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Loan Pools May Be Answer to Meeting CRA Mandate

By Lyn Haralson
Community Affairs Specialist

Minimized risk. Community Reinvestment Act (CRA) credit. Community development loan pools provide the opportunity to simultaneously achieve both.

Similar to revolving loan funds, loan pools have gained momentum in recent years. They are seen as a way to help financial institutions efficiently and effectively meet requirements of the CRA investment test. Since the CRA's inception in 1977, financial institutions have struggled with achieving a balance between safety-and-soundness requirements and meeting the needs of their entire community. CRA-qualified community development loans and investments often carry a slightly higher risk, making them less attractive from a safety-and-soundness perspective.

So what makes a community development loan pool different?

Because this type of financing comes in a variety of forms, this article will focus on general aspects of loan pools. The characteristics that distinguish loan pools from other forms of community development

finance are multiple investors, a targeted focus and less-than-market-rate return to investors. The existence of multiple investors creates a

shared-risk environment that allows for more flexible loan criteria than with one financial institution. Community development revolving loan funds with the same characteristics are considered loan pools.

Community development loan pools have been used across the globe to help small businesses get their feet on the ground, to help families achieve home ownership, and to assist nonprofit

and for-profit developers with affordable-housing predevelopment costs.

Projects previously considered too

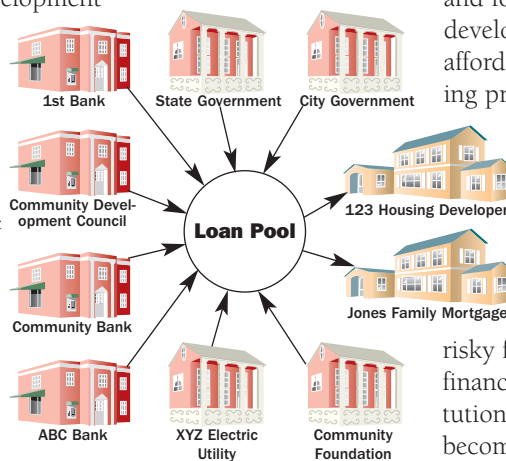
risky for one financial institution have become funded successes through

this shared-risk environment. The central purpose of community development loan pools is to fill financing needs in a community where credit demands are not or cannot be filled by

individual conventional financial institutions.

Community development loan pools can be structured in a variety of ways and have very specific purposes directed at an identified community need. Some pools require equal investments from their investors, while others allow investors to decide in what share of the total they want to invest. Many loan pools consist of public, private and individual investments.

Regardless of the structure, financial institutions that make investments may receive CRA investment test credit for their total investment or CRA lending test credit for a percentage of the pool's loans equal to the percentage of their investment. For example, assume ABC Bank's investment is 10 percent of the total pool. (See illustration.) ABC Bank could count 10 percent of the loans to the Jones



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Family and 123 Housing Developer, as well as every loan made from the pool. In addition, as explained in the Interagency CRA Questions and Answers document, a financial institution may elect to have part of its investment considered under the lending test and the remainder under the investment test.

The real advantage for a large bank with an extensive service area is that a loan pool gives the bank the ability to make a bigger impact at a more localized level. However, what if a small bank wishes to invest in a pool that makes loans statewide, but the bank's service area is only one county? Small banks with this concern usually can ask that their investment be restricted to loans in their service area. According to the Interagency CRA Questions and Answers,



Hook and Ladder #2, one of the first firehouses in downtown Louisville, was converted into three loft-style apartments, with an art gallery on the first floor. The Downtown Housing Fund provided a 10-year, \$45,000 second mortgage with an 8.5 percent interest rate.

an institution's activity also is considered a community development loan or qualified investment if it supports an activity that covers an area that is larger than, but includes, the institution's assessment area.

Probably the most serious concern for investors is who controls the money. Traditionally, funds are administered by a nonprofit organization, a state development finance authority or an economic development agency. Loan decisions are made by a committee of individuals representing the investing organizations. In pools where investors

are too numerous for each to have representatives on the loan committee, a smaller committee is appointed to make loan decisions on behalf of the group.

In addition to shared risk and community impact, benefits of loan pools include more flexibility in loan terms and eligibility criteria and a constant source of financing tailored to a community's needs.

Concerns that financing projects through a loan pool might reduce a bank's visibility in the community are mitigated by customers' continuing need for direct financing. Clients usually are directed to a loan pool only when direct bank financing is not possible.

