Paul J. Weinstein Jr. 03/03/98 11:59:25 AM

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To: Michael Deich/OMB/EOP

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Subject: CDFI Fund

1. Small Business Lending Program -- I talked with Michael Barr this morning about the CDFI reathorization legislation. He told me that Treasury included in the reauthorization language a new small business lending program. This program would allow the Fund to provide State CDFI/Lending programs with money which they can leverage (by matching the Federal funds) to invest in distressed communities by funding CDFIs. This program is very similar to how the Fund leverages money with other intermediaries such as the NCUA or the Association of Community Loan Funds. These State programs have a great track record and can be an effective means for the Fund to get the "money out the door quicker" than it has in the past. Paul Dimond was a big support of these State funds. I am supportive of this as well, although I know it was not specifically cited in our budget. Treasury would provide $5 million from their requested CDFI appropriation for FY99. I think we should approve.

2. I have reviewed the Treasury reauthorization language and I am comfortable with the draft. The language would Treasury more accountable for the program, which is something I think Congress wants. I am hopeful that the Vice President will do an event on the reauthorization.

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