

MEMO

TO: CLIMBER Oversight Board, Dave Young, State Treasurer
FR: James Eke, CLIMBER Director
DT: May 27, 2021
CC: Steve Johnson, CHFA; Jeff Kraft, OEDIT

RE: Special Consideration to Increase Credit Enhancement Fees for First Southwest Bank

As CLIMBER launches, the process of adding lending institutions becomes the key to getting the funds out to the state and the businesses in need. CDFI institutions have been targeted as a major player on the distribution of the loans CLIMBER will provide.

We have a request from a lender to consider increasing our fee structure to them due to their structure and costs associated to making loans the businesses they focus on. First Southwest Bank has the CDFI designation, and must annually provide information to the U.S. Treasury showing how they work in highly distressed areas. Working in these distressed areas can provide additional challenges, such as making the cost of capital and operating costs higher than other traditional banks

Based on the information provided by CHFA, the Treasury staff we recommend a modification to the fee structure for First Southwest Bank for the CLIMBER program.