



MEDIA RELEASE

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\$300,000 GRANT AWARDED TO COMMUNITY DEVELOPMENT CORPORATION OF BROWNSVILLE FOR RURAL HOUSING

The Community Development Corporation of Brownsville (CDCB) - a 32 year old Community Housing Development Organization is pleased to announce the award of a \$300,000 grant from the Department of Housing and Urban Development (HUD) Rural Housing and Economic Development Program to be used to provide long term mortgage financing for ten (10) Cameron County rural and colonia families seeking home ownership or replacement of their existing dilapidated home. HUD Secretary Alfonso Jackson stated “(CDCB) will use the money to support innovative housing and economic development activities. Specifically, they will construct 10 houses, expand bank mortgage lending and provide below market financing to those in South Texas Colonias”.

The HUD award is the fourth received that is tied to a \$2.4 million lending commitment from four banks that are members of the Rio Grande Valley Multibank - a for profit stockholder held multibank community development financial institution. The four members, The Chase Manhattan Bank, Wells Fargo, International Bank of Commerce, and Texas State Bank each have committed \$600,000 at below market rate that will then be loaned to rural and colonia families not currently able to qualify for a standard mortgage loan. CDCB, will also utilize the funds to provide down payment and closing cost grants to families purchasing new homes in the target areas and for families building their own homes under CDCB’s Mutual Self-Help Program.

Don Currie, Executive Director of CDCB states that HUD funds will be also used to provide a loan loss reserve to banks as well as second lien loans that will allow them to loan to customers unable to qualify for traditional bank loan products. “The uniqueness of the Rural and Colonia lending program is that the loan decision is not based on a families past credit history, but on their ability to demonstrate that they will be able to repay the loan through their employment income stream” states Currie. “The program is a model of the partnership that can be created

between a government entity, a non profit, and private sector banks to provide low interest loans to colonia residents who typically would be forced to finance the construction of their home using cash or high interest debt.”

Since 1998, CDCB has built over 210 homes in the rural and colonia areas. Irv Downing, President JP Morgan Chase - Rio Grande Valley, and Board Member of the Rio Grande Valley Multibank praised the programs innovative design and leveraging of private sector lending sources. Says Downing, “Without the assistance of HUD, the banks would not have been able to directly make loans to families not meeting stringent credit qualifying criteria due to safety and soundness conditions. We see the Rural and Colonia Loan and Affordable Housing Loan Program as models of lending that can be implemented, not only in Cameron, but in other counties along the border as well.

In 2005-2006, CDCB constructed and mortgage financed 135 new homes in Brownsville and the surrounding area, as well as rehabilitated 3 additional homes.

For more information or to apply for housing assistance call the Community Development Corporation at 541-4955.