarantee Program are the requirements that our other investors' loans be subordinate to the bond and the risk-sharing solution proposed in the rule. The former would require new covenants with most of our large investors and we doubt that all would agree to these terms. The latter would require us to find other CDFIs which understand the manufactured housing sector, the types of loans we make, and how we manage their associated risk. We are unaware of any likely partners.

The New Hampshire Community Loan Fund is an active member of the Opportunity Finance Network and we concur with the points OFN makes in its comments on the interim rule.

We are particularly supportive of the following points in OFN's letter:

- The Fund should broaden the eligible use of Bond Loan proceeds to include second-lien loans and subordinated loans.

- Eligible CDFIs should be able to use proceeds to refinance their own debt, as well as to refinance Secondary Loans.
- Because the proposed requirements to pledge hard collateral as security and agree to 100 percent recourse debt would breach existing debt relationships with capital providers, the program needs an alternative. OFN's suggestion that the CDFI Fund expedite certification for existing CDFI Affiliates or Newly-Formed Affiliates as Eligible CDFIs is a constructive solution.
- Pricing: the proposed constraints on pricing Secondary Loans may unduly constrain Eligible CDFIs' ability to manage risk.
- Relending constraints and disbursements: OFN correctly identifies opportunities to make the program more robust through changes in the relending calculation, relending constraints, and the problems in the rule's.
- The proposed collateral and Relending Account requirements make it very difficult, if not impossible, for CDFIs to use bond proceeds to finance small businesses. The Fund should work with the CDFI Industry to overcome these barriers to small business financing.
- The Fund should also work with the CDFI Industry to ensure that a diversity of asset classes are served by the program.

Please do not hesitate to contact me if you have questions about these points.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Juliana Eades', written in a cursive style.

Juliana Eades
President