

CRA training
Don't relieve pressure
but extend credits
to innovative
solutions

Examiners don't know
how to score credits.

CRA is nec. but crude
tool. Perhaps
examiners should
be in teams -
qualitative, not just
quantitative
judgments.

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Incentives
Take ABA Regs agenda & say
fine - those who
perform best in CRA
get the prize.

We complicate things
to avoid being
honest.

Private sector
modeling -

Patience
→ # of E.Z. / CDB's
Variety
Human beings > Daphne
Rural
Transportation
→ Local based
decision making
Crime

Opportunity to
hear real
people

- Daphne
- 1) Don't best at
creating monsters.
 - 2) People locally know
what they need.
 - 3) Jobs can be
created in
inner city if
we believe.

Personal involvement



COUNCIL FOR
COMMUNITY-BASED
DEVELOPMENT

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J.P. Morgan & Co.
Incorporated

EDWARD SKLOOT
Executive Director
Surdna Foundation, Inc.

April 6, 1993

Ms. Carol Rasco
Senior Domestic Advisor
The White House
Washington, DC 20005

Dear Carol:

Enclosed are brief biographical sketches of the 15 persons who will be attending the dinner at the Jefferson Hotel (16th and M) on Wednesday, April 14 at 7:30 p.m.

It is an outstanding group of individuals. We should have good evening.

I look forward to seeing you there.

With all best wishes,

Sincerely,

Talton F. Ray
President

COUNCIL FOR COMMUNITY BASED DEVELOPMENT

Dinner at Jefferson Hotel

Wednesday, April 14 1993

7:30 pm

Guests

JOSEPH BOYCE is Senior Editor of The Wall Street Journal covering social policy, urban affairs and services sector of economy. Mr. Boyce began his journalism career with the Chicago Tribune and worked for 14 years with TIME magazine as Chief of the San Francisco Bureau and of the Atlanta Bureau, and, most recently, Deputy Chief of the New York Bureau.

Mr. Boyce is a member of the board of the National Association of Minority Media Executives and of Jazzmobile.

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Completed 3/29/93

FAX COVER SHEET

Date: 29 March 1993
To: Carol Rasco
FAX #: 456-2878
From: Talton Ray
President
Council for Community-Based Development

Number of pages including cover sheet: 1

Mahlon Martin and I are delighted that you will be able to attend the dinner on April 14.

The response has been excellent. We look forward to an enjoyable and productive evening.

We want to mail out a packet introducing everyone before the dinner. Would you please fax me a brief bio we can use for that purpose. My fax number is 202 338-2809.

Many thanks.

Talton

Transmission originated from FAX # 202 338-2809. Please call 202 342-9262 if all pages are not received.

WINTHROP ROCKEFELLER FOUNDATION

Little Rock, Arkansas 72202 - 3999

308 East Eighth Street

March 10, 1993

① Roz - accept - JK
Meeting file
② Paul w/ attached
cover sheet
501/376-6854
FAX 501/374-4797

Ms. Carol Rasco
Senior Domestic Advisor
The White House
Washington, DC 20005

Dear Ms. Rasco:

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Please do not feel any necessity to do homework on the subject. The intent is to use the lead-off topic as a way to



find common concerns and common ground for a broader discussion.

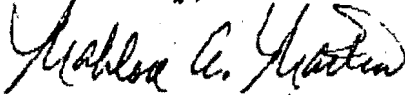
We sincerely hope you can join us on April 14 at the Jefferson Hotel (President's Room, 16th and M Streets) at 7:30 p.m. in the nation's capital. Your participation will enliven our discussion.

Accept

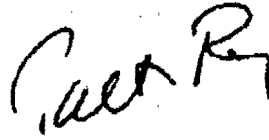
RSVP at your earliest convenience by calling Talton Ray's office at (202)342-9262.

We look forward to seeing you on April 14.

Cordially,



Mahlon A. Martin
President
Winthrop Rockefeller
Foundation



Talton F. Ray
President
Council for
Community-Based Development

Office of Domestic Policy

TO: Paul Weinstein
FROM: Carol H. Rasco
SUBJ: Speech/Meeting/Interview Summer
Community Development
DATE of Event: April 14

Attached is the background information I have to date on the function listed. I would appreciate briefing materials by noon on 4/9.

Ples. consult w/ Bruce Reed. I will just need a short briefing memo on status as of this date.

Thanks!

file

orig: CHR
xc: [unclear]
Paul

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Dinner at Jefferson Hotel
Wednesday, April 14 1993
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Unable to attend

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Notes Prepared By: Paul Weinstein

Dinner

Date: April 14, 1993

Time: 7:30 pm

BACKGROUND

On Wednesday, April 14, the National Council for community-based development is having an informal dinner of 12 to 15 people from the private and public sectors. The dinner will focus on community development banks, and what role these institutions will play in the President's vision for community renewal. The dinner is being held in association with the Winthrop Rockefeller Foundation.

The DPC-NEC joint working group is close to readying a decision memo for the President on community lending -- we are hoping to do this next week with your approval. We have already completed an enterprise zone draft decision memo which is being circulated to the agency heads. The interagency working group has been working under the assumption that the President wants to announce his community empowerment and development agenda this month.

