

Keynote remarks by
Tony T. Brown, Director

Community Development Financial
Institutions Fund (CDFI)

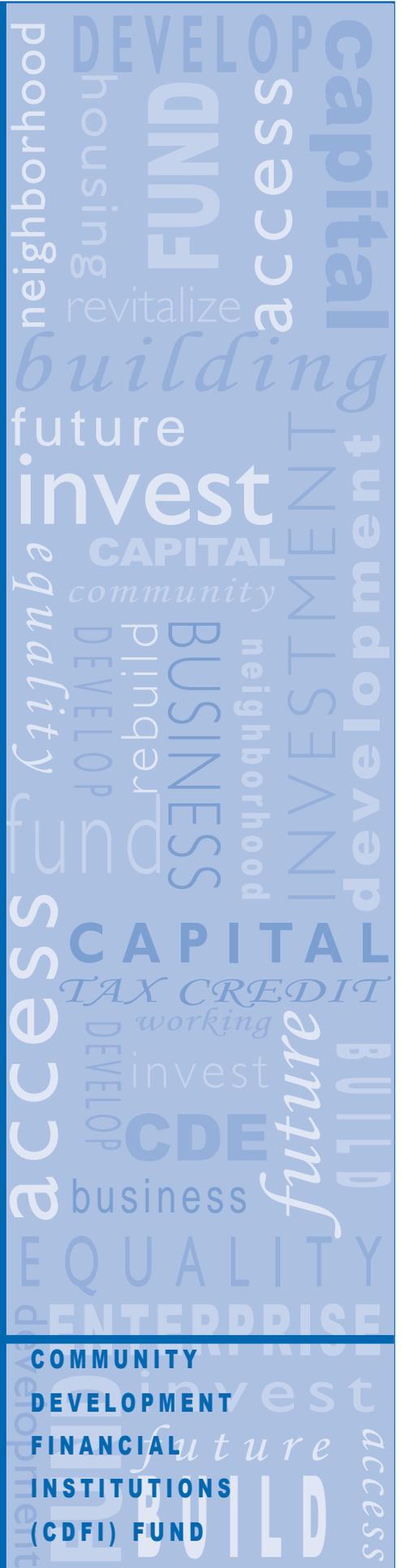
for the

National American Indian Housing
Council
&
Housing Assistance Council

"Serving Lower-Income Housing
Needs:
A Conference for Tribes and Tribal
Housing Organizations"

April 7, 2003
Denver, CO

CDFI
fund



COMMUNITY
DEVELOPMENT
FINANCIAL
INSTITUTIONS
(CDFI) FUND

FOR IMMEDIATE RELEASE
April 7, 2003

Contact: Bill Luecht
(202) 622-8042

**Keynote Speech at the
National American Indian Housing Council
&
Housing Assistance Council**

**“Serving Lower-Income Housing Needs:
A Conference for Tribes and Tribal Housing Organizations”**

by

Tony T. Brown, Director

**Community Development Financial Institutions Fund
U.S. Department of the Treasury**

**April 7, 2003
Denver, CO**

Thank you, Moises, for that kind introduction.

Under Moises' leadership, the Housing Assistance Council (HAC) is at the forefront of helping build the capacity of local non-profits that are developing and maintaining affordable housing in many of our Nation's rural communities. HAC has been a certified CDFI since September of 1996 and has received \$735,000 from the Fund to expand the range of loan products it offers.

I am happy to see that you are joining forces with the National American Indian Housing Council (NAIHC) to sponsor this conference. For almost 30 years, NAIHC has been working with tribes to provide safe, affordable livable housing for Native Americans and Alaska Natives. Gary, I commend your work and encourage you and your staff to consider creating a CDFI in order to tap into our resources at the Treasury Department.

I applaud the NAIHC's and HAC's efforts to provide you a forum with this conference to provide you the resources to help you improve the housing for the lowest-income Native Americans. This conference complements a number of our efforts at the CDFI Fund that specifically focus on Native American, Alaska Native and Native Hawaiian communities. I will describe these initiatives in a moment. I hope you do not mind, but for the remainder of this speech I will refer to your collective communities as Native communities or Native people.

I've been invited to give a speech, but instead I would like to make this a sales call. The Fund has approximately \$5 million available through our Native American programs and we have a goal to obligate every dollar by the end of this calendar year.

