

# News & Views

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## *Community Organizations Receive \$51 Million in Awards*

Tony Brown, director of the U.S. Treasury's Community Development Financial Institutions Fund, recently announced that his organization has awarded more than \$51 million to 148 community-based organizations across the country.

These organizations, known as community development financial institutions (CDFIs), work in distressed communities that lack adequate financial services. CDFIs include community development banks, credit unions, and various loan funds including microenterprise and venture capital programs.

The CDFIs provide a wide range of financial products and services, including commercial loans and investments to start or expand small businesses, financing for needed community facilities, mortgage financing for first-time and minority home-buyers, loans to rehabilitate rental housing, and financial services needed by low-income households and small businesses.

In addition, these institutions provide services to help ensure credit is used effectively, including technical assistance to small businesses and credit counseling to consumers.

"The role of CDFIs in our communities is very important. These communities have special needs that are being met by the innovative and flexible services offered by these organizations," Director Brown said.

The awards were in three CDFI Fund programs:

- The Core and Intermediary Component, the Fund's original and largest program;
- The Small and Emerging CDFI Assistance (SECA) Component, which assists small or emerging CDFIs with both technical and financial assistance;
- The Native American CDFI Technical Assistance (NACTA) program, which targets organizations serving Native American and Alaska Native communities.

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## Organizations Receive \$51 Million *continued from page 1*

### Profiles of CDFI awardees in states served by the Chicago Fed

#### Illinois

**Chicago Community Loan Fund**  
Chicago  
(2002 CDFI Program – Core)  
**Award:** \$800,000 (\$500,000 grant  
and \$300,000 loan)

A non-profit loan fund established in 1991, Chicago Community Loan Fund (CCLF) provides financing for affordable housing development projects, housing co-op development projects, social enterprise business endeavors and community facilities projects. CCLF provides financing to both non- and for-profit entities, but primarily serves a niche of smaller and mid-sized community development corporations and other community development organizations in Chicago. The \$500,000 grant and \$300,000 loan will assist CCLF in expanding its lending for housing, business and facilities loans.

**Community Investment Corporation**  
Chicago  
(2002 CDFI Program – Core)  
**Award:** \$1,963,066

Community Investment Corporation (CIC) is a non-profit organization incorporated in 1973. CIC's mission is to conserve and revitalize older neighborhoods and low- and moderate-income housing in the Chicago metropolitan area. CIC provides loans for the acquisition, rehabilitation and upgrade of multi-family buildings, and will use \$1,500,000 of the CDFI Fund grant for loan capital.

**Greater North Pulaski Local Development Corporation**  
Chicago  
(2002 CDFI Program – Core)  
**Award:** \$34,000

Greater North Pulaski Local Development Corporation (GNPLDC) was established with a mission to promote and assist the economic development and revitalization of the Greater North Pulaski area of Chicago. GNPLDC has programs that focus on community building, real estate development and workforce development. The technical assistance award will be used to facilitate GNPLDC's strategic planning.

**IBC Community Development Corporation**  
Chicago  
(2002 CDFI Program – SECA)  
**Award:** \$128,000

IBC Community Development Corporation (CDC) is a non-profit organization established in 2001. Its mission is to promote community and economic development in underserved communities in the Chicago metro area, especially the Uptown and Chinatown neighborhoods in Chicago, as well as Stone Park, a western suburb. As a start-up CDC, it plans to offer the following products: micro loans (\$500 to \$2,500), Individual Development Accounts, and development services in the form of computer-based training modules and a three-part course designed to enhance financial literacy. The technical assistance award will be used for staff to develop internal loan policies and procedures; consulting

services associated with developing a capitalization strategy and a marketing plan; and technology associated with the computer-based financial literacy training modules.

**Illinois Facilities Fund**  
Chicago  
(2002 CDFI Program – Core)  
**Award:** \$2,000,000

The Illinois Facilities Fund (IFF) provides financial and consulting services to non-profit social and community development organizations in the areas of facilities acquisition, construction and renovation. The award to IFF will be used to increase the menu of products and services it provides to non-profit organizations that serve low-income families throughout Illinois.

**International Bank of Chicago**  
Chicago  
(2002 CDFI Program – Core)  
**Award:** \$500,000

International Bank of Chicago was established in 1992 in response to a growing concern over predatory lending practices prevalent in metropolitan Chicago's low-income and ethnically mixed communities. It will use the Fund's \$500,000 grant to pilot and expand its ACCESS loan program. This program will consist of personal loans to qualified individuals in need of money due to an unexpected emergency, such as health care payments, prevention of foreclosures or payment of delinquent taxes.

