

CRA in Rural Maine and Beyond

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Coastal Enterprises, Inc.



THE **JUST** **ECONOMY** CONFERENCE  2018

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WASHINGTON HILTON HOTEL
WASHINGTON, DC



About CEI

- Maine-based CDC and CDFI, founded 1977
- Three strategic pillars:
 - Good Jobs
 - Environmentally Sustainable Enterprises
 - Shared Prosperity
- Business loans and investments in Maine and other rural regions

CEI and Banks

- Maine: pop. 1.3 million; 31 banks, 486 branches
- History of bank investment in CEI and co-lending

Strengths

- Relationships – Maine is a small state
- Innovation – CEI has products the banks can't offer: Fee-based loans acceptable to Muslims
- Risk
 - CEI can be a gap-filler for deals that don't fit in the credit box
 - Banks can invest in challenging CEI deals
- Participation in KeyBank/NCRC CBA process

Challenges

- CEI consumer advocacy viewed as problematic. Some relationships damaged.
- Assessment areas
 - Small banks limited to local area
 - Larger banks - focus on Portland MSA
 - Some multi-state banks have no physical presence in Maine
- Rural deals are smaller, less bang for the buck

Challenges

- “Some banks just want to check the box.”
- Short-term investments
- Cost of funds
- Underwriting – getting comfortable

Policy implications

- Assessment areas – balance greater breadth with needs of the local market; look at full scope vs. limited scope exams
- Better community needs assessment for rural
- CD loans vs. CD investments
- More...

Thank you!

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