

Quotes from Theresa Acosta Lee
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The Texas Mezzanine Fund (TMF) is a for-profit multibank community development financial institution (CDFI) fund. It is different from other such funds in Texas because it operates throughout Texas. And, it is capitalized enough to be able to do larger transactions, up to \$500,000, which for many community development projects represents much needed scale.

Texas' CDFI industry is at an interesting point in its evolution. It does not have to choose between "grow, merge or die," as suggested by some. Instead, local CDFIs can "grow and collaborate with TMF, so that our communities thrive." CDFIs may be set up to operate on a stand-alone basis in a transaction, which may limit deal size and impact. However, in partnership with TMF, a local CDFI can do larger transactions, thus achieving that critical scale.

TMF collaborates with banks and other CDFIs. Its loan products finance small business, affordable housing and nonprofit facilities. Its overall goal is to have significant economic impact, and the local CDFIs throughout Texas represent the scale that TMF needs to penetrate the state.

TMF did bridge financing for The Texas Theatre in Oak Cliff, a nonprofit community facility in a low- and moderate-income area in Dallas. It worked with the Metropolitan Community Economic Development Corporation to build affordable housing in Bryan-College Station. In tandem with PeopleFund in Austin, TMF helped La Mexicana Bakery expand in south Austin. For details on its work with the bakery, see <http://www.dallasfed.org/ca/bcp/2004/bcp0401.pdf>.

TMF does not want to compete with smaller community development funds but help them expand their capacity in transaction size.

Many times bankers are closet community developers but some community and economic development projects simply do not qualify for what banks can do. The bankers that accommodate community development think creatively, are value-added and call local CDFI partners to help them figure out how to make a project work.

The lenders that make community and economic development projects work are value-added lenders, working with TMF, the Community Development Loan Fund in San Antonio, PeopleFund in Austin, ACCION Texas and others.

TMF has the scale to do larger-sized loans. CDFIs and bankers are key to its ability to take that scale to achieve community development in Texas. The key word when thinking TMF is "collaboration." For more information, see the TMF website at www.tmfund.com.

The views expressed here are the presenter's and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.