

Remarks by Rural Development Under Secretary Lisa Mensah for the Community Development Bankers Association Annual Peer Forum

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Hello and thank you for the kind invitation to join you for this morning's plenary session. Your peer forums are a source of inspiration and motivation, and I'm grateful for the heavy lifting you do on behalf of those Americans who otherwise might forever be relegated to the sidelines.

I. You ... Me ... We

I believe Community Development Banks embody the best of this country's financial system. And, as certified Community Development Financial Institutions, you have committed to targeting at least 60 percent of your lending and other activities toward helping low-income communities. The importance of this to marginalized citizens *simply cannot* be overstated.

Looking at your membership roster, I was pleased to note several lenders with whom USDA Rural Development has successfully partnered, delivering solid loan guarantees in the areas of business and industry, renewable energy, community programs, and rural housing.

Without you and your colleagues nationwide, the ideas embodied in the iconic movie, "*It's a Wonderful Life*" would simply be a pipe dream for many communities – both urban and rural.

I know it sounds cliché, but the truth is, you're a lot like the 'George Baileys' of the world, working on behalf of those who might otherwise be overlooked by the 'Mr. Potters.'

You are the bankers that give banking a *good name*!

In a day and age when 'I got mine: pull up the rope' is an increasingly common refrain, you've opted to throw out the life raft and *bring everybody in* – because you understand better than most that a rising tide doesn't necessarily LIFT *all* boats.



Yes, our missions may differ a little ... but only in scale.

Each small business that “hangs a shingle” along Main Street, USA ... every welcome mat placed at a family’s new front door ... and *every single job* created as a result of your efforts ... is meaningful.

The work you do ... *we* do ... transforms lives. Never forget that!

Being here today feels a bit like “Old Home Week” to me and I’m pleased to see some familiar faces in the room.

As many of you already know, the roots of my life’s work are planted firmly in community development.

I’ve stood shoulder-to-shoulder with you since I first arrived at the Ford Foundation 25 years ago and began this walk in earnest.

President Obama appointed me to lead USDA Rural Development about a year and a half ago, and I feel a deep sense of pride in the agency, its mission, and especially, its outstanding workforce.

It’s been a remarkable time of listening and learning ... of thinking ... and *rethinking* ... every effort *laser-focused* on leveraging Rural Development’s extraordinary \$212 billion dollar portfolio.

When you get right down to it, Rural Development can rightfully be considered the largest *rural* development bank in the United States.



But our mandate – “*to improve the economy and quality of life in rural America*” – is, quite frankly, impossible without community-based lenders that understand the value ... and the *absolute necessity* ... of meeting people *where they are*.

In rural America, there is a vital need for development capital and for strong federal, state, local, and – here’s where *you* come in – *private-sector* partnerships.

Together, capital ... and the *right partnerships* ... drive opportunities for real and sustained economic success in rural America’s communities.

There are 46 million people – that’s about 15 percent of the population – living in rural America. They provide the food, fiber, fuel and durable goods the rest of the nation ... and the *world* ... depend upon.

Consequently, the economic well-being of *all* Americans is indelibly tied to rural growth ... and Rural Development’s investments fuel the national economy by nurturing that growth.

This is the mandate of the agency I’m *so* proud to lead ... standing alongside thousands of dedicated, field-based staff who – just like you – live in the communities they serve. When you have “skin in the game,” banking *is* personal, isn’t it?

So, let’s take a look at some Rural Development successes that would not have been possible without “skin in the game” from community-based lenders just like you. These projects offer a glimpse of what’s possible when we align our vision and effort, using every tool within our grasp.



II. We are Better ... Together

Let's begin with our flagship Business and Industry loan guarantee program, which last year alone helped finance rural businesses throughout this country, infusing more than billion dollars into the American economy.

Renewable Energy:

A second example is the Renewable Energy for America Program – or “REAP” as it's known in the industry – which provides guaranteed loan financing and grant funding for renewable energy systems ... and to make energy efficiency improvements.

To use REAP, rural businesses generally must be located in areas with populations of under 50,000. Funds can be used to help offset the cost of solar, wind, hydropower, geothermal, biomass, and even ocean power generation.

The work USDA is undertaking in this area presses forward the notion of energy independence for America's small towns.

And using abundant, renewable natural resources isn't just *fiscally* sound, it also helps communities do their part to ensure an environmentally-secure future for our children.