The community empowerment strategy we are proposing will include four pieces: enterprise zones; community development financial institutions (CDFI); strengthened Community Reinvestment Act (CRA) and Fair Lending laws; and community partnerships against crime. These four initiatives are the first in a series of proposals to address the unique needs of urban and rural America.

EXPECTATIONS ABOUT YOUR REMARKS

The dinner is informal, you are not expected to give prepared remarks. The dinner is expected to end at 10:30. All comments are off the record.

Both the National Council for community-based lending and the Winthrop Rockefeller Foundation are very interested in the President's community lending initiative. As you know, the Winthrop Rockefeller Foundation provided much of the original capital used to start Elk Horn Bank & Trust in Arkansas, one of only three community development banks in the country -- South Shore in Chicago and Community Capital in Brooklyn, N.Y.

TALKING POINTS

- ◆ Over the last two months, the NEC-DPC Interagency Working Group on Community Development and Empowerment has been developing a community lending initiative that meets the President's campaign commitment to create a network of community development banks, and strengthen the Community Reinvestment Act (CRA).
- ◆ In the President's economic plan, there is \$354 million for a community development bank initiative through Fiscal Year 1997. This \$353 million will be used to finance a whole range of community development financial institutions (CDFI), such as community development banks, community credit unions, microenterprise loan funds, etc.
- ◆ The federal funds could be used in a variety of ways: equity investments in CDFIs; technical assistance for new and existing CDFIs; setting up a national network of CDFIs; establishing a loan loss reserve fund for risky CDFI investments.
- ◆ The President also wants to strengthen enforcement of CRA so that individuals in distressed communities can access the mainstream banking system. The President has stated a desire to move CRA from an emphasis on paperwork to one on performance.

FACT SHEET

◆ **The Problem.** Low-income communities face several chronic banking problems:

- **Inadequate Basic Banking Services** -- Millions of poor Americans have no access to nor relationship with a bank. They live in neighborhoods with no ATM machines, no drive-through windows, no checking or savings accounts. Instead, they are forced to deal with unregulated cash-checking concerns that charge an exorbitant fee for a simple service.
- **No Loans for Small Borrowers** -- Most commercial lenders shun low-income communities because small loans have higher transaction costs and lower profit margins, and require more labor and attention, if not more risk.
- **Lack of Expertise Among Lenders** -- Lending in distressed communities, particularly small business lending, is difficult. It requires specialized underwriting expertise, credit products, packaging, subsidies, and secondary markets. Major commercial lenders don't know how to obtain adequate information even to assess the risk of such loans, let alone create the special services that might make lending in such a market profitable.
- **Lack of Expertise Among Borrowers** -- Small businesses, particularly those in distressed areas, often lack expertise in the basics of small business management, including borrowing, managing and repaying money. When commercial lenders abandon these communities, there is often no place to turn for essential capital, credit or information.
- **Discrimination** -- Data suggest that deliberately or not, home mortgage lenders deny loans to middle- and upper-income minority borrowers more often than to moderate- and lower-income whites. Anecdotal evidence suggests that the situation is even worse for commercial and consumer loans.
- **Shortage of Credit and Capital** -- The unmet demand for credit and capital in poor communities is therefore substantial. In too many low- and moderate-income neighborhoods, loans are unavailable for even the most credit-worthy housing and business purposes. A recent study found \$360 million in unmet demand for credit-worthy small business loans in the City of Oakland alone. In New York City's distressed communities, billions in demand for housing loans that would qualify for federal insurance went begging. Economic revitalization cannot take root in these communities where good risks and sound businesses cannot get loans.

Office of Domestic Policy

TO: Paul Weinstein

FROM: Carol H. Rasco

SUBJ: Speech/Meeting/Interview Miner
Community Development

DATE of Event: April 14

Attached is the background information I have to date on the function listed. I would appreciate briefing materials by noon on 4/9.

Ples. consult w/ Bruce Reed. I will just need a short briefing memo on status as of this date.

Thanks!

WINTHROP ROCKEFELLER FOUNDATION

Little Rock, Arkansas 72202 - 3999

308 East Eighth Street

March 10, 1993

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 Senior Domestic Advisor
 The White House
 Washington, DC 20005

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① Roz - accept -
 Meeting file
 ② Paul w/ attached
 cover sheet
 501/376-6834
 FAX 501/374-4797



find common concerns and common ground for a broader discussion.

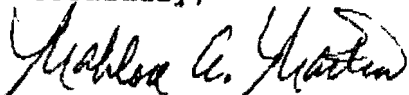
We sincerely hope you can join us on April 14 at the Jefferson Hotel (President's Room, 16th and M Streets) at 7:30 p.m. in the nation's capital. Your participation will enliven our discussion.

Accept

RSVP at your earliest convenience by calling Talton Ray's office at (202)342-9262.

We look forward to seeing you on April 14.

Cordially,



Mahlon A. Martin
President
Winthrop Rockefeller
Foundation



Talton F. Ray
President
Council for
Community-Based Development