Finally, it's important for those involved in community development to realize loan pools are only one of many community development financing tools. However, they might be the answer for a community with specific and ongoing needs that require financing with an elevated risk.

In the Beginning, Prep Work Is Important

For communities interested in developing a community development loan pool, several initial steps must be taken:

- 1) Identify the community's needs.**
- 2) Assess financing currently available to meet those needs.**
- 3) Ask the organizers of a loan pool or fund that meets similar needs in another community to provide a mentor.**
- 4) With the mentor's help, identify groups that would be interested in investing.**
- 5) Hold a meeting for the mentor to address interested investors.**



Industrial Steel Fabrication in Hazelwood, Mo., used a \$170,000 loan from the St. Louis Business Development Loan Fund to support an expanding business environment.

Loan Pools in Fed District

Community development loan pools operating in the Federal Reserve Bank of St. Louis district include:

Downtown Housing Fund Louisville, Ky.

Fund asset size: \$7.5 million

Administrator: Downtown Development Corp.

Loan range: 10 percent to 20 percent of total debt of each project

Service area: Downtown Louisville

Partners/investors: Bank of Louisville, Bank One, Brown-Forman Corp., Brown & Williamson Tobacco Corp., Fifth Third Bank, Firststar Bank, Humana Inc., LG&E Energy, City of Louisville, Louisville Community Development Bank, National City Bank, Norton Healthcare, Papa John's, PNC Bank, and Stock Yards Bank and Trust Co.

Purpose: To provide low-cost loans to developers engaged in constructing or renovating market-rate housing units in downtown Louisville.

Heart of Danville Million-Dollar Loan Program Danville, Ky.

Fund asset size: \$1.2 million

Administrator: Boone Community Development Council and Heart of Danville Main Street Program

Loan range: \$10,000 to \$100,000

Service area: Boyle County, Ky.

Partners/investors: Bank One, Central Kentucky Federal Savings Bank, Community Development Council, City of Danville, Farmers National Bank, Heart of Danville Main Street

Program, Heritage Community Bank, National City Bank and U.S. Bank.

Purpose: To provide loans to business district property owners to rehabilitate their real estate. The loans can be used to renovate the exterior of buildings, preserve the structure or change the interior to accommodate a business prospect's needs. Loans also can be made to entrepreneurs to provide seasonal working capital or leasehold improvements or to expand into new product lines.

Memphis Business Opportunity Fund Memphis, Tenn.

Fund asset size: \$2.5 million

Administrator: Southeast Community Capital

Loan range: \$35,000 to \$500,000

Service area: Memphis area

Partners/investors: First Tennessee Bank, Memphis Division of Housing and Community Development, National Bank of Commerce, Southeast Community Capital and Union Planters Bank.

Purpose: To provide funding for small and minority-owned businesses. Three bank investors have invested \$1.5 million, and the Memphis Division of Housing and Community Development has set aside a loan loss reserve of \$1 million.

St. Louis Business Development Loan Fund St. Louis

Fund asset size: \$3.6 million

Administrator: St. Louis County Economic Council

Loan range: \$50,000 to \$200,000

Service area: St. Louis Metropolitan Statistical Area

Partners/investors: Allegiant Bank, Bank of America, The Bank of Edwardsville, Cass Commercial Bank, Commerce Bank, Economic Development Center of St. Charles County, First Bank, First Federal Savings & Loan Association, Heartland Bank, Irwin Union Bank, Jefferson Bank and Trust, Keystone Bank, Lindell Bank, Midwest BankCentre, Missouri State Bank, Pioneer Bank & Trust Co., The PrivateBank, Royal Banks of Missouri, St. Johns Bank & Trust Co., St. Louis County Economic Council, St. Louis Development Corp., Southern Commercial Bank, Southwest Bank of St. Louis, Union Planters Bank and U.S. Bank.

Purpose: To provide loans to companies in the St. Louis region seeking permanent working capital and leveraged buyouts.

Brochure on Home Loans Translated into Spanish

A brochure that warns consumers of potential borrowing pitfalls, including high-cost home loans, is now available in Spanish.

Titled *Utilizar Su Hogar Como Garantía para un Préstamo es Arriesgado (Putting Your Home on the Loan Line Is Risky Business)*, the brochure encourages consumers to shop around before taking out a home equity loan. High-cost loans using one's home as security can result in homeowners losing their home and money.

