



August 15, 2011

Ms. 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:

Thank you for the opportunity to comment on the implementation of the CDFI Bond Guarantee Program (CBGP). This new CDFI program initiative represents an opportunity to support community and economic development in Indian communities throughout Indian Country. The Indian Land Capital Company (ILCC) strongly supports the program and we urge the CDFI Fund to implement it as quickly as possible.

ILCC was created in 2007 to assist Indian nations in obtaining capital with appropriate terms for returning reservation lands to Indian ownership, management and control. Without the recovery of this land, Indian nations will continue to face their largest impediment to housing, business and economic development. While ILCC has been very successful on many fronts, the financial resources that we need to move to the next level of success are difficult to come by. The CBGP offers an opportunity to jump start the ILCC capital fund and provide a modest step toward the tribal nations' collective capital needs. ILCC will certainly and actively pursue an allocation from the bond fund as it will allow us to return vital land areas to Indian ownership and use and bring cohesiveness to many of our Indian communities.

ILCC staff and board have tracked the development of the CBGP through our loose affiliation with the Opportunity Finance Network (OFN). For the most part, we are very supportive of the comments OFN will submit regarding the implementation of CBGP. There are a few issues or aspects of implementation however that I would like to highlight and others where we might differ to a slight degree.

First, in many of the areas of implementation that you are seeking comment on the question revolves around how much specification or limitation should there be in the rules and regulation of the program. While we can certainly understand that it is important from an administrative perspective to have hard lines, as OFN will point out, the CDFI industry has been borne out of innovation and the various actors find it necessary to continue to pursue innovation on a daily basis. These are largely community-based groups that do not simply construct deals, make the financing available and then wait for the project to rise and fall on its own. Certainly ILCC has been engaged with each Indian nation that we have made a loan to in a way that is far beyond anything seen in the commercial lending industry. I would suggest to you that the maximum range of flexibility should be the hallmark of this program while maintaining a high level of due diligence for all participants in regards to re-payment and goals to be achieved.

Secondly, this is one of the few opportunities of this scope and scale that presently exists to provide an equal opportunity for rural development. While you are no doubt aware, the larger and longer lived CDFI organizations focus on urban areas. A few have ventured into rural America but have not generally had a focus there of any significance. The major sources of support of CDFIs have also focused their resources to a large degree in urban institutions. The focus is not necessarily based on need or even the scale of impact so much as it is on the proximity between funder and a local community. We have few funding and financing resources of significant scale in rural areas. The resources that are available to rural areas are often programmed funds with specific requirements and narrow bounds that fit only a few communities. For rural CDFI organizations, this program could be the flexible, long term patient capital that has been virtually impossible to obtain. We believe that CBGP should allocate 40 percent of the initial two years financing to rural areas as defined by the US Department of Agriculture in 7 CFR Part 3550.

We would encourage you to look beyond the size of organization, available capitalization, or number of transactions when considering applications for the bond pool. Rural organizations and especially those in service of Indian communities have faced the limitations outlined in the previous paragraph and the community needs are very different in many ways from their urban counterparts. Most rural organizations would be larger, more active and able to serve their communities better if only they had the capital. It is not a function of skill or even capacity; it is a function of the lack of appropriate capital for the situation. ILCC for instance has found it difficult to find commercial or non-profit lenders willing to participate in loans with us. The loans the Indian nations require are relatively large and without financing partners, our revolving capital is consumed in a relatively small number of loans. At the same time however, our internal processes and procedures clearly meet very standards and we could comfortably handle several hundred thousand dollars with the addition of perhaps one more staff person.

Finally, OFN will be providing a list of potential measurable outcomes to be used in assessing the impact of CBGP. We have gone through the list several times and can appreciate the attempt to quantify outcomes in terms of jobs, new housing units, businesses, etc. In our world view, community development and the work of a CDFI organization, such as ILCC, needs to be more expansive in its role and what outcomes can be had through its work. We would encourage you to consider adding measures of community cohesiveness, cultural connectedness, and social impact indicators. Certainly many of ILCC's current clients prioritize their land acquisitions as much or more on what the property will do for the culture of the community as they do on what the economic impacts will be of reacquiring the land. We would offer to provide some measurements and methods for quantifying the broader community impacts should you be interested.

Thank you for the opportunity to comment on the CBGP and your consideration of these recommendations and the comments by OFN. Should you wish to have further comment or have any questions regarding the comments we are submitting, please feel free to contact me.

Sincerely,



Cris Stainbrook
Chairman, ILCC Board of Directors