For example, a recent \$14 million dollar REAP loan guarantee to North Carolina-based O₂ Energies is now producing enough solar energy to power 20 percent of all the homes in Mt. Airy – the childhood home of actor Andy Griffith affectionately known as “Mayberry, USA.”

This forward-leaning project relied on local contractors, local farmers, and yes – a local lender.



The REAP loan guarantee we provided to North Carolina’s Surrey Bank and Trust gave the bank the confidence to try something new that has benefitted the *entire community* ... creating jobs and encouraging investment at a time when it was needed most.

Housing:

A third example comes from our Housing portfolio – which encompasses about \$100 billion dollars – and that’s a special point of pride for me. We offer one of *the best* mortgages in the country for very low-, low- and moderate-income Americans.

In fact, June is National Homeownership Month and this year is particularly auspicious for USDA, as it marks the 25th anniversary of the Single Family Housing Guaranteed Loan Program!

This landmark program – which operates in the \$19 billion dollar range – is probably familiar to many of you.

I know we’ve made noteworthy progress in partnership with several approved Rural Housing Service Lenders, among them: Farmers & Merchants Bank, First Independence Bank, Guaranty Bank & Trust, Merchants and Planters Bank, Peoples Bank, Security Federal Bank, and The First, a National Banking Association.

What may be news to you is that, in 2014, we expanded our definition of an “eligible lender” so more community-based banks can qualify for our 502 Guaranteed home loan program.

This program helps approved lenders offer low- and moderate-income households an opportunity to build, rehabilitate, improve or relocate dwellings in eligible rural areas.

The 90 percent loan note guarantee reduces the risk of extending 100 percent loans to eligible rural homebuyers.



Now, small lenders who aren't approved by Fannie, Freddie, Ginnie, FHA, or the Veterans Administration can work with us at USDA to show "demonstrated ability."

We also consider lenders that don't escrow for taxes and insurance – removing yet another barrier for small, community banks. So, this is a *good time* to partner with us on our guaranteed mortgage program!

Community Programs:

Finally, our Community Facilities loan guarantee program offers a powerful opportunity to help *'lift all boats.'*

For instance, last June, I visited Scarborough, Maine, where we cut the ribbon on a new, 16-bed long-term care facility that provides around-the-clock, specialized care for both children and adults.

Funded with a \$6 million Community Facilities Direct Loan, "Casa" is a spacious and bright new home offering state-of-the-art medical care that will help each resident reach their fullest potential.

Interim financing for this impressive project came from KeyBank, which in April signed a landmark \$16.5 billion community benefits agreement with Maine's Coastal Enterprises, the National Community Reinvestment Coalition, and more than 20 other community development corporations located in New York, Pennsylvania, Ohio and Oregon. This is a good example of using all the tools in the toolkit ...



III. White Hats

All of these projects I’ve just described – Business and Industry, Renewable Energy, Housing, and Community Facilities – were all possible because of partnerships with community-based lenders *just like you*.

It’s not hard to see how there truly is ‘strength in numbers.’ These are deals that make a *real difference* in rural America!

And not just in finance ... but in human capital ... and in our *resourcefulness* ... our *persistence* ... and our *stubborn refusal* to accept that there are places in this country where people simply are stuck and cannot rise.

I think of myself as a development banker, and this is the lens through which I view Rural Development’s mission. I believe some of our *greatest* work evolves from taking the time to learn how each community “ticks” ... by slowing down a little and *really working* the deal.

The most robust ... the most *fertile* ... financial transactions don’t just walk in the door to us ... we have to go out and *find* them ... we must be directly involved in their creation and tirelessly nurture their growth. That’s what *you* all do – you make sound transactions happen!

I’ve been championing this dream since my college thesis when I wrote about my father’s country of birth - Ghana - and I asked, “Can money bring development?”

There’s a bit of Ghanaian wisdom I’ve kept close to my heart ever since. It’s a proverb that says, “*Money scattered in a dark place brings light.*”

And it’s *true*.



The formidable power of a bank *can* help bring prosperity to impoverished places. But ... we have to genuinely understand the value and power of the financial tools at hand.

And community-based lenders like you here in the room today? Well, to us at Rural Development, you represent the best of this country's 'white hat lenders' ... *willing* to invest ... *refusing* to sideline ... and steadfastly keeping the dreams of those at the very heart of this country alive and kicking.

Thank you for understanding that, as the late U.S. Senator Paul Wellstone so wisely said, "We all do better ... when we *all* do better."

Now ... let's go forth and do better ... *together!*