

**THE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND**

United States Department of the Treasury



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**Remarks by Arthur A. Garcia, Director
Community Development Financial Institutions Fund
U.S. Department of the Treasury**

at the

**National Federation of Community Development Credit Unions
Annual Conference**

**Sir Francis Drake Hotel
San Francisco, CA**

Good afternoon! Thank you Cliff for your kind introduction and to all of you who have traveled from across the country to be here. I am glad that I have this opportunity to talk to you this evening. I'd also like to take a moment to thank Debbie Matz for allowing me to share the podium with her and for her passionate interest and advocacy of community development credit unions as a board member for the National Credit Union Administration. Kudos, Debbie!

As the former District Manager for a credit union in New Mexico, I'm personally aware of the valuable role that CUNA Mutual Group has played in the industry. Thank you, Larry, for this important partnership.

Finally, I want to recognize Cliff, the Federation, and all of you here who work tirelessly to provide needed financial services to your members. You are on the front lines in the communities you serve and this perspective has resulted in the development of needed products such as those highlighted through the Federation's Alterative Products to Payday Lending grants – or APPLE grants.

Last month I was in Chicago and visited the Northside Community Federal Credit Union where I learned about their successful Payday Alterative Loan product – or PAL.

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Ed Jacobs, the Manager of the credit union, shared with me some of the stories of his members who had been caught in the vicious cycle of high-cost payday loans. These stories lead to Northside's development of their PAL product, a product that is now being replicated by another Chicago credit union (South Side Community Credit Union) through their APPLE grant. So, thank you all for your dedication and hard work!

My remarks will be brief and are focused on the status of the CDFI Fund. It is – simply put – “Business as Usual” for the remainder of fiscal year 2005.

Let me be sure that every one of you here today, that does business with the CDFI Fund, understands what “Business as Usual” means. It means that the nearly \$40 million that the Fund has available for its award programs this fiscal year will be obligated toward every award program the Fund administers.

“Business as Usual” means that the Fund will continue to review and evaluate all the applications we received under our programs:

- 141 applications received on February 24 for over \$24 million available through the Financial Assistance Component of the CDFI Program;
- 82 applications received for \$2 million available through the Technical Assistance Component of the CDFI Program;
- 31 applications received on February 1st for the Native American CDFI Assistance Program with \$3.9 available; and
- 84 applications received on February 14 for the nearly \$10 million available for the FY 2005 Bank Enterprise Awards Program.

For those of you that may have applied to our programs this round, we anticipate announcing these awards over the summer; and it is my expectation that the Fund has received sufficient quality applications so that every penny of the funds appropriated by Congress will be awarded.

“Business as Usual” also means that we are moving forward with the implementation of our new \$1.2 million Training program for Native communities – the “Building Native Assets: Native IDA Initiative” through which we will increase the access to financial education and asset building opportunities for your communities. Many of you have IDA programs and know

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their value. With this program we are trying to foster their growth within Native communities.

“Business as Usual” also relates to the current round of the New Markets Tax Credit Program. Last month Secretary John Snow and I announced the 41 organizations selected to receive \$2 billion in New Markets Tax Credits this round.

Lastly, the Fund will go forward this year with its plan to have an independent contractor evaluate the Financial Assistance, Technical Assistance and Training Programs. The Fund will be evaluating how it could play an even more meaningful and supportive role to CDFIs through these programs. This independent evaluation will not only assess the results and impact delivered by these programs with taxpayer dollars, but also may suggest ways in which CDFIs believe the Fund’s programs could assist them in new ways to increase their scale or sustainability.

In closing, I plan to continue working with my colleagues in the Administration, members of Congress and my colleagues in the community development finance industry over the coming months as we work together to make support for community and economic development important business for our nation. And please, contact me at any time in the coming year so that we can work together to improve the communities you work so hard in every day.

Thank you.