Current State of the Market and Recent Trends

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State of the Industry

- Healthier than feared 12 months ago
- Variation in impact by business sector
  - Housing—especially homeownership—seems to be hit hardest
  - Facilities and some small business doing better
- Variation by size
- Regulated sector being challenged on asset quality and capital by regulators
- Capital markets and wholesale transactions totally frozen
Challenges

- Slower pay, increased delinquencies, fall in collateral value
- Slower renewals of existing funding, often at higher prices, shorter terms
- Less new bank funding, less state and local government funds (but some available, even in CA)
- NMTC for 2010 still in limbo
- Increased demand (an opportunity too!)
  - Especially for small business lending in some locations
  - Some customers are better credits than CDFIs usually see, some are not
Opportunities

- Increased recognition of value of sector in Administration, Congress, media
- Special CDFI programs under TARP—although not for loan funds yet
- Significant new funding for CDFI Fund (but BEA zeroed out for 2011, some other traditional CDC/CDFI programs cut)
- Stimulus and other federal programs build on CDFI strengths
  - New partnership opportunities (health, energy, transportation, “green” in general)
- Administration proposes $5 billion NMTC in 2010 and 2011 and improvements
Topics for Discussion

- Are there other shoes waiting to drop?
- How can the industry take advantage of the opportunities?
- This should have been the catalyst for mergers; where are they?
- What are the benefits/burdens of regulation?
- What are the appropriate success metrics?
- What is beyond current CRA? Extension to other industries? Capital markets or wholesale funding access? Does on-line funding have a place?