

CRA in Rural Communities

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AGENDA

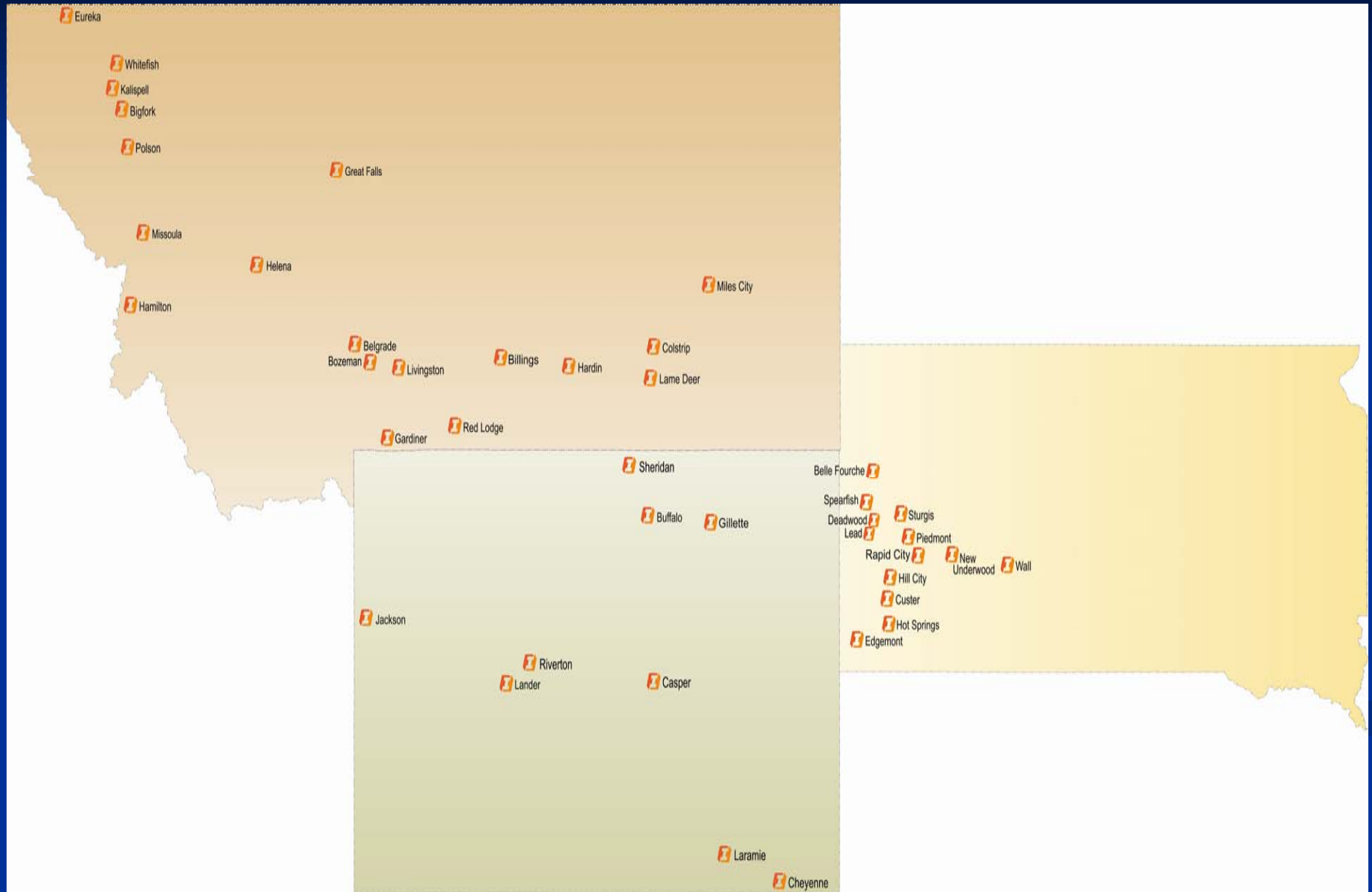
- Overview of FIB
- Tribal Overview
- CRA Activities in Indian Country
 - Service
 - Investments
 - Lending (Real Estate, Small Business, Tribal Gov't)
- Challenges and how we overcome