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## Communications

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## Organizations Receive \$51 Million *continued from page 2*

### Iowa

#### Mississippi Valley NHS, Inc.

Davenport  
(2002 CDFI Program – Core)  
**Award:** \$500,000 (\$250,000 grant and \$250,000 loan)

Mississippi Valley Neighborhood Housing Services (formerly Davenport NHS) was created in 1981 to provide housing services to low- and moderate-income neighborhoods in Davenport, Iowa. It recently expanded to include the areas of Bettendorf, Iowa and Rock Island and Moline, Illinois, and the surrounding seven-county area. With the expansion, the organization changed its name to Mississippi Valley NHS (MVNHS). The Fund's support, in the form of \$250,000 grant and \$250,000 loan, will enable MVNHS to provide more first mortgage loans across this region.

### Michigan

#### Michigan Housing Trust Fund

Lansing  
(2002 CDFI Program – Core)  
**Award:** \$285,000

Michigan Housing Trust Fund (MHTF) was founded in 1985 to provide capital and technical assistance to support the building and rehabilitation of affordable housing for low-income individuals, groups and communities throughout Michigan. The applicant provides pre-development, land acquisition, construction and housing rehabilitation loans to community-based organizations developing affordable housing for low- and moderate-income families and individuals. The Fund's grant will help MHTF implement a new land assembly loan product for site acquisition for further housing development. Technical assistance will be used to enhance staff capacity and organizational development.

#### Hannahville Indian Community

Wilson (2002 CDFI PROGRAM - NACTA)

**Award:** \$50,000

The Hannahville Indian Community (HIC) is a federally recognized Indian tribe in Wilson, Michigan. HIC is dedicated to promoting the health and economic well being of current and future tribal members. To this end, HIC plans to establish the Hannahville Indian Community's Community Development Financial Institution (CDFI). The CDFI will provide consumer loans, business loans, venture capital, and financial education and counseling. The Fund's \$50,000 technical assistance grant will enable a team of consultants to provide HIC with a business plan, needs assessment and product development services to be used in the development of the CDFI.

### Wisconsin

#### Impact Seven, Inc.

Almena  
(2002 CDFI Program – NACTA)  
**Award:** \$73,000

Impact Seven, Inc., is a non-profit business loan fund that serves low-income people throughout the state. Impact Seven and its partners, the Red Cliff Band and Local Development Corporation, seek to create a Native American CDFI at Red Cliff (NACRC). A NACTA technical assistance grant of \$73,000 will be used by Impact Seven and its partners to obtain consulting services to develop a market analysis and marketing and capitalization strategies.

#### Lac Courte Oreilles Federal Credit Union

Hayward  
(2002 CDFI Program – NACTA)  
**Award:** \$25,800

Lac Courte Oreilles Federal Credit Union (LCOFCU) is a newly certified CDFI serving

residents of the reservation by the same name in northern Wisconsin. LCOFCU provides savings products in addition to secured, unsecured and automobile loans for its members. A technical assistance grant of \$25,800 from the Fund will allow the credit union to hire a consultant to perform an evaluation of the service delivery, to draft policies and procedures, to audit and set up a general ledger system, and to develop a Web site.

#### The Dane Fund, Inc.

Madison  
(2002 CDFI Program – SECA)  
**Award:** \$192,000

The Dane Fund, Inc., (Dane) is a non-profit housing loan fund serving urban and suburban communities in Dane County, Wisconsin. Dane primarily proposes to provide loans to support affordable housing development and community facilities lending, benefiting economically disadvantaged individuals and neighborhoods. The technical assistance award will support Dane County's strategic and capitalization planning efforts, and acquisition of technology and training.

#### American Indian Chamber of Commerce of Wisconsin, Inc.

Milwaukee  
(2002 CDFI PROGRAM – NACTA)  
**Award:** \$90,000

The American Indian Chamber of Commerce of Wisconsin (AICCW) in Milwaukee was formed in 1991 by a group of Native American business people with a mission of promoting member businesses, with an emphasis on Indian-owned businesses, joint ventures and professional associations. AICCW will use the Fund's technical assistance grant of \$90,000 to create a business loan fund for member organizations. The award will be used to hire consultants to develop a business plan, a

capitalization plan and products; to conduct a market analysis and the loan fund's first audit; and to provide board member training sessions.

