Community Reinvestment Fund, USA

Mission Related Investing

Federal Reserve Bank of Boston

Presented by:
Frank Altman, President and CEO
- A national non-profit financial services organization based in Minnesota
- Provides capital to communities by purchasing loans from community development lenders
- Types of loans:
  - Business Loans
  - Affordable Housing
  - Community Facilities
To transform the community development finance system by accessing capital markets on behalf of local development lenders to enable them to increase their impact on the lives of people and their communities.
$967 million provided to 149 lending partners in 34 states, District of Columbia.

2,164 loans in 46 states.

36,000 total jobs created/retained, 4,400 of those to minorities or women.

16,600 affordable homes

2,100 childcare slots

2,800 slots at educational facilities

104,400 served at community facilities

Loss ratio is less than 0.47%
Milestones Reached:

- **CRF-19** - Third rated economic development debt offering. $68 million closed April 3, in face of most challenging credit market in decades.

- **CRF-18** - Second rated economic development debt offering, $54 million total, 72% AAA. CRF-18 was oversubscribed by a factor of two.

- **CRF-17** - First rated economic development debt offering, $46.1 million total, 56% AAA
Milestones Reached:

- **Business Loan Conduits I & II** – $172 million in loan purchases, eight equity partners and nine debt partners. $280 million in committed investments.

- **New Markets Tax Credits** – $412.5 million allocation, largest in the nation.

- **Affordable Housing Debt Offering** - $84 million total offering, S&P ‘AAA’ rating for $63.5 million
Milestones Reached:

- Only Non Profit in the nation to have its loan service ranked by S&P
- **Standardized loan documentation** launched to support community lenders.
  - **CARS rating of AA/2** – second highest for impact and financial strength
Problem: Jackie Hamilton needed financing to expand her wig-making business.

Solution: CRF and Minneapolis CPED provided an $82,000 NMTC loan.

Outcome: Jackie purchased a new commercial property for her business.
Problem: Financing needed to build an affordable housing facility.

Solution: WHEDA and CRF provided a $1.9 million loan.

Outcome: Construction of an affordable housing facility for the visually impaired.
Investment Products

Purely Charitable

Below-Market Investments

Grants
Equity
Subordinated Loans
Loans
Cash
Guarantees
Program-Related Investments
Equity Equivalent Investments

Market Rate Investments

Cash
Fixed Income
Public Equity
NMTC Investments
NMTC Investments And Asset-Back Securities

Private Equity

Adapted with permission from F.B. Heron Foundation's “New Frontiers in Mission-Related Investing”
Investment Opportunities

Purely Charitable

Charitable Contributions

Purely Market
Investment Opportunities

- PRIs and Social Investments
- Charitable Contributions
Investment Opportunities

Purely Charitable

PRIs and Social Investments
Charitable Contributions

Market-Rate Investments
Purely Charitable

Charitable Contributions

PRIs and Social Investments

5% yield

6.5% yield

5.37% yield

Market-Rate Investments

Series 19 Yields
Series 19 Collateral

- **Purely Charitable**
  - Charitable Contributions 1%
  - PRIs and Social Investments 8%

- **Purely Market**
  - Market-Rate Investments 91%

The diagram visually represents the distribution of investments with different ratings: BBB, BBB, A, AAA3, AAA2, AAA1.
- Leverage of grant dollars:
  
  $1 grant leverages $31 in direct investment

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<thead>
<tr>
<th>Grant</th>
<th>CRF Funding</th>
<th>Additional Investment</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>31</td>
<td>62</td>
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- Collaboration among community partners
- Alternative to public funding for community development
- National community impact—currently in 46 states
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