As a former banker, I remember the days when we had a monthly quota of calls to make to prospects and customers to sell the bank's products and bring in new business. This is the tenth conference either I or another Fund staff member has spoken at over the past year that has had a predominately Native American audience. This is in addition to a training session on our Native programs that was broadcast on February 26th and down-linked by satellite to over 80 local HUD offices across the country.

I am here today to sign you up and ask your assistance in helping the CDFI Fund to improve the economic vitality of America.

I consider my visit before you today as a sales call. Together, we need to eliminate the barriers to capital access in Indian country and the CDFI Fund is a resource for you.

At the end of my speech, oops, pitch, I will ask you to complete an "Information Request/Pledge Form." The object of my sales call is two-fold: (1) to get you to commit to creating a Community Development Financial Institution, or CDFI, on your reservation or in your community, if there is not one; and (2) to get you to pledge to "apply for funding" if you presently serve our Native communities and offer financing products.

You may be asking why do I want to do business with the Treasury Department? Government grants come with too many requirements for reporting and the forms are often cumbersome and time-consuming to complete.

Yes, you may be correct. But, our mission is why it's important for you to partner with the Fund.

The mission of the CDFI Fund is to expand the capacity of financial institutions to provide credit, capital and financial services in economically distressed rural and urban communities. Put simply, the CDFI Fund invests in institutions that, in turn, provide capital and financial services to underserved people and communities.

The organizations we support through our financial and technical assistance awards are able to lend in ways that are often more flexible or innovative than regulated financial institutions.

We are committed to building the strength and capacity of this network of CDFIs that will in turn improve the economic conditions of the markets they serve.

If I were to give a speech on economic empowerment, I would outline the issue by highlighting the Fund's Native American Lending Study.

The Native American Lending Study was a broad qualitative review accomplished by convening 13 regional and two national workshops to examine the lack of access to capital and financial services in Native communities.

The study identified barriers to accessing debt capital and equity investments in Native communities and offered recommendations to address legal, economic, financial, educational, and cultural barriers.



But, I'm not here to give a speech. This is a sales call. You know these barriers exist; otherwise you wouldn't be here.

Here's my pitch:

Our goal is to help eliminate the barriers that exist to accessing credit, capital and financial services in Native communities.

We firmly believe that increasing the number of active and effective CDFIs serving Native communities will lead to financial products and services that meet the needs of Native people and will result in the development of affordable housing, new jobs and needed economic growth in these communities.

This year, the Fund has targeted up to \$5 million to foster the growth and creation of CDFIs serving our Native communities.

So, if the organization that you represent is committed to creating a new CDFI of its own to serve Native communities or people and you need some technical assistance to do this, here is what we need you to do:

- Check requirements for becoming a "Certified CDFI"
- Technical assistance funding is available for up to \$100,000.
- Check "pledge to apply for funding."
- Apply under "CDFI Program/Technical Assistance (TA/NATA)."

If you are presently a small or emerging CDFI that serves Native communities or people and technical assistance is required, here's what we need you to do:

- Technical assistance funding is available for up to \$100,000.
- Check "pledge to apply for funding."
- Apply under "CDFI Program/Technical Assistance (TA/NATA)."

Recent uses of the Fund's technical assistance funds by CDFIs serving Native communities include: acquiring consultants to help with developing a strategic plan and a capitalization strategy; to develop a curriculum and obtain needed staff training on the technical aspects of mortgage lending; develop a website; and to purchase technology.

If you presently represent a third party, such as a tribal government or a university, or you are a community or economic development consultant, and you wish to create a new and distinct CDFI to serve Native communities or people then you may apply for technical assistance under the Native American CDFI Development (NACD) Program. Here is what we need you to do:

- Check requirements for becoming a "Certified CDFI"
- The maximum technical assistance award is \$100,000.
- Check "pledge to apply for funding."
- Apply under "Native American CDFI Development (NACD) Program."

USE OF TA

In summary, entities seeking technical assistance that are currently certified CDFIs, or can become certified CDFIs with-in two years should apply under NATA. Third party entities such as Tribes or non-profit organizations that serve Native communities or people and want to create a new CDFI can apply for technical assistance funds under NACD to be used to develop plans to create a CDFI over a three-year period. The applications for both programs are currently available on the Fund's website.

If this were a speech then I would pontificate on how CDFIs address barriers to capital access. I would talk about how CDFIs extend credit and deal with issues concerning the lack of capital, lack of collateral and no known or valid credit histories.