Founders

Homer and Mildred Scott



FIB Today





FIB Values

“Commitment to the Communities We Serve”

Community Reinvestment Act

“Meet community credit needs (*consistent w/ safe & sound practices*) including low- and moderate-income people and areas”

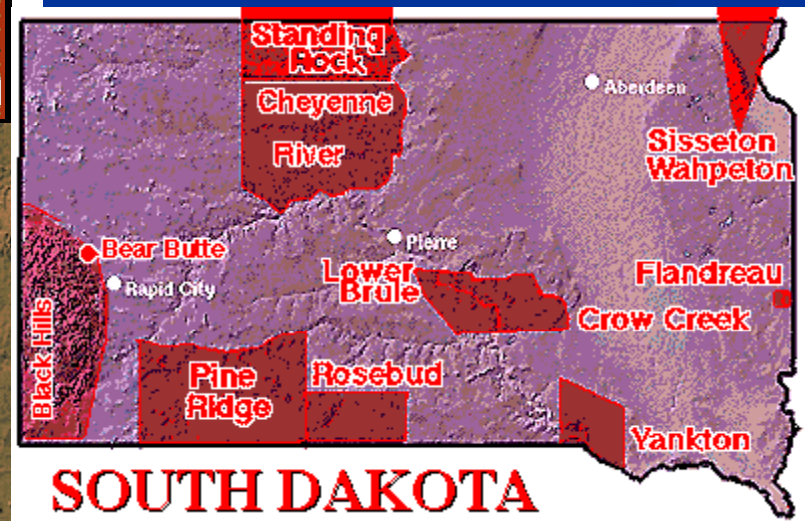
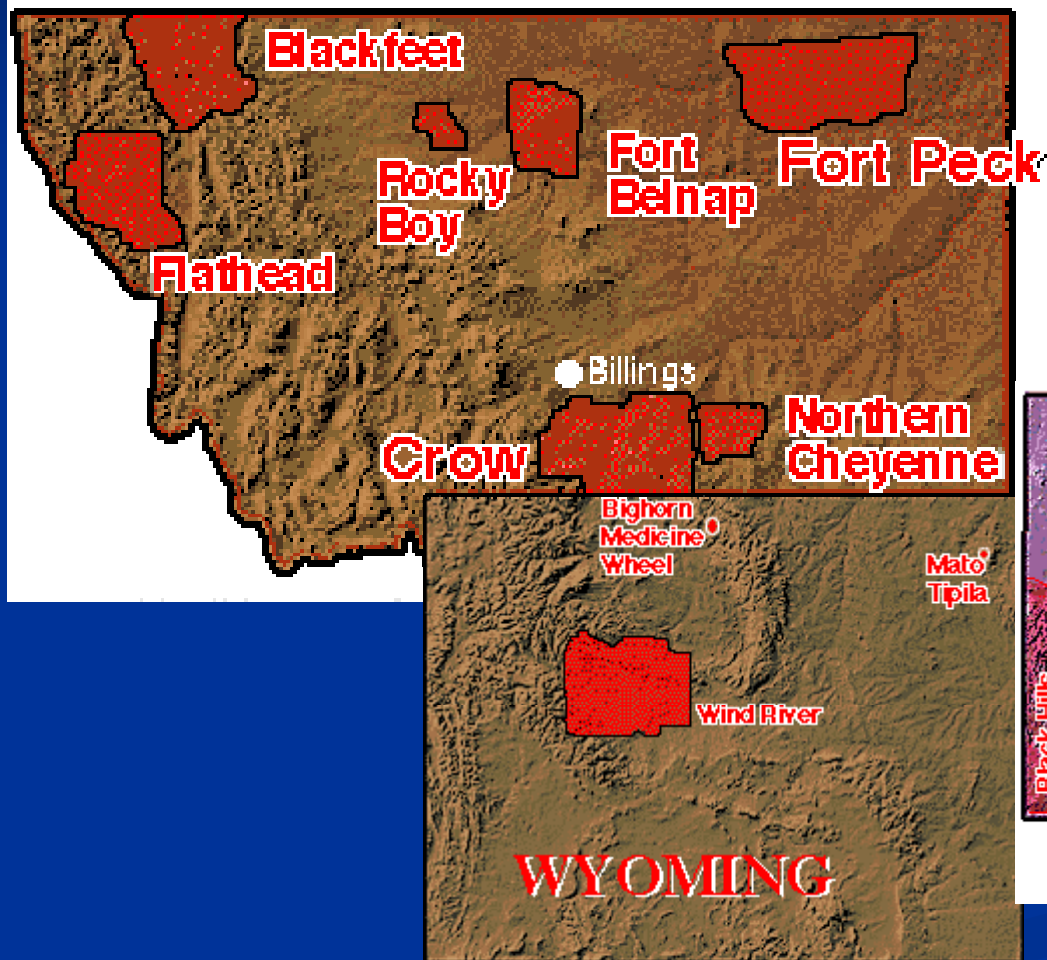