For homeowners who decide a home equity loan is right for them, the brochure provides tips on how to get the best financing deal possible. It also suggests that borrowers should have a knowledgeable friend, attorney or housing counselor review loan documents. The brochure includes a shopping checklist and information on canceling a loan.

The publication was produced by the federal Interagency Task Force on Fair Lending, whose members are: the Department of Housing and Urban Development, Department of Justice, Federal Deposit Insurance Corp., Federal Housing Finance Board, Federal Reserve Board, Federal Trade Commission, National Credit Union Administration, Office of the Comptroller of the Currency, Office of Federal Housing Enterprise Oversight and Office of Thrift Supervision.

The brochure is available on the Federal Reserve Board's web site at www.federalreserve.gov/pubs/risky-homeloans/riskyspanish.htm. A PDF version is provided so that consumer groups, financial institutions and other organizations can print copies for distribution to their clients and customers.

Rural Communities Look for Entrepreneurial Spirit

Entrepreneurs do not operate in a vacuum. Outside factors, such as where they live, can affect their success...or lack of it. In rural areas, where resources often are scarce, entrepreneurs might find it even more difficult to build their businesses.

The rural community's role in the process is vital. It can provide a supportive environment for entrepreneurs or inadvertently create an environment lacking the right combination of resources and support. Understanding the conditions that either support or hinder entrepreneurial activity is useful information for communities interested in fostering startup businesses. Knowing how to assess current community conditions and changes in entrepreneurial activity that are the result of specific programs and policies is also useful.

The Rural Entrepreneurship Initiative (REI) was created in 1999 by the Ewing Marion Kauffman Foundation, Rural Policy Research Institute, Partners for Rural America, National Rural Development Partnership and the Nebraska Community Foundation to strengthen rural America through entrepreneurship. REI also supports learning that enables rural America to build a stronger and more supportive environment for entrepreneurship.

In 2000, Missouri and three other states (Maine, Minnesota



and West Virginia) were selected to participate in REI's Discovery State Academy Program. The purpose was to help leaders in these states better understand rural entrepreneurial opportunities and then develop programs and policies that support entrepreneurship. The Discovery State Academy Program began

in Colorado and Texas the following year.

The Missouri REI team knew the U.S. Small Business Administration considered nearly 98 percent of Missouri's businesses "small," and that they represented almost 50 percent of the state's total employment. In rural Missouri communities, as in

most places, there is a wide spectrum of economic development activities. At one end are communities where businesses are beating a path to their door, offering good job opportunities. At the other end, the daily battle is to retain the few remaining retail establishments that bring in just enough sales-tax revenues to keep county services operating. For certain, the team knew little about what accounts for this unevenness in entrepreneurial activity and what makes a culture of entrepreneurship.

The team set out to test a Kauffman Foundation theory that every community has a culture related to entrepreneurship and that each could make improvements to its entrepreneurial environment. In reviewing and discussing the latest research, the team focused on four questions:

1. What are the environmental factors that influence rural entrepreneurship?
2. How can a community measure how healthy the entrepreneurial climate is?
3. How can these measurements be used in the decision-making process to choose programs and policies that will have a positive impact on the community's entrepreneurial climate?
4. What benchmarks can be used to measure changes in entrepreneurial activity over time?

Assessment Tool Developed

As a result of the research, Missouri REI worked with the Community Policy Analysis Center (CPAC) at the University of Missouri-Columbia to design a user-friendly assessment tool for rural communities to measure variables that influence entrepreneurial activity. The tool contains questions related to 10 variables that have an impact on the entrepreneurial climate of a community. Both tangible and intangible factors were identified, and questions were designed to solicit perceived performances in each of these 10 factors. (See Page 6.)

The researchers developed a 65-question survey to quantify the perceived importance and performance of the variables identified as instrumental in a community's entrepreneurial climate. Perceptions of a community's performance in areas such as loan availability, education and training opportunities then could be compared with data available from secondary sources. Survey information can serve as a baseline for a community to compare its performance with future years.

In addition, it might be of some value for communities to compare their scores with communities of similar population size or comparative proximity to an urban center. An analysis that tracks changes of the perceived climate for entrepreneurs among a number of communities—along with documentation of strategies and policies implemented to improve

a community's entrepreneurial climate—might lead to theories of what community variables and strategies have an impact on entrepreneurial activity.