The CDFI Fund's mission is to expand the capacity of financial institutions to provide capital, credit and financial services in underserved markets. Its vision is an America in which all people have adequate access to affordable credit, capital and financial services. ■

*For additional information on Community Development Financial Institution Fund programs, contact the Consumer and Community Affairs Division of the Federal Reserve Bank of Chicago at 312/322-8232 or visit the Fund's Web site at [www.treas.gov/cdfi](http://www.treas.gov/cdfi).*

## Finance

### *Hispanic Banking Forum Held in Chicago*



The Federal Reserve Bank of Chicago, the Office of the Comptroller of the Currency and the Federal

Deposit Insurance Corporation recently co-sponsored a Hispanic Banking Forum to help bankers address the special needs of the growing Hispanic market.

The Hispanic population in the Chicago area, throughout Illinois and the nation has expanded rapidly over the last decade – with the Hispanic population in Illinois growing faster than in all but a few states. Much of this growth comes as a result

of immigration from Mexico, a country whose retail banking system is structured much differently from that in the U.S.

Consequently, many Mexican immigrants are not accustomed to conducting their financial affairs through our mainstream banking system. Like millions of other Americans, they use non-bank financial services such as check cashiers, wire transfer agents and sub-prime mortgage companies. In fact, people have turned to the non-bank financial services industry in such great numbers that it is a quickly growing, multi-billion dollar sector that generates very high profit margins.

It is estimated that the fees the unbanked and underbanked pay to check cashiers and payday lenders alone add up to nearly \$4 billion a year.

Some studies have estimated the return on assets in the payday loan industry in Chicago, for example, to be as high as 24 percent.

These nonbank companies are conveniently located, have long hours, employ staff from the communities where they are located, and provide their services at considerable cost.

Banks can tap into this growing market. The key, however, is to find a way to provide comparable

banking services at a reasonable, risk-related profit.

Fortunately, many banks recognize the benefits of serving the Hispanic population, and the conference provided a forum for bankers to exchange ideas and discuss best practices for outreach to this group. ■

### *Micro-Business-Friendly Banks: Where to Go for Micro-Business Loans*

The Small Business Administration recently released its latest edition of *Micro-Business-Friendly Banks in the United States*. Published August 2002, this report contains research prepared by the Office of Advocacy of the U. S. Small Business Administration.

The report helps small firms identify banks in each state that are “micro-business-friendly.”

In addition to their small-business lending programs for amounts over \$100,000, these institutions are lending in

amounts under \$100,000. The numbers reflect both the results of banks supplying loans and small firms’ demand for loans.

#### **Highlights include:**

- The dollar value of small business lending continued to increase in 2001, although more slowly than in the recent past. Micro-business loans outstanding totaled \$126.8 billion in June 2001— an increase of \$5.4 billion or 4.4 percent over 2000.
- The number of micro-business loans continued to increase at a rapid rate – by 10.1 percent,

compared with increases of 5.9 percent and 7.0 percent in larger small business loan categories.

- Available evidence finds the source of much of the increase in micro-business loans to be the promotion of business credit cards by major banks and finance companies. Non-credit-card related loans under \$100,000 increased by 2.3 percent in amount and by less than 1 percent in number, according to preliminary findings. In 2000, some 764 large banks and bank holding companies made 4.15 million

micro-business loans valued at \$55.2 billion, according to Community Reinvestment Act data. ■

*For additional information, comments and suggestions, contact the Office of Advocacy, U.S. Small Business Administration, Mail Code 3112, Washington, DC 20416. The complete study is available on the Internet at <http://www.sba.gov/advo/stats/lending> or on microfiche from the National Technical Information Service, Springfield, VA 22161, telephone 703/487-4650.*

## Women's Bureau Addresses Financial Education in Asian American Communities



In Chicago, the Women's Bureau of the U.S. Department of Labor has launched a financial education initiative to meet the needs of the Asian American community. To date, six *Money Smart* classes have been held in Chinatown, and plans for a graduation ceremony are underway.

At the same time, community leaders and bankers in the Korean American community are working together with the Women's Bureau and the University of Illinois Extension Service to develop a program to serve the financial education needs of its community.