To date, we have certified 635 financial institutions as CDFIs across the country. Of these, there are 20 certified CDFIs that primarily serve Native communities.

But again, this is a sales call and I have a goal to achieve:

Our goal is to deliver new local and non-traditional mechanisms to deliver capital in Native communities.

Improving the economies of native communities is viewed by the Treasury Department as a comprehensive and collaborative undertaking that must involve federal interagency cooperation and public-private initiatives.

If you are an existing CDFI and you want financial assistance for capitalization to help expand your lending in your community then there is a very valuable source of funding available to you. You can submit an application under the Financial Assistance (FA) Component of the CDFI Program. Funding under the FA Component must be matched dollar-to-dollar.

The FA Component is not a Native American focused program. Your application will be reviewed competitively against other applications from around the country. The application for this program is currently available on the Fund's website and the deadline is April 14th.

Here's what you need to do to apply for Financial Assistance:

- If you are not a certified CDFI, check "Certification (CDFI)." Please note that you need to be certified as a CDFI before you submit your application for Financial Assistance.
- Check "pledge to apply for funding."
- Check "CDFI Program/Financial Assistance Component."

Next year, in FY 2004, we will expand our program offerings to include Financial Assistance specifically targeted to Native American, Alaska Native and Native Hawaiian CDFIs. Eligibility for this FA could include Native focused organizations partnered with insured depository institutions and other organizations committed to serving Native communities. We have targeted up to approximately \$5 million for this FA. Please check our website for updates on this initiative.



I'd like to strongly encourage you to take the opportunity to apply for funding, in fact, by a show of hands how many of you have been sold on the resources of the Treasury Department and will commit to applying for funding?

If this were a speech, then I would attempt to make some profound statements that would address how this Administration plans to address the economic barriers in Native communities.

I would address the issue of the lack of financial services on or near these communities. I would share my personal observations that in spite of the significant efforts underway to address these problems, that a huge gap still exists for accessing capital for economic and housing development in Native communities.

But, again, this is not a speech. This is a sales call and I need to know my audience. That's why later this week, I will report back to the Senate Appropriations Subcommittee on VA, HUD and Independent Agencies, the efforts that Fund has undertaken to overcome the perception that lending in Native communities is risky and how the Fund will address systemic barriers to accessing credit and capital.

To that audience, we will report that:

- The Fund recently awarded a contract to the National Community Capital Association and its sub-contractor, First Nations Oweesta Corporation, to design, develop, conduct, and administer an action-oriented training curriculum to help Native organizations create or strengthen CDFIs for the purpose of providing access to debt or equity capital in Native American, Alaska Native, or Native Hawaiian communities.
- The Fund is in the process of introducing a Demonstration Project to overcome the perception that lending in Native communities is risky.

The demonstration program will support the development of partnerships, innovative products, and delivery mechanisms to meet the financing needs of Native American, Alaska Native, and Native Hawaiian communities. The CDFI Fund will work with other Federal agencies to develop and implement this pilot to enhance rather than duplicate their activities.

The Fund will track the impact of these investments over a five- year period and will use this data to help Tribes, financial institutions and federal agencies to develop a systemic approach to improving the availability of credit, capital, and financial services in Native communities. The Demonstration Project will have three goals:

1. Increase financing to businesses and individuals desiring to start or expand businesses in Native communities;
 2. Expand the supply and quality of housing units in Native communities affordable to the local population and increase homeownership rates; and
 3. Expand access to affordable financial services to Native people.
- The Fund is undertaking other initiatives to address the barriers to accessing credit, capital and financial services such as the lack of knowledge or experience with the financial world and uncertain tribal commercial laws and regula-

tions. Possible approaches include offering (through a private organization) direct training and technical assistance to Native CDFIs or CDFIs seeking to serve Native communities.

In conclusion, since this is not a speech but a sales call, I need to close the transaction.

We want to welcome each of you into the financial services network we call CDFIs. To do this, you must meet the criteria we establish as a community development lender and financial services provider and apply to become a certified CDFI.

The Administration and Congress understands the importance of ensuring access to credit, capital, and financial services to the financial vitality of Native communities and the important role CDFIs play in accomplishing this. Therefore, the CDFI Fund has set aside a separate funding source to create and strengthen CDFIs serving Native communities.

Please complete your Information Request/Pledge Form so that I can report this sales call as a successful effort for empowering you to help us improve America.

Thank you.