Field Testing and Survey Results

The Missouri communities of Fayette, Albany and Dexter were selected for field testing the assessment tool primarily on the basis of differences in their population, proximity to metropolitan areas, and availability of economic development staff to coordinate interviews with key people in the community.

conducted in the three communities. In Fayette and Albany, on average, one-hour, face-to-face surveys were completed. In Dexter, CPAC staff made a presentation on the intent of the REI project at a chamber of commerce event. Because a large percentage of the business community was in attendance, the questionnaire was distributed and individuals completed it over the next hour.

At least 20 people were surveyed in each of the three communities. Of the 63 people who completed surveys, 37 were business owners. The majority

example. As anticipated, less-tangible factors are harder to measure. The tool developed as part of this research serves as a starting point for communities that want to improve their entrepreneurial environment.

Conclusion

The self-assessment tool created by this project can be used to establish a baseline for the current entrepreneurial climate within a community. As an increasing number of rural communities use the tool, more will be learned about the factors that influence entrepreneurial development. Over time, researchers also will learn which local strategies produce results and in what kind of time period. The findings might help shape programs and policies at local, state and national levels.

During 2003, the Missouri Rural Opportunities Council partnered with CPAC to continue refining the assessment tool and to develop a guidebook that includes strategies for enriching a community's entrepreneurial environment. A revised version of the assessment tool went through a second field test in the three original communities plus nine additional rural communities. Preliminary responses indicate a strong interest in using the assessment tool and guidebook to target key areas for improving a rural community's entrepreneurial climate. A series of forums are scheduled throughout Missouri to intro-

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The Community Affairs staff at the Federal Reserve Bank of St. Louis is focusing its efforts on small business and entrepreneurship during 2004 and 2005. This is the second of several articles scheduled in Bridges on those topics.

Local economic development professionals were asked to arrange face-to-face interviews with individuals in the business community. The survey was not intended to be a random sampling. Rather, it targeted those with experience and knowledge of the community's entrepreneurial climate: new business owners or those who work with new business owners.

During November and December of 2002, surveys were

of the others provided business services, such as financial services, technical assistance or education.

A primary research question addressed during field testing of the survey was whether it is possible to quantify the perceived importance and performance of a community's entrepreneurial climate. Tangible factors, such as access to capital for business startups, can be compared with available data on the actual number of business startups, for

Ten Variables Impacting Entrepreneurial Climate

Tangible Factors

Financial Infrastructure

- knowledge of financial tools available to assist new businesses
- willingness to use financial tools available to assist new businesses
- access to venture capital
- familiarity of lender with borrower

Physical Infrastructure

- adequate and affordable building space
- adequate and affordable land
- highway accessibility
- adequate water and sewer services
- adequate phone services
- adequate high-speed Internet access

Business Support Services

- technical assistance available
- legal and accounting services available
- adequate financial services
- printing and marketing services available

Natural Resources

- attractiveness of area as a place to live

- quality and sound stewardship of natural resources

Human Resources

- adequate current and future skill levels for new businesses
- adequate education and training to meet business needs

Intangible Factors

Governance

- local government support for new business development through policies, ordinances and planning regulations
- local public bodies work together
- local government is open, transparent and democratically accountable
- local government is responsive to requests and needs of those starting a new business
- local government is willing to pursue and use public funds to support new business development

Market Access

- local businesses pursue markets, both local and beyond
- local businesses take advantage of trends and new marketing strategies

Social Infrastructure

- opportunities to network, either planned or unplanned, and formal or informal

Quality of Life

- affordable housing available
- affordable health care available
- low crime rates
- recreational and cultural opportunities available for wide range of community members
- local schools prepare youths for employment and/or entrepreneurship

Community and Cultural Norms

- an appreciation and acceptance of people who start businesses
- an acceptance of controversy as normal and an ability to deal with controversy
- broadly shared leadership
- sense of community identity
- supportive attitude toward innovation and initiation

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duce to community leaders the self-assessment tool, which has been dubbed *Growing Entrepreneurs from the Ground Up*. In addition, it will be published for wider distribution at the Fed's *Small Business: The Fabric of Our Community* conference in Memphis in April 2005.

Information for this article was extracted from the Missouri Entrepreneurship Initiative Final Report with permission from Vickie Rightmyre of the Community Policy Analysis Center (CPAC) at the University of Missouri-Columbia. For text of the entire report, go to CPAC's web site, www.cpac.missouri.edu.