In Wisconsin, the Women's Bureau sponsored a financial education project, entitled "The Financial Education Blueprint,"

initiated by the Wisconsin Women's Council. The Blueprint includes a PowerPoint presentation, teaching aids and publications on personal finance, credit, saving and investing. The entire package is available on-line at [www.state.wi.us](http://www.state.wi.us). ■

For additional information on Department of Labor Women's Bureau programs, contact Nancy Chen, regional administrator, at 312/353-6985 or 800/648-8183.

The U.S. Department of Labor Women's Bureau recently announced the availability of funds for the "Women in Apprenticeship and Nontraditional Occupations" (WANTO) grant projects. The funds are available for the fiscal year beginning October 1, 2002.

## Funds Available for Women in Apprenticeship and Nontraditional Occupations

WANTO grant funds are awarded to eligible community-based organizations, including faith-based organizations, to provide employers and labor unions with technical assistance geared toward the successful placement and retention of women in apprenticeship and nontraditional occupations.

"Apprenticeship is a great opportunity for women to gain valuable skills that can advance their careers with better paying jobs," said Women's Bureau Director, Shinae Chun. "By expanding the skills of America's working women, we are addressing the needs of our workforce and assisting women in the development of rewarding careers. When women win, families win."

For the past eight years, the Women's Bureau has awarded grants to qualified community-based organizations for the purposes of increasing the number of women in high-skilled occupations. The program also benefits


employers who are trying to retain an apprenticeship workforce by providing them with trained and dedicated workers.

The Women's Bureau administers the grants jointly with the Labor Department's Office of Apprenticeship Training, Employer and Labor Services. ■

Additional information may be obtained from the August 1, 2002 issue of the *Federal Register* or from the Women's Bureau Web site at [www.dol.gov/dol/wb/](http://www.dol.gov/dol/wb/).

[www.chicagofed.org](http://www.chicagofed.org)

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## *PAID's Savings Account Matching Program Sees First Graduates*

The nonprofit Partnership Accounts for Individual Development (PAID) organization recently graduated the first participants in its Individual Development Account (IDA) program.

IDAs are special savings accounts in which a family's savings are matched by public and private funds. IDAs help facilitate wealth building among low- and moderate-income families through incentives to save for education or certain assets.

Families in the PAID program that save \$1,000 receive \$2,000 in matching funds supplied by private funders and the Illinois Department of Human Services. Participants can use their savings – in conjunction with the 2:1 match – to purchase a house or make home repairs, purchase a car or make car repairs, pay for post-secondary education, or develop a small business.

To date, participants have used their IDAs and match money to purchase a home and cars. These purchases assist low-income families in building assets. In addition, because participants make their purchases within the local community, local banks and businesses benefit from the program as well.

Located in Champaign, Illinois, PAID is one of three Financial Links for Low Income Persons (FLLIP) pilot IDA sites in the state. Participants in the PAID program must attend ten hours of general financial education on topics such as understanding

credit, making spending choices and using savings accounts. Participants also must receive six hours of asset-specific education related to the asset the participant wants to purchase. At the same time, participants make a \$20 minimum monthly deposit to a savings account, to save up to \$1,000 toward their asset goal.

### **Participant Profiles**

Currently, 65 participants are enrolled in IDAs, and three have completed the program and purchased their asset. All participants have a minor child in the home and a household income at or below 200 percent of the federal poverty level.

Sixteen percent of the participants have a monthly household income between \$100 and \$1,000, 59 percent have a monthly household income between \$1,001 and \$2,000, and 25 percent have a monthly household income above \$2,000. Sixty-four percent of the participants are working full-time, 18 percent work part time, 10 percent are working and in school and 8 percent are working more than full time. Eighty-two percent of participants are African-American, 17 percent are Caucasian and 1 percent are Latino/Pacific Islander/Asian or biracial.

Participant Vernon Ingram recently purchased a new house with his IDA savings. "It's a beautiful program," Vernon said. "I learned about saving, and what to buy and what not to buy, and how to put money away for when

you need it. It's wonderful. We're having a great time in our house. It's nice to be outside and have some privacy."

### **Partners involved at many levels**

The first round of the PAID program is scheduled to end in October 2003. To develop and deliver the program, PAID partnered with nine local community organizations, including social service providers and faith-based groups.

Partner organizations have assisted with recruitment, provided ongoing support for their participants, and coordinated the 10 hours of financial literacy education required.

