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A Multibank CDC in Memphis Builds Homes and Businesses

When the three largest banks in Memphis sought and received OCC approval to form the Memphis Multi-Bank Community Development Corporation (MMCDC) in 1991, its purpose was to create decent, affordable housing throughout the city's lower income neighborhoods. MMCDC sought to stimulate private-sector redevelopment initiatives through an aggressive, but prudent, lending program. Since then, MMCDC has supported both housing and commercial economic revitalization in Memphis by direct development or joint venture: renovating and building housing; packaging predevelopment and construction/rehabilitation loans, grants, guarantees and other vehicles of economic development targeted to lower income neighborhoods; providing economic aid to active neighborhood organizations; and offering other neighborhood support programs.

MMCDC's initial focus, both as a priority and to create models for subsequent initiatives, was on North Memphis's Greenlaw neighborhood. One

of the city's oldest subdivisions, Greenlaw had become an area of substandard housing and high unemployment, with a full panoply of urban problems. MMCDC has built more than 30 homes in Greenlaw and initiated activities, such as neighborhood clean-ups, fairs, and other community-building projects.



Gina and Emre Baser received financing for their start-up business, Stoneman Tile, through the Memphis Business Opportunity Fund and Southeast Community Capital.

MMCDC has formed a partnership with United Housing, Inc. (UHI) to handle its day-to-day organizational management, thus reducing MMCDC's overhead and personnel responsibilities. And, through its partnership with UHI, which is a Neighborhood

Reinvestment Corporation affiliate, MMCDC has moved into a new phase of community development. MMCDC is investing in UHI's HOPE Plus program, which provides downpayment and second-mortgage assistance to homebuyers. Coupled with other UHI-generated funds, this investment has already leveraged 156 loans from MMCDC's bank partners.

Recently MMCDC began creating economic development opportunities for small and minority-owned businesses, forming the Memphis Business Opportunity Fund (MBOF) with its member banks and the city, and with the involvement of Southeast Community Capital (SCC), a statewide CDFI based in Oak Ridge, and the Federal Home Loan Bank of Cincinnati. Launched in January 2003, MBOF has already provided \$570,000 in new capital to small and minority-owned businesses that might not otherwise be quite “bankable.”

Gokce and Emre Baser operate that kind of business – and theirs is the kind of start-up that can enhance any community. Transplants from their native Turkey, the Memphis couple, who had held jobs at Fed Ex and Graceland, were planning advertising and TV careers in New York. But after the terrorist attacks of September 11, 2001, they put those plans on hold and returned to Memphis.

Gokce (who also calls herself Gina “because it’s easier for Americans to pronounce”) was working on a restaurant project when her father, in Istanbul, suggested she think about starting a custom tile business. He sent the Basers some samples, they found some enthusiastic customers, and Stoneman Tile and Marble was born.

Gina’s father oversees the cutting and polishing of travertine from a Turkish mountain, so “we never have to worry about quality,” Emre says. Their midtown Memphis showroom, opened in December 2002, is designed to be a

working setting, with various types of travertine, marble, and onyx on the floor and in daily use as countertops, backsplashes, and walls in a kitchen and bathroom. The Basers now have a sales representative to help them market Stoneman products in Tennessee, Arkansas, Texas, and Louisiana.

When the Basers began planning their new company, they found that they could not qualify for conventional financing. Stoneman was a start-up business without an established track record, its principals did not have substantial net worth, and their primary investor – Gina’s father – lives abroad. But, with the support of MMCDC’s member banks, Southeast Community Capital has been able to help fund Stoneman (accessing \$50,000 through the MBOF and providing technical assistance with financial planning), because the start-up could demonstrate market acceptance and demand for its product. SCC has a first position on Stoneman’s business assets, primarily inventory.

After experiencing anticipated, but modest, losses in 2002, Stoneman showed a small profit in the first three months of 2003. Its roster of customers is strong and growing, and the company expects that with adequate financing it will reach \$500,000 in sales in 2003. A local success story is in the making – and Memphis’s partners in community development can take some of the credit for that.

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