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US Dept. of the Treasury
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By email to cdfihelp@cdfi.treas.gov

Comments on CDFI Bond Guarantee Program
In response to FR Doc. 2011-16682

Dear Ms. Harris:

On behalf of the New Hampshire Community Loan Fund, I am pleased to provide these comments on rules to implement the CDFI Bond Guarantee Program in response to Donna Gambrell's request published in the Federal Register on July 1, 2011.

The New Hampshire Community Loan Fund is a certified CDFI working throughout the State of New Hampshire. Founded in 1983, the Community Loan Fund has been in a leader in the field, a frequent recipient of CDFI Fund FA awards, and the 2009 winner of the Wachovia NEXT Award for our innovative work with manufactured-housing finance. For the purposes of this program, it's worth noting in our credential that no investor has ever lost money in the New Hampshire Community Loan Fund – all lenders have been repaid principal and interest as contracted in our 27 year history.

The Community Loan Fund hopes to participate directly in the Bond Guarantee Program and to use the bond funds to expand our ability to finance resident-ownership of manufactured housing communities. We have already made well over \$60 million in loans to resident-owned communities with an unblemished track record of repayment. We believe that with appropriately priced capital, we and our partners at ROC USA™ will be able to expand access to resident-ownership of parks in New Hampshire and across the nation. With resident-ownership comes stability, financial security, and the advantages of owning an appreciating asset for families with low incomes all over America and especially in non-urban places.

My comments here are focused on key requirements to enable us to participate in this program.

1. **Use of Funds:** To keep the program accessible to mid-sized CDFIs, the rules should affirm that an eligible use of the funds is to capitalize revolving loan funds. Moreover, the act of capitalizing

such a fund should be viewed as an eligible distribution of the funds and counted toward the 90 percent investment requirement.

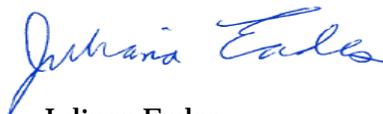
2. **Definitions:** The definitions contained in the Riegle Community Development Banking and Financial Institutions Act of 1994 have served the CDFI Fund well and have met our needs for deploying resources to low-income New Hampshire residents. We urge you to adopt the same definitions to guide the Bond Guarantee Program. Any effort to more narrowly define where investments can be made runs the risk of excluding low-income families and whole communities who happen to reside within relatively affluent settings or who, because of a fluke of the geography and averaging are deemed insufficiently “rural” or disadvantaged.
3. **Guarantee Provisions:** Keep the price of this capital as low as possible. We serve low-income households and *cannot do so* if the price of capital gets too high. As a CDFI we provide capital where others won’t and we have successfully managed that risk through a variety of programs that support our underwriting standards and the performance of our borrowers. The CDFI Fund cannot price this money to perceived risk without jeopardizing the ability of CDFIs to deploy the funds as Congress intended. We are supportive of your efforts to simplify implementation in ways that would lower costs and keep the resultant pricing as low as possible to enable us to best serve low income families ability to participate fully in the economy.
4. **Eligible Entities/Use of Funds:** In several places, the request for comments asks whether the results of an independent third-party credit rating agency should be used to measure a CDFI’s eligibility or risk. We recommend that the industry’s CARS rating system be used wherever an independent analysis or underwriting is required for this program. The NH Community Loan Fund has been rated three times by CARS and we have found the process fair and thorough. The ratings have been useful to our investors. The CDFI Fund should rely on the CARS system as well and should certainly *not* create a system that would require CDFIs to obtain another firm’s rating.

I hope that these points are useful. They are critically important to us as a potential user of the Guarantee Program.

Please also give due consideration to the thorough analysis and position paper submitted by the Opportunity Finance Network. The NH Community Loan Fund has added its name to that submission because its positions are based on the shared experience of scores of CDFIs across the country.

We are proud to be part of that successful experiment in community development and hope to be able to use the Guarantee Program to broaden and deepen our impact on low-income households across New Hampshire.

Sincerely yours,



Juliana Eades
President