Illinois Facilities Fund

Nonprofit financial and real estate resources
Where nonprofits come first.

Chicago
One North LaSalle, Suite 700
Chicago, Illinois 60602
T 312 629 0060 F 312 629 0061
iff.org

Springfield
730 East Vine Street, Suite 109
Springfield, Illinois 62703
T 217 525 7701 F 217 525 7704
iff.org

January 24, 2005

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attention: No. 2004-53

To Whom It May Concern:

The Illinois Facilities Fund (IFF) urges you to support the current structure of the Community Reinvestment Act by withdrawing your proposed changes to CRA as outlined on November 24th (RIN 1550-AB48). Any changes to CRA would:

- Adversely impact the ability of the Community Development Financial Institution (CDFI) industry to provide low-and moderate-income communities and individuals with access to capital;
- Result in less investments and financial services in low-income and underserved areas;
- Negatively affect community and economic development investments in rural communities.

Importance of CRA to IFF and CDFIs

CRA has promoted investments by financial institutions in the IFF and served as an essential solution to the problem of the denial of access to capital in minority and low-income communities. As a federally certified community development financial institution (CDFI), the IFF offers lending, facilities planning and development, research and related education and advocacy to Illinois nonprofits serving low-income and special needs populations. Since the inception of the IFF, 14 Illinois banks have provided the IFF with over $40 million at below market rates. This financing is essential to the IFF's track record of providing more than $90 million in real estate financing to over 200 Illinois nonprofits, resulting in the creation of 7,500 jobs and development of 3.7 million square footage of new real estate in traditionally financially underserved markets. IFF clients include child care centers, food pantries, supportive housing for families and individuals with developmental disabilities, health clinics in rural areas and faith-based organizations in high-need and low-income communities.

In addition to the IFF, CDFIs in communities throughout the country, such as community development credit unions, revolving loan funds, and venture capital funds, have benefited from similar bank investments. Because of CRA, CDFIs throughout the country have the resources to specialize in providing financial services and access to capital to individuals, small businesses, faith-based or nonprofit community-based organizations in low-income or economically under-invested markets. In 2002 alone, a sample of 442 CDFIs from across the country provided over $6.2 billion in financing, developed 43,000 units of affordable housing, closed 4,100 mortgages and created or maintained more than 34,000 jobs.

The Importance of the Investment Test to Community Development Finance
Under OTS's proposed changes to CRA, OTS regulated banks with more than $1 billion in assets would be able to develop their own CRA examination criteria. Instead of being subject to current performance evaluations that review lending, investing and services to low-and moderate-income communities, these banks could choose not to be subject to the investment and service tests. This change would significantly reduce the amount of community development financing and services in low-income communities.

Since its creation in 1996, the investment test has been vital to the growth of CDFIs and other community development organizations providing access to capital to low-income and underserved communities and individuals. The test was added to the CRA Examination to make the implementation of the law more efficient, effective and performance based with objective standards. The investment test provides banks with CRA credit for investing in financial intermediaries such as CDFIs and CDCs.

Without the investment test, there would be less incentives for banks to provide these essential investments in CDFIs and other community development organizations. And without the investment, it would be increasingly challenging for CDFIs to continue to provide low-and moderate-income communities with access to affordable capital.

Impact on Rural Communities
Many small municipalities and rural areas in Illinois will be negatively impacted by the proposed changes with less community investments targeted to low- and moderate-income areas, especially under the new proposed definition of rural. It is essential to support community development and respond to the unique challenges confronting rural communities, but this response should ensure that resources are targeted to those with the greatest need. Changing the definition of community development to encompass all rural areas instead of just low and moderate income areas will result in less resources in areas with the greatest need. Through IFF lending and investments in many rural areas and small communities throughout Illinois, the IFF knows that there is a great need for investments and capital especially for affordable housing, community facilities and transportation, however, changing the definition of community development to encompass all rural areas will negatively impact low and moderate rural communities with the greatest needs.

Conclusion
CRA has been vital not only for the IFF, but to the growth and sustainability to the Community Development Finance industry and its ability to provide financial services and products to traditionally underserved communities throughout the county. OTS's proposed changes to CRA should be withdrawn in order to ensure the continued growth of this important industry.

Sincerely yours,

Trinita Logue
President
(312) 629-0060