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Manager  
Dissemination Branch  
Information Management & Services Division  
Office of Thrift Supervision  
1700 G Street NW  
Washington, DC 20552

Re: Comments on the Sunshine Provisions of the Gramm-Leach-Bliley Act

To Whom It May Concern:

Community Investment Corporation ("CIC") is a nonprofit loan consortium created and controlled by Chicago's banking community. Founded 26 years ago in 1974, CIC was created before the Community Reinvestment Act of 1977, and well before CRA was ever actively enforced.

CIC is a pooled risk lender specializing in multifamily rehab lending for affordable housing. CIC has provided \$440 million in combined rehab and permanent financing for 850 multifamily buildings with 26,000 units. Twenty percent of these loans have low or no interest government second mortgages, providing an additional \$92 million to CIC borrowers. In 1996, CIC received its Community Development Financial Institution designation from the US Department of Treasury.

CIC has 56 investors: 53 banks and Peoples Gas, Fannie Mae and United Methodist Pension Fund. Investors have extended their pledges of \$526 million through 2010.

I am writing to you on behalf of CIC in response to the Office of Thrift Supervision's invitation (Docket No. 2000-44) to comment on the proposed rule that implements the Sunshine Provisions in Section 711 of the recently enacted Gramm-Leach-Bliley Act ("the Act"). We commend your effort with these provisions and appreciate the opportunity to comment.

## **Recommendation:**

### Exempt bank-created loan consortia from Sunshine Provisions

It is our understanding that the federal banking agencies, in promulgating regulations for the Act, may provide exemptions from the Sunshine Provisions, where such exemptions are consistent with the intent of the Act. As a bank-created financial entity, CIC and other loan consortia should be exempted for the following reasons:

- Banks created loan consortia. For example, in 1974, Chicago's major banks created a separate, self-sustaining nonprofit mortgage lender in order to pool their risk and effectively target bank capital to underserved neighborhoods.
- Banks control loan consortia. For example, CIC has a 17-member Board of Directors, 13 of which are senior representatives of Chicago's major banks. The board also consists of a representative from Fannie Mae, two members of the education and policymaking community and the CIC President. A seven-member loan committee, consisting of representatives from investor banks, approves all CIC loans and sets CIC's interest rates at market levels.
- Loan consortia are self-sustaining nonprofit mortgage lenders that support their annual operating budgets through loan fees to borrowers. For example, borrower loan fees support nearly CIC's entire annual operating budget. CIC does receive grant funds from banks, local government and foundations to operate its Property Management Training Program, which was implemented two years ago to provide educational workshops to landlords of residential rental property. CIC does not mention CRA in the solicitation of these funds.
- Loan consortia borrow funds and sell mortgages to its investors on market-based terms. For example, CIC sells mortgage-backed notes to its investors and passes through the principal and interest payments to them in proportion to their share in the total revolving loan pool. CIC investors receive a market rate of return, with an average net return over the last 10 years of 1.7% over 3-year Treasuries, the standard adjustment period.
- Each consortium is a recognized leader in providing capital to low-income communities. Part of the mission of loan consortia is to find new ways to meet the affordable housing needs of communities often perceived to be higher risk. In doing this, loan consortia act as affordable housing leaders and pioneers for the banking community.

**Recommendation:**

Lessen the Burden of the Sunshine Reporting Requirements

From its language, it appears that the number of agreements falling within the Sunshine Provisions is staggering, and annual reporting on most of these agreements will be a significant burden on all parties, especially larger banks. Exempting CIC and other loan consortia will help reduce the burden without compromising the intent of the Act.

Whether loan consortia are exempted or not, we would support a simplified disclosure requirement which utilizes existing standard reports where possible. For example:

- Federal Income Tax Returns, including a nonprofit 990 form, which covers much of the information targeted by the Act, including officers' salaries and the amount of annual payments to the organization's largest vendors.
- Annual audited financial statements with footnotes, which includes information on the amount and nature of funding sources, including equity and debt; significant binding agreements of the organization and their restrictive covenants; and uses of the funding, in the form of an income and expense statement.
- Other regular reports provided to investors. For example, CIC provides its investors with an annual performance and credit review at the end of every fiscal year.

Thank you for the opportunity to provide comments on the Sunshine Provisions, and I look forward to seeing the final regulations of the Gramm-Leach-Bliley Act.

Sincerely,

John Pritscher  
President