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NEWS RELEASE

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**CDFA Reaffirms Support for FHLB Letter of Credit Legislation
-- Measure Would Dramatically Assist Struggling Municipal Bond Industry--**

Cleveland, OH – The Council of Development Finance Agencies (CDFA) reaffirms its continued support for Federal Home Loan Bank letter of credit legislation currently in the House and Senate and will continue its efforts to ensure this important legislation is passed.

CDFA endorses the proposed legislation as an effective way to strengthen economic development efforts, particularly the use of industrial development bonds (IDBs). CDFA represents over 250 issuers and private entities in the development finance industry.

“This is a measure that can help the economy by strengthening the ability for communities to complete economic development bond transactions, especially IDBs and other revenue bond tools,” CDFA executive director Toby Rittner said. “These resources are important tools that encourage economic growth and help create jobs.”

IDBs are tax-exempt municipal bonds used to assist in the financing of economic development projects and business expansion. They provide a low-cost financing option for small and medium sized manufacturers, non-profits and the business community.

The Financial Services Committee stated this week that they would like to help issuers as problems with bond insurers and auction rate securities have hampered the municipal market. H.R. 2091 and S. 1963 would offer immediate relief for many issuers who could use letters of credit (LOCs) from FHLB member banks as credit enhancement on small tax-exempt issuances. Such a performance guarantee or credit enhancement from a Triple-A rated entity lowers costs for communities. These bonds are used to raise funds for industrial development, infrastructure improvements, healthcare facilities, fire stations, parking facilities, long-term care for the elderly, schools and other important improvements.

“With the state of bond insurance right now, making use of FHLB letters of credit is a way to keep the market open for many issuers,” CDFA Legislative Committee chairman Bob Lind, director of business finance for the City of Minneapolis, said. “It’s always important to have more options available for credit enhancement, but it’s even more critical now.”

Learn more about CDFA’s legislative efforts at www.cdfa.net.

If you have any questions about CDFA’s legislative agenda, contact CDFA legislative associate Brian Anderson (banderson@cdfa.net) at 216-920-3095.

CDFA is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation’s leading and most knowledgeable members of the development finance community representing over 250 public, private and non-profit development organizations.

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