

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Individual Presentation: Trinita Logue

[Applause]

Trinita Logue:

My name is Trinita Logue, and I'm the President and CEO of IFF, a nonprofit community development financial institution created 23 years ago to provide below market loans to a broad range of nonprofit corporations locate and serving low income communities. We work in urban and rural areas across five Midwestern states.

CDFIs are ideal partners to banks in both good and bad times. And this was envisioned when the CDFI program was designed. The first panel this morning did a terrific job of setting the stage for returning to substance over form in CRA without going back to the twelve assessment factors. Examiners narrowly define today the compliance role, and most bring little or no knowledge of CDFIs to their work anymore. Paperwork is overvalued; and the work done by Congress, the Treasury department, and the President to build the CDFI industry is undervalued and, in some cases, unrecognized.

Comprehensive community development is a term we have heard a lot today. We are also hearing the word "innovation" and the term "service test." How can we define these? Let's look to our President for the answer. Mike Mantle said this morning that we should look to public trends, and my prepared statements suggests exactly that. The President understands CDFIs, our role and our structure. He has begun the high-impact process of providing strategic funding for CDFIs in several government departments to ensure successful implementation of new initiatives while also challenging CDFIs themselves to step up and do more with their specialized capacity. The President's actions reflect the understanding that CDFIs are expected to look at markets holistically while building products that are financially successful and will supports jobs, health, recreation, education, family support, and even transportation, and then go even further and try to connect these together.

For 25 years, we've built the capacity of CDFIs to do just this, and this is what is meant by comprehensive community development. But the close CRA link to banks has broken down. The strong three-part foundation -- government regulation through CRA, private bank capital, and CDF local knowledge and risk capacity -- is not just a strong structure but it's an expandable one. And it's replicable across sectors, geographies, and size of need. This same three-part model can be used to finance rural health clinics and can be used to open dozens of charter schools in urban neighborhoods.

The President's emphasis on place-based initiatives in areas of high need for jobs, health care, access to healthy food, energy conservation, and economic growth is exactly where we should be looking for guidance on how to link -- how to think about extra credit on CRA exams. Coordinating the new public investment to leverage private bank investments all within and through a CDFI will mirror the administration's roles that are playing out in health care with funding for new health clinics; in education with the Promise Neighborhoods; and in nutrition with the Healthy Foods Financing Initiative.

We have before us a great opportunity to stop thinking of CRA in isolation and only as a compliance matter and start thinking about how to link it to community needs as they are reflected in today's public policy. The administration has set the stage for social policy that leaves no one behind, and we've all worked to build a CDFI industry to help spread risk. Please bring back -- banks back to full partnership with us to meet the challenge of comprehensive community development. Thank you.