July Forums to Focus on Entrepreneurship

Community forums throughout Missouri will introduce *Growing Entrepreneurs from the Ground Up*, the new tool for a community-based approach to increasing local business. The tool was developed through the Missouri Rural Entrepreneurship Initiative.

The forums will be from 1:30 to 3:30 p.m.:

- July 13 in Kirksville,
- July 14 in Columbia,
- July 15 in Cape Girardeau,
- July 20 in Maryville,
- July 21 in Warrensburg and
- July 22 in Springfield.

To register, call the Federal Reserve Bank of St. Louis, (314) 444-8761.

SPANNING THE REGION

THE REGION SERVED BY THE FEDERAL RESERVE BANK OF ST. LOUIS ENCOMPASSES ALL OF ARKANSAS AND PARTS OF MISSOURI, ILLINOIS, INDIANA, KENTUCKY, TENNESSEE AND MISSISSIPPI.

St. Louis Report Available on Affordable-Housing Efforts

A new report on affordable-housing development activity is available from the St. Louis Association of Community Organizations (SLACO).

The organization spent a year collecting information from nonprofit affordable-housing developers in St. Louis city and county that participated in the Regional Housing and Community Development Alliance's neighborhood support collaborative. The report tracks their activities from 1994 to 2004 and includes profiles of the organizations, maps and other information regarding their developments. The report also defines the types of affordable-housing development funding and finance.

The Enterprise Foundation provided funding for the report.

To find out more, call SLACO at (314) 533-9104.

Opportunity Returns Program Targets 10 Illinois Regions

Opportunity Returns is a new Illinois economic plan developed to restore economic opportunities to 10 regions in the state. Creating regions gives business, government, labor and civic leaders a way to address each region's specific needs.

In St. Clair and Madison counties, small and mid-sized companies received \$33,000 in

grants to train work force through the state's new Employer Training Investment Program. The grants are intended to create new jobs through targeted investment.

In East St. Louis and Venice, Ill., the Jackie Joyner-Kersey Center and Black Butterfly Youth Foundation received grants for \$37,000 and \$34,000, respectively. The funds came from the state's Eliminate the Digital Divide program, which works to create technology centers in low-income communities. The centers will provide technology skills training, access to the Internet and other educational services for residents in the two cities.

Shawnee Community College received a \$2.2 million grant to break ground on the new Metropolis Regional Education and Training Center. The center will help students and area workers upgrade their technology skills.

The southwest and southern regions will see more fuel for business growth through the *Opportunity Returns* plan; more than 90 specific projects have been announced.

For more information, visit www.ilbiz.biz.

Economic Development Topic of Kentucky Workshops

The Kentucky Industrial Development Council offers

workshops on creating successful local economic development programs. The workshops are designed for community leaders who want to learn how to retain and expand existing businesses while attracting new businesses, thus creating jobs and expanding the tax base for their community.

An upcoming workshop, "Financial Incentives for Business Development in Kentucky," will take place July 20 in Frankfort, Ky.

For information on this and other council events, visit www.kidc.org.

It's Mississippi MAJIC: Grants Fund Job Centers

The Mississippi Development Authority recently requested proposals from organizations interested in planning shared production or service centers, dubbed Make-A-Job Impact Centers (MAJICs). The state plans to award as many as 20 grants of up to \$25,000 each.

Product and service technical experts from Mississippi's colleges and universities, nonprofit organizations and the private sector will use the grants to join with communities, small-business entrepreneurs and support organizations to plan MAJICs.

For more information, contact

Whit Hughes of the Mississippi Development Authority at (601) 359-6714.

Southwestern Illinois Takes STEP in Right Direction

The Illinois State Treasurer's Economic Program (STEP) announced it has earmarked \$104 million for low-interest loans to help stimulate the economy in southwestern Illinois.

STEP provides capital for companies to use in expanding business and creating or retaining jobs. For each full-time job created or retained, the treasurer can deposit up to \$25,000 into the borrower's financial institution. That institution then will lend the money at below-market rates to the borrower.

Businesses, tourism projects and child-care centers are among those eligible for STEP loans.

STEP loans are available to both new and existing businesses. Loan money is deposited at the borrower's financial institution after the project has been approved. Financial institutions receiving STEP loan deposits are responsible for ensuring borrowers meet credit requirements.