The partnership includes staff from Busey Bank, Canaan Missionary Baptist Church, Center for Women in Transition, The Church of the Living God, Habitat for Humanity of Champaign County, Housing Authority of Champaign County, Restoration Urban Ministries, Urban League of Champaign County and Vineyard Christian Fellowship.

Funding partners for the first round of the program include:

*Allstate  
Bank of Lisle  
Bank One Champaign  
Bank One Foundation  
Blossom Basket  
Busey Bank  
Canaan Credit Union  
Charter One Bank  
Cole Taylor Bank  
Federal Home Loan Bank*

*Fifth Third Bank  
FLLIP Coalition  
Grand Victoria Foundation  
Guaranty Bank  
Illinois Department of  
Human Services  
Itasca Bank & Trust of Chicago  
Joyce Foundation  
LaSalle Bank  
Lisle Savings Bank  
Partnership Illinois  
Regency Bank  
Richard Driehaus Foundation  
Robeson, Inc.  
United Community Bank of Lisle*

The second round of the PAID program is set to begin this fall, enrolling between 25 and 500 participants, depending on the level of funding available. Committed second-round funders include Bank of Illinois, Bank One, Busey Bank, Champaign County Association of Realtors, First Federal Savings, Hessel Park Church and Partnership Illinois. ■

*For additional information about the PAID program, contact PAID president Valerie McWilliams at 217/356-1351 or via e-mail at [vmcwilliams@lollaf.org](mailto:vmcwilliams@lollaf.org)*

## *MBDA Launches Minority Equity Capital Access Program*

The Minority Business Development Agency (MBDA) of the U.S. Department of Commerce launched a new initiative, the MBDA Equity Capital Access (MECA) program, to close the gap that exists for minority entrepreneurs in gaining access to equity capital.

The program was part of Minority Enterprise Development (MED) Week 2002 held in Washington, D.C., September 23-27. This effort represents an enhancement of MBDA's current capabilities in successfully linking minority entrepreneurs with start-up and growth capital.

MECA included:

- A nationwide business plan competition for high-growth minority entrepreneurs.
- A "boot camp" training program, at MED Week 2002, for competition finalists.
- A panel presentation and pitch session, at MED Week 2002, for all participants.

Two hundred minority entrepreneurs were selected to receive a free business plan evaluation, which provided them with detailed comments on the strengths and weaknesses of their plan. The top 25 candidates from the evaluation process were invited to attend the MED Week boot camp, which will help prepare them for success in seeking equity capital.

Successful business plan competition applicants were minority businesses seeking over \$1 million in equity funding in high-growth industries such as biotechnology, software development, security, networking and equipment, telecommunications, financial services, media and entertainment, and retailing/distribution. Highly qualified applicants in other industries were also considered.

Companies have defined exit strategies that have the potential to return 10 times the investment in three to six years.

The MBDA retained the Emerging Venture Network (EVN) to conduct the program.

### **About the Minority Business Development Agency**

The Minority Business Development Agency of the United States Department of Commerce is the only federal agency created specifically to foster the establishment and growth of minority-owned businesses in America. MBDA is dedicated to becoming an innovative and entrepreneurially focused organization, committed to empowering minority-business enterprises for the purpose of wealth creation in minority communities. Ronald N. Langston was appointed the 14th national director of the MBDA on March 19, 2001.

### **About the Emerging Venture Network**

The Emerging Venture Network is a non-profit organization headquartered in Washington, D.C. EVN's mission is to stimulate the growth of high-impact compa-

nies led by minority entrepreneurs by providing access to education, training and venture resources. Through EVN's education, training and evaluative services, emerging entrepreneurs learn how to grow their businesses by obtaining equity capital. Through EVN programs, entrepreneurs gain access to investors and venture resources, and investors learn about the potential of minority firms. ■

*For more information on Minority Business Development Agency programs, contact Al Whitaker at 312/353-0187 or [awhitaker@mbda.gov](mailto:awhitaker@mbda.gov).*

## *Sustainable Community Development: What Works, What Doesn't and Why*

The Community Affairs Offices of the Federal Reserve System are jointly sponsoring their biennial research conference, Sustainable Community Development: What Works What Doesn't and Why. The conference will bring together a diverse audience from academia, financial institutions, community organizations, foundations and government to learn about research in the community development arena.

March 27-28, 2003 • Capitol Hilton Hotel • Washington, D.C.

For more information about the conference, contact:

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