CRA Rating

- Current Rating – “Outstanding”
 - Lending Test – Outstanding
 - Service Test – Outstanding
 - Investment Test – Outstanding
- 1998 – 12 years - 5 out of 7 Exams - Outstanding



Indian Country Demographics





CRA Large Bank

- Service
- Investments
- Lending





Mini-bank Service Challenges

- Finding teachers willing to commit the extra time
- Starting at High School levels —
 - Students not interested or involved in other activities such as sports
 - May have checking accounts
- School employee turnover
- Student attendance



Affordable Housing Program



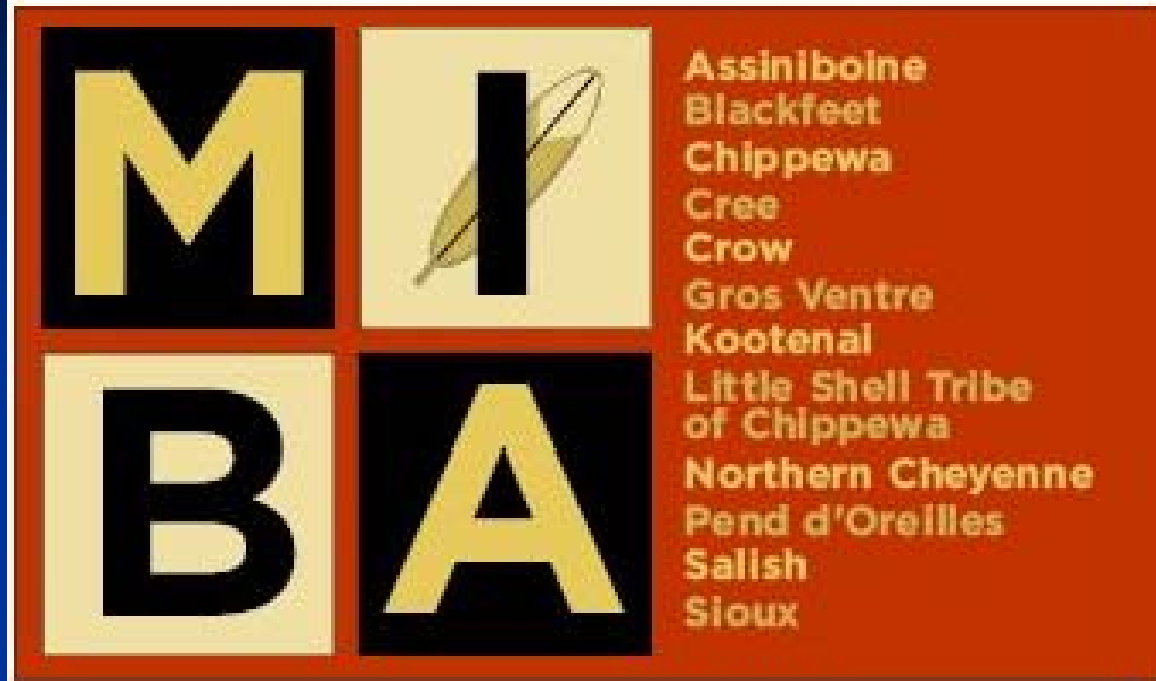




FHLB AHP Service Challenges

- AHP requests are few
- Educate lenders what their role and responsibilities are as a “Sponsor”
- Follow-up compliance