For more information, visit www.state.il.us/treas/programs/step.htm.

New Yardstick Measures Memphis CDCs

By Ellen Eubank
Community Affairs Manager

Accountants have the CPA exam. Doctors must pass their boards. And even beauticians get licensed. Most professions develop standardized practices and procedures and have certification processes to measure the abilities of organizations and individuals. The community development industry is no different. While informal evaluation mechanisms have been in place, more formal evaluation procedures are now being developed.

In Memphis, area community development corporations (CDCs) can undergo a new voluntary certification process. The Memphis Community Development Council, whose goal is to help CDCs build strong, effective organizations while revitalizing Memphis neighborhoods, has spearheaded the development and implementation of the Memphis CDC Certification Process.

Emily Trenholm, executive director of the Memphis council, noted there were “no industry standards for CDCs in Memphis. Anyone can form a CDC, get their 501(c)3 status and get started.”

The Memphis Community Development Partnership, a funding and technical assistance intermediary for area CDCs, had developed an evaluation tool that was not well-received by CDCs. When the partnership heard about a tool its sister organization in

Atlanta had developed, it shared the information with the Memphis Community Development Council. A computerized capacity assessment tool, it was used by the Atlanta Neighborhood Development Partnership to measure changes in capacity for the organizations it funds.

The Memphis council received permission to customize the tool for its city. It became the first step and cornerstone for the Memphis CDC Certification

development and management; and community outreach.

There are six to 10 questions in each of the four areas. Under organizational development, questions focus on structure, planning and board makeup. Questions on business and financial structure include budgets, office procedures and internal legal processes. Community outreach questions ask about ways the community is engaged, including meetings and newslet-

The Memphis CDC Certification Process gives local community development corporations a way to evaluate themselves and improve the way they operate.

Process. With funding from the Memphis Community Development Partnership and the United Way Venture Fund, the community development council worked with both the partnership and the Memphis Division of Housing and Community Development to flesh out the entire process. The council and its member organizations continue to play a lead role in guiding this process, giving the CDCs ownership of the evaluation procedures now in use.

The assessment tool consists of a computerized questionnaire that measures organizational capacity in four areas: organizational development; business and financial structure; housing

development and management; and community outreach. And housing development questions deal with specific housing projects and the procedures used.

In each of these areas, a capacity level is assigned based on answers to a series of questions. The capacity levels are “formative,” “emerging,” “producing” and “mature.” CDCs whose scores in the four areas average at least a two, or “emerging,” can move onto the second step in the certification process.

The CDC undergoing assessment receives a formal report that specifies its capacity level in the four areas. The report recommends specific technical assistance and training that the CDC needs to improve its capacity.

The information helps the CDC “see where they are on the continuum and what they need to do to move up in capacity,” Trenholm said.

In the next step, the community development council staff verifies the information the CDC provided on the questionnaire. The council reviews financial statements, budgets, board meeting minutes, strategic plans, and other documentation and evidence of community outreach work. Then a certification committee consisting of the community development council, the community development partnership and the city of Memphis reviews results of the verification process and approves certification of the CDC.

The questionnaire takes one to two hours to complete, with verification taking several hours. So far, 10 of the 30 Memphis Community Development Council member organizations have been certified.

CDCs going through the certification process receive information on specific programs and resources they can use to meet their needs. “Some boards that are more grassroots might not know what is needed to be an effective CDC, including policies and procedures,” Trenholm said. “This gives them very specific suggestions for improvement.”

The community development council also benefits from the assessment. The group can

aggregate the data and use it to plan training workshops and other programs.

Trenholm also sees this process as valuable for funders. CDCs can take their assessment information to funders to show their credibility and to make a case for funding specific training needs. "We do have some CDCs that don't have all the pieces they need to be successful," she said. "This tool gives everyone involved standardized information that provides a framework for assessing where a CDC is and what they need."

One faith-based CDC that successfully completed the certification process is The Works, which operates in South Memphis. Kathy Cowan, executive director, described the process as "painless." The assessment was informative because the CDC not only learned what it needed to improve, it also learned what it was doing right, Cowan said. "In some instances, we were doing better than we thought," she said.

Cowan believes other non-profits could benefit from the assessment. "If you are interested in improving, you have to do some sort of self-evaluation," she said. "I don't see how you can get better without looking at where you are."

