



**STATEMENT OF MARK PINSKY  
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Good morning and welcome!

I am Mark Pinsky, President & CEO of the Opportunity Finance Network, which we are launching today as the successor organization to the National Community Capital Association.

Based in Philadelphia, the new Opportunity Finance Network is a \$4-billion national network of 167 financial institutions that find and finance opportunities that others overlook. We work just outside the margins of conventional finance to bring those markets into the economic mainstream and to help the economic mainstream flow in those markets.

Many people refer to these markets as "Emerging Domestic Markets" or "New Markets" ... but we call them "Opportunity Markets." Often overlooked because of demographics or geography, these are critical markets—many of which will drive economic growth in the U.S. for the next 20+ years.

Opportunity Finance measures success by financial results as well as quality jobs, quality affordable housing, and quality community facilities and services—and by the opportunities we create for individuals, investors, and communities.

The 167 financial institutions in the Opportunity Finance Network have a proven track record of more than \$9.6 billion in financing with low losses and low delinquencies in many of our nation's economically challenged places. That financing has resulted in 317,000 housing units, 141,000 jobs created or maintained, as well as 29,000 businesses and more than 4,600 community service organizations financed. And that is just going to serve as the baseline for what we intend to accomplish over the next decade.

Just over 40 years ago, as part of the Great Society and the War on Poverty, the modern concept of Community Development came into vogue. Today we are stepping past the community development



approach and into a new approach that reflects with what we have learned, builds on what we have accomplished, and better fits where we are going—we call it “Opportunity Finance.”

I’ll talk more in a bit about why we are making this change, but let me focus now on what the Opportunity Finance Network will do ... because I want to emphasize that this is not a cosmetic name change – this is a strategic shift in how things in our part of the financial world will get done.

Today the new “Opportunity Finance Network” is unveiling a far-reaching campaign for 2006 and beyond including: the first phase of a multi-billion dollar “Fair Mortgage™” strategy to combat predatory lending ... plans for \$100 million or more in financing to preserve the affordability of housing units in manufactured home parks for low- and moderate-income homeowners ... a relief and recovery fund for communities and businesses struggling in the wake of natural disasters and acts of terrorism ... the launch of a “National Opportunity Investor Council” to be headed by former Federal Reserve Governor Ned Gramlich ... and the development of a bipartisan “post-community development” strategy for inclusive growth.

Let me touch on each of these points one at a time:

- *First ... Fair Mortgage™ lending.* We are developing a *national* responsible subprime mortgage platform to challenge predatory lenders who are stealing wealth from homeowners. This “Fair Mortgage™” strategy is a partnership between responsible mainstream mortgage lenders and the Opportunity Finance Network. This new platform will sharply increase the volume of Opportunity Finance—perhaps by an order of magnitude or more. After a pilot launch in 2006, we expect to originate \$1 billion or more per year of Fair Mortgages™ by 2010, growing from there. Our partners will include a major investment bank, a prominent wholesale mortgage lender, and a national bond issuer.
- *Second ... preserving housing affordability for very low-income individuals.* The fastest growing segment of affordable housing today is manufactured housing. Yet the people who live in manufactured home parks are vulnerable to speculation when landowners sell the park land. Each year, this uproots many thousands of people living at or below 50 percent of median income. We are preparing to introduce a *national* commercial loan conduit to preserve the permanent affordability of these parks. We project preserving and improving almost 4,000 housing units with \$97.5 million in financing in the first three years, starting later this year.



- *Third ... a natural disaster/terrorism relief and recovery fund.* We are now at the very early stages of developing a plan with a major national business group partner to develop a disaster relief and recovery loan fund for future natural disasters and acts of terrorism. This fund would provide “bridge” and stop-gap financing to small businesses crippled by events beyond their control. The recent experiences of small businesses after 9/11 and Hurricane Katrina demonstrated that traditional government-financing is not enough to rebuild hope and opportunity. This is a perfect “Opportunity Finance” situation that illustrates what we expect to accomplish as Opportunity Finance Network—bringing together mainstream business and capital partners with our on-the-ground financing delivery channels.
- *The fourth point I mentioned was ... a national advisory panel headed by a former Fed governor.* During the spring of 2006, we will formally introduce a new “National Opportunity Investor Council” to bring together many of the major capital sources involved in this long-term effort to find and finance opportunities that others miss—national, regional, and local banks; philanthropic organizations; faith-based investors; and the Opportunity Finance Network. Former Federal Reserve Governor Ned Gramlich has agreed to chair the Council. At the Fed, Ned was responsible for consumer and community affairs. We intend to integrate the Opportunity Finance Network of institutions with mainstream institutions that are pursuing emerging domestic markets. Vertically integrated collaborations will take advantage of Opportunity Finance Network’s expertise at finding and financing opportunities that others overlook and leverage it with the capital markets might of conventional institutions.
- *Fifth and finally ... bipartisan policies.* Opportunity is a fundamentally American, bipartisan value. We are promoting a bipartisan policy solution that recognizes the role of government as a *seed-capital* investor in market-based financial intermediaries and other market-based strategies. On March 16<sup>th</sup>, in Washington, DC, we will convene a small, select, and bipartisan group of leading policy specialists to frame a bipartisan “Opportunity Agenda for the 21<sup>st</sup> Century.” This effort, called “Into the Economic Mainstream,” responds to the growing recognition that community development policy needs more than a fresh coat of paint; it needs an overhaul. We need to keep what works and replace what does not work. A diverse set of players from across the political spectrum are participating in developing a common, bipartisan “Opportunity Agenda.”

In closing ... let me say how excited we are to get the Opportunity Finance Network off the ground.

And we are doing so because the time is right ... it is time to take the next step.



Community development has won countless important battles, but the reality is that we are losing the war. Too many of the problems we are supposed to be solving instead are growing worse, not better. We need a new approach to financing opportunities for underserved people, neighborhoods, communities, and markets.

We need to leverage the capacity of mainstream financial systems using the proven market expertise of special-purpose financial institutions—the “tugboat lenders” that exist to steer capital into hard-to-reach markets.

America’s “opportunity markets” need more private capital than traditional government-backed community development strategies can provide. What sets apart “opportunity finance” from community development is that it is accountable to its financial investors and its consumers— and not primarily to the government.

What sets Opportunity Finance apart from conventional finance is that it is profitable but not always profit-maximizing. In other words, it balances long-term economic well-being with short-term financial gains. It is a strategy for strong, inclusive growth.

The fact is that only a new and unprecedented set of partnerships among mainstream capital market leaders and opportunity finance institutions can bridge the growing divide that separates opportunity from accomplishment.

And that is exactly what the Opportunity Finance Network is setting out today to do.

That concludes my opening remarks. I look forward to taking your questions.