



August 15, 2011

Jodie Harris
Policy Specialist
CDFI Fund
U.S. Department of the Treasury
601 13th Street, NW., Suite 200 South
Washington, DC 20005

Dear Ms. Harris:

Re: Comment on CDFI Bond Guarantee Program authorized by the Small Business Jobs Act of 2010 (PL111-240)

The CDFI Coalition appreciates the opportunity to comment on the implementation of the CDFI Bond Guarantee Program (CBGP) which was authorized in section 1141 of the Small Business Jobs Act of 2010. We believe the statute authorizes CDFIs of all types to be able to access this facility, and it represents an opportunity for diverse types of CDFIs with a wide range of loan and investment products to tap into pools of capital in larger amounts than has been possible in the past. With this facility, CDFIs will be able to bring more access to credit and capital to low income communities of all types and all parts of the country.

The CDFI Coalition recognizes the work of two of its members, Opportunity Finance Network, and, through the Carsey Institute, the Financial Innovations Roundtable, each of whom has devoted significant time to working with large groups of CDFIs regarding the CBGP. They, as well as several individual CDFI Coalition members, have submitted comment letters providing detailed recommendations to the CDFI Fund on the implementation of the program.

We add or reinforce several points to those made by these organizations. First, the CDFI Fund should implement the CBGP program in such a way that ensures the entire \$1 billion in available bond guarantee authority is issued in each year. We recognize that each \$100 million proposal by a CDFI or group of CDFIs may be subject to lengthy underwriting, due diligence, financial structuring, and documentation efforts, especially in the first year. We encourage the CDFI Fund to engage in negotiations with a sufficient number of groups that will result in \$1 billion of bonds being guaranteed each year. To the extent some number of those groups do not complete their negotiations in time to receive a guarantee in a given year, or to the extent the entire \$1 billion in

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guarantee is fully committed before negotiations are concluded, such groups would carry over to the next year, and would presumably be in an advanced stage of readiness to close.

Second, we recognize that the Small Business Jobs Act requires the CDFI Fund to promulgate program regulations by September 27, 2011. We encourage the CDFI Fund to issue proposed regulations that can be operable immediately, with the opportunity to further refine the regulations as experience with the program grows. Given the customization we expect in the individual bond proposals and the fact that this is an entirely new platform for CDFIs and the CDFI Fund, detailed regulations at this point could serve to unnecessarily limit the development of a workable regulatory structure. To the maximum extent feasible, the CDFI Fund's Bond Program regulations should reflect the flexibility granted by Congress to craft a program that serves all underserved people and economically distressed communities, enable the full range of CDFI types and CDFI-originated or -issued assets to be eligible for participation in the program; and use the same definitions, reporting requirements, and the like, as are used in the CDFI Financial Assistance Program.

Third, we believe the CGBP should be available to all CDFIs, once they have become certified. We believe that the underwriting process through which CDFIs will determine the experience of the CDFI and quality of loan assets is sufficient. Accordingly, we do not believe there should be a date certain or regulatory determination of CDFI eligibility, beyond having achieved certification.

As the CDFI Fund makes decisions to implement the CDFI Bond Guarantee Program we believe the overarching goal is to develop rules that recognize the diversity of institutions that CDFIs represent and the diverse loan products they offer. A one-size-fits-all approach in the regulations will limit the program's success.

We thank you for the opportunity to offer these comments,

Sincerely,

A handwritten signature in black ink, appearing to read "Jammie S. Hester". The signature is written in a cursive, flowing style.

Members of the CDFI Coalition
August 15, 2011

ACCION USA
Aleutian Financial Inc.
Alternatives Federal Credit Union
Association for Enterprise Opportunity
California Association for Microenterprise Opportunity
Calvert Social Investment Foundation
Carsey Institute, New Hampshire University
Coastal Enterprises, Inc.
Community Development Bankers Association
Community Development Venture Capital Alliance
Community Investment Corporation
Community Reinvestment Fund
Community Ventures Corporation
Council for Native Hawaiian Advancement
El Paso Credit Union Affordable Housing
Enterprise Community Loan Fund
Finance Fund
First Nations Oweesta Corporation
Florida Community Loan Fund
Fresno Community Development Financial Institution
IFF
J. Edward Knight & Company
Local Initiatives Support Corporation
Los Angeles LDC
Lumbee Revitalization & Community Development, Inc.
Kentucky Highlands Investment Corporation
Mississippi Community Financial Access Coalition
Montana Community Development Corporation
National Community Investment Fund
National Development Council
National Federation of Community Development Credit Unions
National NeighborWorks Association
Neighborhood Housing Services of Dimmit County, Inc.
NeighborWorks America
NeighborWorks Capital
NeighborWorks Columbus
Nonprofit Finance Fund
North Carolina Minority Support Center
Northern Shores Loan Fund, Inc.
Ohio Capital Finance Corporation
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Pathstone Enterprise Center

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Self-Help
Shreveport Federal Credit Union
Southern Bancorp
Sunrise Community Banks
Urban Partnership Bank
Valley Economic Development Corporation
Woodstock Institute

Individual Members:

Norman McLoughlin
Robert Hartman