Trenholm said the certification process is the critical first step in implementing industry standards and setting the bar for Memphis community development efforts.

Have you **HEARD**

Public Invited to Comment on Credit Law's Effect

The Federal Reserve Board is seeking public comment on issues related to "prescreened" solicitations for credit or insurance. The comments, due by July 23, will help the Board prepare a study and present a report to Congress in December.

Under the Fair Credit Reporting Act, creditors and insurers may use certain consumer reports to prescreen consumers before sending them unsolicited credit or insurance offers (so-called "prescreened" solicitations). Consumers may block the solicitations by directing consumer-reporting agencies to exclude them from lists the agencies provide to creditors or insurers.

The Board's study will examine how well the blocking mechanism works and the potential impact of any further restrictions on such solicitations.

Information on how to submit comments is available at www.federalreserve.gov. Click on "News and Events" and then "All Press Releases." Scroll down to the May 18 press release on prescreened solicitations for credit or insurance.

Rural Businesses Eligible for 2004 Energy Grants

Agricultural producers and rural small businesses can compete for up to \$22.8 million in grant funds for fiscal year 2004. The money is earmarked for energy improvements and the purchase of renewable energy systems.

To be eligible for the grant, an applicant must demonstrate financial need, and the grant request must not exceed

25 percent of the eligible project costs. Applications for grants must be post-marked by July 19. The Rural Development division of the Department of Agriculture (USDA) oversees the grant program.

Eligibility requirements, technical guidance, state USDA Rural Development offices and the full text of the announcement for funds availability are posted on the Farmbill 9006 Resources web site at www.rurdev.usda.gov/rbs/farmbill/.

Foundation Offers \$8 Million to Rural Collaboratives

Interested groups have until Aug. 13 to apply for \$8 million in grants to foster entrepreneurial activity in rural areas.

The W.K. Kellogg Foundation will award grants of up to \$2 million each to four rural regional entrepreneurship development collaboratives. Each collaborative will be required to promote entrepreneurship in its region, produce entrepreneurial models for other communities, leverage significant investment, and stimulate state and national interest in rural entrepreneurship policies and strategies.

Applicants must be willing to form a collaborative with other groups, which can be private, governmental or non-profit. The collaboration must include a lead organization, such as a university or community development financial institution.

Awards will be announced in March 2005. More information can be found on the W.K. Kellogg Foundation's web site at www.wkkf.org.

Grants Help Refugees Resettle in America

The Services to Recently Arrived Refugees Program offers grants of approximately \$50,000 to \$200,000 to public and private nonprofit organi-

zations working to resettle refugees. The grants can be used for case management and to help refugees find jobs and housing.

"Preferred communities"—those that receive at least 100 refugees each year and that can help refugees become employed—will receive funding priority status.

Information and applications for grants can be obtained from Sue Benjamin, Department of Health & Human Services, Office of Refugee Resettlement. Contact her by calling (202) 401-4851 or e-mailing sbenjamin@acf.hhs.gov.

SBA, USDA Work Together on Rural Investment Program

The Rural Business Investment Program is designed to create jobs and promote economic development by encouraging venture capital investments in rural enterprises. Authorized in the 2002 Farm Bill, the investment program was launched last fall with the announcement of a collaboration between the U.S. Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA).

The program provides up to \$280 million in guaranteed debentures and another \$44 million in grants for technical assistance to licensed rural business investment companies that make venture capital investments in rural business.

The agreement calls for the SBA to provide its expertise in venture capital financing and to manage operation of the program, and for the USDA to reimburse the SBA for its work.

For more information, visit the Public Programs section of Community Development Venture Capital Alliance's web site at www.cdvca.org.

And the Survey Says: Readers Value Bridges

Thank you, thank you. In January, we sent out a survey seeking your input on *Bridges*. We wanted to know if you were reading the newsletter, what you thought about the content and how you thought it could be improved.

We were astounded and appreciative when nearly 450 readers, approximately 10 percent of our subscribers, responded. We were even more pleased to hear that you enjoy *Bridges* and find it informative.

What else did we learn from the survey?

- Most of you, 73 percent, read every issue.
- Seventy-one percent of you have discussed an article with

colleagues. Others have made photocopies of articles for friends.

- More than 40 percent have used web site links in articles to find out more information.

