

CDFI Help Desk - CDFI Bond Program

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From: Michael Steininger [mailto:m.steininger15@hotmail.com]

Sent: Monday, August 15, 2011 4:05 PM

To: CDFI HELP

Subject: Comments - CDFI Bond Program

To whom it may concern:

My comments regarding the CDFI Bond Program are as follows:

1) The Small Business Jobs Act of 2010 that created the program intended the programs

created within it to create and promote job growth. In so much as the CDFI Bond Program

provides liquidity for the CDFI loans the lenders will be able to reinvest the proceeds of

the loan sales to further economic activity. The administrative services contemplated in

the act should also create jobs, i.e. the master servicer, loan servicer and program

administrator. In Treasury's selection criteria I suggest that each of these services

should provide greater consideration for qualified individuals / qualified newly created

entities that provide new jobs performing these functions. For example, if qualified

individuals create a new entity to provide master servicing, loan servicing or program

administration services for the CDFI Bond program that generate 1 new job in a rural or

underserved market for each \$100 million of loans serviced or administered up to \$500

million (5 people) the program would provide an economic boost that area. The alternative

is that large money centered institutions will be favored over small newly created entities.

Providing extra points for a new firm promising to create 1 job for each \$100 million of

loan serviced in a rural or underserved market would address the congressional intent of the

Small Business Jobs Act of 2010.

2) The definition of rural has been defined by Congress. When Congress uses that term,

"rural", it requires that the Dept of Treasury use the Congressionally defined term.

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The

Housing Act of 1949 defines the term "rural" as follows;

§ 520 (42 U.S.C. 1490) Definitions . . . , the terms "rural" and "rural area" mean any open

country, or any place, town, village, or city which is not (except in the cases of Pajaro,

in the State of California, and Guadalupe, in the State of Arizona) part of or associated

with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2)

has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character,

or (3) has a population in excess of 10,000 but not in excess of 20,000, and (A) is not

contained within a standard metropolitan statistical area, and (B) has a serious lack of

mortgage credit for lower and moderate income families, as determined by the Secretary and

the Secretary of Housing and Urban Development. For purposes of this title, any area

classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be

"rural" or a "rural area" as a result of data received from or after the 1990 or 2000

decennial census shall continue to be so classified until the receipt of data from the

decennial census in the year 2010, if such area has a population in excess of 10,000 but not

in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for

lower and moderate-income families. Notwithstanding any other provision of this section, the

city of Plainview, Texas, shall be considered a rural area for purposes of this title,

and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this title

until the receipt of data from the decennial census in the year 2000.

Thank you,

Michael Steinger

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