MONTANA INDIAN BUSINESS ALLIANCE



The Montana Indian Business Alliance promotes
private Indian business development
by maximizing and developing resources that
encourage and support Montana Indian entrepreneurs

1st Montana Indian Equity Fund Recipients





MIBA Service Challenges

- Small Business Development
 - Risk-taking
 - History of not having small business role models
 - Impoverished communities have little to no equity
 - Follow-through
- Tribal leadership buy-in – busy with other issues
 - Convince political leaders that **REAL** systemic change has to come with policy changes – the way we have been doing it is not working!
- \$\$\$\$ for equity fund that accepts risk



First People Youth Entrepreneurship Camp

2009



Native Credit Counseling Pilot Project



Yvonnda Thompson –
Chief Dull Knife College
– Northern Cheyenne
Reservation



Steven Powell and Butch Conway - Native American Community Dev. Corp. – Blackfeet Reservation



Overall Service Challenges

- Needs are great
- Takes a collaboration from many organizations
- Volunteer work takes commitment and nurturing
- Usually no dedicated staff
- Burn out! Call upon many of the same people



CRA Investment

STORY OF A GRANTEE

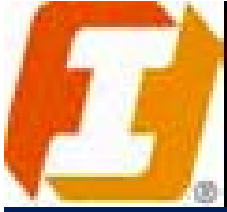
The Heritage Living Center, Ashland, Montana

To Montana's Northern Cheyenne people, the elderly are considered their most important resource. Heritage is lost when elders are sent to nursing homes hundreds of miles away. In fact, when Cheyenne chiefs gathered in 1972 they recorded their wish to build a home for the elderly on the reservation. Years later, Clarence Spotted Wolf translated that meeting for Father Emmett Hoffman, who became the Heritage Living Center's subsequent founder.

First Interstate Bank along with the Foundation provided funds to purchase a 12-passenger bus for residents to travel safely to physician appointments and recreational trips. Heritage Living Center director Jamie Olson pointed out, "Without the bus, some residents would be forced to forego care or move off the reservation to seek continued treatment."

And thanks to the dedication and spirit of Clarence Spotted Wolf, the preservation of Northern Cheyenne heritage is in good hands for years to come.





Investment Challenges

- Rural branches are small
 - Limited donation dollars
 - Need is great
- No opportunity for true investments



CRA Lending Tools

■ HUD 184 Guarantee Loan Program

- Created in 1992 to address the lack of mortgage lending in Indian Country.
- Offers a 100% loan guarantee to private sector lenders who make mortgage loans to eligible borrowers for homes located in Indian Country.
- No monthly mortgage insurance

■ Challenges

- Title Status Report timeliness (causes many issues)
- Trained employees at the Agency BIA and FIB understanding the process.
- Length of time between loans (employees have to re-learn the process).
- One-time construction closing



CRA Lending Tools

■ BIA Loan Guarantee Program

- 90% Loan Guaranty
- Loans to finance Indian-owned businesses
- \$500,000 max to individuals, partnerships and corporations
- \$5.5 million max guaranteed to Tribes

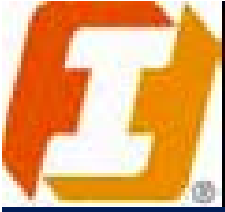
Challenges:

- Lenders feel there is a disconnect between the BIA and other government agencies i.e. SBA and BIA fees
- Length of time between loans
 - Employees have to re-learn process
 - Hard to keep current on proper connections



Community Development Loans

- 2009 - 12 loans for \$16,106,023
 - Refinance debt to provide operating capital
 - Short term LOC to bridge funds
 - Construction of a Youth Center
 - Expansion of Casino



Challenges

- Tribal Government Lending
 - Governmental vs GAAP Accounting
 - Obtaining current financial information
 - Leadership turnover
 - Management succession
 - Acceptable Note and Security documentation

Thank You

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