Good Afternoon.

My name is Robin Coffey and I am the Assistant Deputy Director at Neighborhood Housing Services of Chicago, a community development financial institution (CDFI) providing a variety of services, including mortgage loans to low and moderate income communities in Chicago and Elgin, Illinois. I also am a board member of the IFF, another CDFI which provides below-market lending to nonprofit corporations and real estate consulting and development for nonprofit corporations within Illinois, Indiana, Iowa, Missouri and Wisconsin.

Prior to my current job, I worked for over 22 years as community development lender, investment officer and the CRA Officer for a 23B regional bank headquartered in Chicago. The time spent as a CRA Officer taught me many things including how difficult it was to continue to proactively seek out community development opportunities while at the same time, maintain the market share numbers needed to pass the lending tests. The CRA exam cycle became a numbers game as we strove to keep up with the larger players with whom we were measured against.

I'd like to address my comments on one particular question. Should geographic scope differ for institutions that are traditional branch-based retail institutions compared to institutions with limited or no physical deposit taking facilities?

Maintaining a traditional branch-based bank's focus on the community where they are located is important. A bank with one main operations center and several branches within a community is different from a bank with a multi-state footprint with a headquarters and operations centers in a distant state. The argument that the local bank staff can perform the work needed to serve the low to moderate income needs of their community belies the fact that the local branch staff do not control the bank products or loan offerings. They sell what the main office gives them and send the loan inquiries to another location. The CRA examiners seem to reward this product line consistency as long as the bank is not discriminating in its offerings.

For large banks, currently 25% of their grade is determined by their Community Development activities. Community development lending and investments are usually done by a core group of highly trained and motivated individuals who do not always reside in the community that a non-profit is serving. They rely upon national intermediaries and their own community affairs staff to point out opportunities. This leads to a one size fits all model for communities which are outside of that home base and makes it difficult to serve needs in a particular low to moderate income community unless you can find a way to replicate it in more communities in order to bring it to a scale that makes it attractive to large banks. The CRA exams tend to reward the innovativeness that a bank achieves in their headquarters location while downplaying their absence in communities where their acquisitions have left them with a branch staff that is no longer able to participate within community loan funds or provide the entry level deposit products that were developed to address specific community needs.

Institutions with limited or no physical deposit taking facilities should be evaluated with a greater weight placed upon their community development lending and investment activities. A greater weight should be given for community development loans and investments, perhaps up to 50% of their grade, with scores being weighted toward geographic diversity rather than dollars outstanding in 1 or 2 investment vehicles. Investments in small loan funds should be just as important as an investment in a low income housing tax credit or in new markets tax credits vehicles.

There will always be traditional banks in large metropolitan communities. Adding capital from institutions with no physical branch locations to the large metro areas does not help the smaller loan funds or rural development projects that are overlooked by the traditional banks. Giving these non-traditional banks the complex and innovative community development CRA credit to seek out the smaller lending opportunities benefits more communities.

Thank you.