



Community Development Lender

CEN-TEX's Specialized Expertise Complements Partner Banks

BY JANIS K. OPPELT

Walking into the offices of CEN-TEX Certified Development Corporation in Austin is a lot like walking into a bank or other lender – and not just by coincidence. It's the exact impression Rosa Rios Valdez had in mind when she became executive director of the NeighborWorks® organization six years ago.

"I had a vision that I explored through the following question," said Rios Valdez, who's also CEN-TEX's senior loan officer. "How can we become a true full-service, nonprofit lender and not be in competition with the local banks?"

Since it received its NeighborWorks® charter in 1997, and up to three years ago, CEN-TEX solely packaged real estate loans. Although the organization helped some businesses to expand, it was turning many away because it offered one government product only. As Rios Valdez says, "Our long-term vision was not to just package for the government."

It took CEN-TEX about three years to shift its focus and expand its offerings to what it is today, which is an economic and community development lender. Now CEN-TEX handles loans of all shapes and sizes, ranging from large real estate deals to small business and microbusiness loans. It also offers home mortgage assistance and financial education services to families and individuals.

Filling a Need

Over time, it became apparent that CEN-TEX CDC could achieve its goal of becoming a full-service, nonprofit lender by filling the community- and economic-development needs of local rural banks. As Rios Valdez said, "Loan officers for these small, independent banks are swamped with personal loans for vehicles, education and mortgages. They don't have the time to specialize in rural economic development finance."

In addition to already overworked loan officers, rural banks also may not



have staff, resources or experience to get involved with small business, community, economic and microbusiness lending. So, Rios Valdez structured CEN-TEX's lending packages to complement the "community reinvestment" activities of local banks.

"By organizing ourselves this way," she says, "we have become bank partners, not competitors. We complement banks that don't have the expertise we bring in community and economic-development programs, opportunities and accounts."

CEN-TEX now has more than 100 bank partners. This past spring, five of its more progressive bank partners pledged \$3 million in capital so that CEN-TEX could launch a flexible business loan program. The participating partners are First National Bank of Eagle Lake; Chase Bank; Lone Star Bank, Moulton; State Bank, Gonzales; and First State Bank, Central Texas.

First National Bank of Eagle Lake, one of CEN-TEX's long-term bank partners, in fact has pledged \$250,000 to the new loan program. "Providing creative financial solutions has always been a goal of our bank," said William Harrison Jr., president of the bank, "so we gladly offered to help capitalize this new program."

Harrison is not just a bank partner but also one of CEN-TEX's past presidents. He has watched it grow and diversify its lending.

"Having been associated with CEN-TEX since its inception," said Harrison, "I am confident these dollars will go to deserving business customers with appropriate supervision by CEN-TEX officers. We consider CEN-TEX part of our lending team. Over the years they have assisted us and our business customers to do much more than we could have done by ourselves."

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Lender with a Difference

CEN-TEX is the only nonprofit community development organization in Texas with the particular look and feel of a bank. In fact, it even purchased a bank building on a prominent commercial corridor for its offices. In addition, each person on staff is a loan officer, and, like a bank, CEN-TEX offers different lending products to underserved markets.

"When bank managers and customers walk into our building," Rios Valdez explains, "it's like they're walking into their own local banks. That's what they want for a partner. We underwrite and structure loans just like they do. In addition, our partner banks get community reinvestment credits every time they do business with us."

However, there are a few very important differences. CEN-TEX board and staff do not measure their successes by their net earnings and stockholder dividends. Instead, they find success by the jobs created and capital invested in the community. And, most importantly, by the increase of home ownership.

As Rios Valdez says, "Our board established two goals: to become self-sufficient and to provide a diverse loan product mix. This year, we booked more than \$5 million in business loans to 34 businesses. Over 13 years, we've helped create more than 2,300 jobs. The variety of loans this year proves we are on the right track." ■

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