



Wall Street Without Walls (WStWW) connects capital markets with community-based development organizations (CBDOs) that promote economic growth in low- and moderate-wealth communities. Like “Doctors Without Borders”, WStWW matches non-profit development organizations with teams of volunteer bankers and finance professionals who provide help on a *pro bono* basis. WStWW offers a rare chance for investment bankers and capital market professionals to give something back to small businesses, families and individuals in distressed communities across the country.

How It Started

In 2000, WStWW launched an ambitious pilot program focused on the New York region. WStWW volunteers successfully delivered financial technical assistance (FTA) to community development financial institutions and community development corporations seeking advice on how to access capital markets. WStWW harnessed Wall Street expertise structured financing to develop new services and products for non-profits, such as a financial guarantee capacity, a capital exchange liquidity vehicle, and the leveraging of government foreclosed assets as a credit enhancement tool for community development finance. WStWW volunteers fulfill the highest standards of their professions by helping CDBOs use the power of the capital markets to support small businesses, expand affordable housing, and develop commercial, mixed-use, and industrial factory sites in low-wealth communities.

How it Works

Nonprofit organizations are eligible for FTA if they have specific financing needs or transaction questions for deals over \$3 million. Requests are channeled through trade associations serving the field such the National Congress for Community Economic Development, Local Initiatives Support Corporation (LISC), the Enterprise Foundation, National Community Capital, and the Neighborhood Reinvestment Corporation. The Securities Industry Association (SIA) works with WStWW to make sure the process is productive for both the volunteers and the nonprofits. With funding from the Fannie Mae Foundation, WStWW is conducting a series of training programs for CBDOs co-hosted with the Federal Reserve Bank system: a one-day *Orientation to the Capital Markets* and a more extensive *Capital Markets Training Institute*.

How You Can Help

WStWW is committed to bringing the benefits of these innovations to non-profit CBDOs throughout the country. To do this, we seek dedicated professionals willing to provide *pro bono* FTA, and committed corporate sponsors. Further information is available at our web site or by contacting our co-directors, John Nelson (Washington, DC), and Greg Stanton (New York). Our office and web site contacts are listed below.



Program Summaries

Orientation to the Capital Markets Program: These training programs prepare community-based development organizations (CBDOs) to use structured finance for specific capital markets transactions of \$3 million and above. The programs consist of one-day introductions co-hosted by the Federal Reserve Bank, plus intensive follow-up sessions at regional educational institutions, such as Southern New Hampshire University's School for Community Economic Development. WstWW then provides individual CBDOs with *pro bono* financial technical assistance through a network of financial professionals, in partnership with the Securities Industry Association. The orientation programs, training and technical assistance is designed for senior CBDO managers nationwide, and is free of charge.

Capital Exchange Fund Program: Currently the capital markets do not have the research and data needed to assess the credit risks of the CBDO industry. The Capital Exchange Fund will provide a substantial and sustainable facility that will allow CBDOs to obtain short-term liquidity financing on an equal footing with conventional commercial lenders and developers. WstWW is working with the **Financial Innovations Roundtable** to build a \$75 million liquidity fund from the sale of "A-1/P-1" rated commercial paper, backed by a letter of credit enhancement from a highly-regarded money center bank. The Fund will be managed by a leading financial institution, guided by a CBDO coalition, and will produce the analytical framework that will enable rating agencies and institutional investors to accurately associate the credit risks associated with community development financing.

Credit Enhancement Project: WstWW is developing the structure of a facility that will provide continuous and efficient access to the capital markets for originators of community development and affordable housing loans. The goals of this project are to demonstrate that (a) the asset class is credit worthy and can be structured for public rating; (b) securitizations are insurable; (c) investors will be attracted by public ratings and third-party credit enhancements; and, (d) lower financing costs for originators will improve capital leverage and increase loans for community development and affordable housing.

Financial Guaranty Project: Recent studies have confirmed the need for a new, dedicated financial guaranty insurance company for the community development and affordable housing sector. WstWW is developing a formal business plan and financial model that will demonstrate the strong returns for potential equity investors and will serve as the basis for a private placement memorandum. The goals of this company are to: (a) provide opportunities for CRA and institutional investors to substantially leverage their current funding levels while enjoying double-digit returns and exit strategies; (b) offer greater flexibility in asset/liability management for loan originators and aggregators; and, (c) insure creditworthy transactions for all buy-side participants.