Community Reinvestment Act Joint Public Hearings, August 12, 2010
Panel Two: Mike Mantle

Mike Mantle:
Thank you. Good morning my name is Mike Mantle. I'm honored to say I'm a Senior Advisor with Morgan Stanley Bank representing Morgan Stanley's U.S. Banks and managing our Community Development Transaction Team. My involvement in the community development industry dates back to 1989 when I was founding President & CEO of Bank of America Community Development Bank. Over the past 20 years I've had the privilege of being associated with this dynamic challenging and constantly evolving industry as a banker, a Trade Association Committee chair, a board member with several leading national non-profit organizations, and for two years a few years ago as a Chief Operating Officer of a leading national non-profit organization.

I applaud the leadership of the regulatory agencies for holding these series of hearings, and I look forward to the positive and constructive dialogue I'm sure will continue in the months to come. Having been involved in this industry for the past 20 years I can attest to the positive impact CRA has made over the years. It has served well and led us to what my fellow panelist Gene Ludwig used to refer to as the democratization of credit in this country. The billions of dollars of investments and loans that flow today into the development of affordable housing provides funds for economic development from microfinance to the expansion of factories, and the emergency of community development financial institutions are examples of outcomes spurred in part by CRA. I have seen firsthand how communities ranging from New York City to Fillmore, California, benefitted from the unique public-private nature of many of the programs that have been developed over the past year by community development practitioners in collaboration with financial institutions.

The emergency of community development finance is an industry that provided challenge and rewarding career opportunities to thousands of bankers and community-based lenders. It is easy to lose sight of the amazing variety of financing solutions that have been mutually developed by bankers and community practitioners over the past 20 years, and the leveraging of increasingly scarce public sector resources that has occurred.

I joined Morgan Stanley in 2009 after becoming familiar with their deep and longstanding commitment to community development. Morgan Stanley Bank is a longstanding commitment community development bank which I'm proud to say just resulted in our third consecutive outstanding CRA rating. The idea of doing well by doing good has been core to the culture of the organization for many years. One of the first exercises we undertook after I arrived at Morgan Stanley last fall was to convene a series of meetings with national leaders and regional community development practitioners. We engaged a non-profit facilitator to run these meetings and get a candid and current assessment of what was critically needed in the community development industry at this point and time in the way that Morgan Stanley could help address the needs.

The responses that we heard in these meetings had a number of consistent themes. One response we heard time and time again was to act like an investment and not to try and replicate what retail banks might be doing. The idea of Main Street accessing Wall Street for critically needed sustainable levels of capital for community development was heard loud and clear. Being able to deliver funding for community development from capital markets versus strictly using our balance sheet and some of the impediments that may bring was of critical importance for small business as well as affordable housing participants and the panels.

Another issue of concern that was raised in these issues in these meetings was to look at markets that were experiencing tremendous difficulty in accessing community development capital at almost any price. Participants highlighted geographic areas that were not served by some of the large national banks such as the Midwest, rural America, etc. that were experiencing significant difficulties, particularly in the area of affordable housing after Fannie Mae and Freddie Mac were no longer in a position to provide critically needed financing and equity. We were asked in these meetings to explore and pursue ways to create financing vehicles and instruments that would allow socially motivated investors an opportunity to participate by creating soundly structured offerings.

Another area of importance that was voiced by the participants was to see a product suite that would leverage multiple layers of public sector support and development products; the sentiment being that these multiple participants by other sources provide an increased quality of resident services.

Finally, it was stated by participants that we needed to become familiar with the newly created set of emerging tools being developed by the public sector arena notably around the stimulus bill. Numerous programs are coming online are designed to spur job growth and expand the development of affordable housing. Many of these were well-suited for investment banks.

We welcome the input from our community partners and we've been working to develop a program and products that are highly responsive in today's economic environment. The opportunity to continue to move forward in community development by developing links between Main Street and Wall Street is one being embraced by Morgan Stanley Bank. It is one that will challenge us to utilize the intellectual and financial capacities of a wide variety of Morgan Stanley Bank affiliates if we are to be successful in this endeavor. We look forward to being an active participant as these discussions move forward. Thank you.