Interestingly, 64 percent of you would rather receive the printed version of *Bridges* than read it on our web site. And 51 percent have no interest in reading an electronic version. (If you are interested in reading *Bridges* on the web, go to www.stlouisfed.org and click on Publications.)

What topics pique your interest? At least half said:

- small-business development,
- community development in urban areas,

- community development in rural areas,
- community development finance, and
- affordable housing.

Topics that did not receive as high a rating but still were of interest include predatory lending, financial literacy and regulatory issues.

What suggestions did you have?

Overall, we received more comments than suggestions for improvements. The majority of comments were complimentary, referring to the newsletter as informative and inviting to read. Suggestions included letting readers know how they can respond to articles, publishing

more articles about bank involvement in community development, and featuring guest columnists from agencies or businesses.

Who reads *Bridges*?

The majority of readers are either in the financial services or community and economic development fields. The list also includes educators, government employees, businessmen and students.

Again, thanks to all who took time to fill out the survey. We now have a better idea about the kind of information our readers want. Your responses will guide future editions of *Bridges* and ensure it remains an effective communications tool.

RESOURCES

Reaching the Immigrant Market: Creating Homeownership Opportunities for New Neighbors—The American Bankers Association (ABA), Georgetown University and the Development Training Institute have collaborated on a business planning workbook for financial institutions. The workbook teaches institutions how to tap into the growing immigrant market and how to stimulate sustainable immigrant homeownership. The lessons are based on a handbook published by Georgetown and the Fannie Mae Foundation. The publication is free to ABA members and \$25 for nonmembers. Call 1-800-226-5377.

Your Right to a Financial Fresh Start—This pamphlet contains detailed information on bankruptcy, including the legal process and pros and cons. The publication is available in English, Spanish, Chinese, Korean and Viet-

namese as PDF files online, or can be obtained by sending a self-addressed, legal-size envelope with 60 cents postage to: Consumer Action Bankruptcy, 717 Market St., Suite 310, San Francisco, CA 94103. Specify the language version desired. The publication was created by Consumer Action, a nonprofit organization, in partnership with Capital One Services Inc. Consumers can find the information online by going to www.consumer-action.org and clicking on MoneyWise.

EITC Web Site—Interactive data on the Earned Income Tax Credit (EITC) is available on a new web site from the Brookings Institution Center on Urban and Metropolitan Policy. Users of the site can view and download detailed information on EITC claims for states, counties, cities and towns for tax years 1997 through 2001. Visit www.brookings.edu/urban/eitc.

AssetBuilding.org—The New America Foundation has started an online clearinghouse of ideas, policies and programs promoting asset ownership. Information is categorized under 35 topics related to asset building. The web address is www.assetbuilding.org.

Agricultural Marketing Resource Center—Up-to-date information on value-added agricultural enterprise development is available at this national virtual resource center. More than 150 topics—ranging from biomass to dairy, beef or swine to horticultural crops to tilapia—are featured. Marketing, processing and production issues are addressed. The center is partially funded by the Department of Agriculture. Go to www.agmrc.org.

IDA Program Directory—The Corporation for Enterprise Development offers an online direc-

tory of 308 individual development account (IDA) programs. The directory lists each program's location, account holders and program elements. The result of a 2003 survey, the information is a valuable resource for funders, practitioners, financial institutions and potential account holders. To access the online directory, visit www.idanetwork.org.

Robo de Identidad—The Federal Reserve Bank of Boston's *Identity Theft* brochure is now available in Spanish. The publication teaches consumers what identity theft is, how to reduce the chances of becoming a victim and what to do if their identity is stolen. The brochure can be found on the Boston Fed's web site at www.bos.frb.org/consumer/identity/spanish/index.htm.



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www.brownfields2004.org

22-23

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www.mhdc.com/about/index.htm
(816) 759-6600

28-Oct. 3

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7-14

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Sponsor: NADO Research Foundation
www.nado.org/edfs
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7, 14, 21, 28

**Women's Financial Education Series—
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Extension, St. Charles Community College
(636) 970-3000

21-24

Housing Finance Institute—Chicago

Sponsor: Fannie Mae
www.efanniemae.com/learning_center
1-800-243-5478

24, 25

**Missouri Community Betterment (Develop-
ment) Conference—Columbia, Mo.**

Sponsor: Missouri Community
Betterment Education Fund
www.mocommunitybetterment.com/

BRIDGES

Bridges is a publication of the Community Affairs department of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

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