

THE CRA QUALIFIED INVESTMENT FUND – **Meeting Qualitative Performance Criteria for CRA Investing**

December 2016



ABOUT THE CRA QUALIFIED INVESTMENT FUND

The Community Reinvestment Act (CRA) Qualified Investment Fund (the “Fund”) CRA Shares (Ticker: CRAIX) was launched in 1999 as a community investing vehicle to help banks meet the requirements of the CRA. The CRA Shares were created specifically for banks to help garner positive consideration on the investment test portion of the CRA exam.

On behalf of over 400 bank shareholders, CCM has invested over \$6.3 billion in qualified investments in all 50 states, Puerto Rico and the U.S. Virgin Islands, including:¹

- 337,000 affordable rental housing units
- 14,300 home mortgages for low- and moderate-income borrowers
- \$236 million in enterprise development and job creation
- \$205 million in economic development (i.e., environmental sustainability, neighborhood revitalization, healthy communities)
- \$765 million in statewide homeownership and down payment assistance
- \$28 million in affordable healthcare and rehabilitation facilities

The CRA was and is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate. We believe the Fund to be an innovative solution for banks to help meet their community credit needs given its unique earmarking process on behalf of its bank shareholders.

Upon investment in the Fund – which by its very nature is a “CRA-qualified” investment² – Community Capital Management, Inc. (the registered investment advisor to the Fund) identifies, purchases, and earmarks CRA-qualifying securities in each shareholders’ assessment area(s). After every CRA examination, new CRA-qualifying investments are identified, purchased, and earmarked to the bank ahead of its next exam.

For current period credit purposes, the earmarked investments (and not the shares in the Fund) should be assessed to determine:

- Responsiveness to credit and community development needs;
- Whether it is routinely provided by private investors; and
- Innovativeness or complexity.

This process occurs per the shareholder bank’s CRA exam cycle, financing new and meaningful community development projects and initiatives. This method has been in place since the Fund’s inception in 1999 and we believe it to be the only national CRA-qualified investment fund of its kind to have this type of innovative earmarking.

¹ Approximate figures as of 9/30/16

² Common investment vehicles for CRA investments include investment in a CRA mutual fund that has targeted investments within the fund to the bank’s assessment area(s). CRA qualified investments in the CRA Fund are purchased and earmarked dollar for dollar to each institution’s assessment area(s). https://www.fdic.gov/news/conferences/NY/2015-08-13-CRA_Understanding_Community_Development_Transcript.pdf

The Fund strives to achieve qualitative performance, in addition to quantitative performance, on behalf of its shareholders. The following investments purchased in 2015 and 2016 are a sample of the qualified investments made that are innovative or complex, responsive to community development needs, or are not routinely provided by private investors.

INNOVATIVE OR COMPLEX

City Market at O Street Washington, DC

City Market at O Street is a one million square foot mixed-use development in the historic Shaw neighborhood in Washington, D.C. The development includes over 600 residential apartment and condominium units, a 182-room hotel, supermarket, two story below-grade parking garage, 300 indoor bicycle parking spaces, 270 linear foot rooftop dog park, and market retail space. Included in the project is The Hodge on 7th, an affordable housing residence for active adults older than 55 years of age. The property has 90 units, of which 72 are restricted to residents with incomes at or below 60% of area median income. The remaining 18 units are restricted to residents with incomes at or below 50% of area median income.

City Market at O Street is considered a key component in the revitalization of the Shaw neighborhood, one of Washington's oldest commercial, residential, and cultural districts. The project also includes the restoration of the historic O Street Market. Constructed in 1881, the O Street Market was one of Washington, D.C.'s three original farmer's markets and a central part of the Shaw community. The market was damaged by a snowstorm in 2003 and has been restored to again serve the Shaw community as a 72,000 square foot Giant Food store. City Market at O Street is a walkable community centrally located near the metro allowing residents, visitors, and employees' easy access to public transportation. The project is targeting a LEED Silver certification and compliance with Green Communities criteria.

The project is financed under the Federal Housing Administration (FHA) Section 220 insured mortgage program. Section 220 insures loans for multifamily housing projects in urban renewal areas, urban development project areas, code enforcement areas, and other areas where local governments have undertaken designated revitalization activities. City Market at O Street is located in Census Tract 0049.01, a moderate-income and high-poverty census tract with 24% of the population living below the poverty line.

City Market at O Street is one of the 14 infrastructure projects, and the only mixed-use development, around the country selected by the Obama administration to be expedited through the permitting and environmental review process. The Presidential Memorandum directed agencies, such as the Department of Housing and Urban Development, to expedite reviews and permit decision for a select few of the country's most high priority infrastructure projects that would create a significant number of jobs. City Market at O Street is estimated to bring 1,000 new residents to the Shaw neighborhood and generate over 2400 jobs.

New York City Housing Development Corporation Multifamily Housing Revenue Bonds

A portion of the proceeds of the 2015 Series B Bonds is expected to be used by the Corporation to finance the acquisition of or additional financing of twenty-three (23) affordable housing developments located in Bronx, Brooklyn, Manhattan and Queens, and previously originated or financed by the Corporation with its own corporate funds.

One of the properties, Jacob's Place, is an affordable



rental property in the Bronx where 48 of the 63 units are restricted to residents with incomes at or below 60% of area median income with an additional 14 units restricted to residents with incomes at or below 50% of area median income. Jacob's Place is located in Census Tract 0383.02, a low-income census tract. Built in 2005 and constructed according to the Enterprise Green Communities Criteria, Jacob's Place features a combination green/solar roof, bamboo flooring, low-VOC paints and materials, energy-efficient elevators, and a graywater system. The combination green/solar roof was funded in cooperation by the New York State Energy Research & Development Authority (NYSERDA) and BP's Solar Neighbors Program, a program which works to match celebrity donations of solar systems to affordable housing projects nationwide. Jacob's Place was the recipient of a 64 panel, 11 kW system donated by actor Owen Wilson. Jacob's Place was named after Astin Jacobo, a Bronx resident and long standing affordable housing advocate and community preservation advocate.

Another property, Via Verde, is an affordable rental property in the Bronx where 120 units are restricted to residents with incomes at or below 60% of area median income. An additional 13 units are restricted to residents with incomes at or below 40% of area median income and 17 units are restricted to residents with incomes at or below 30% of area

median income. Via Verde is located in Census Tract 0071.00, a low-income census tract.

Via Verde was the winning response to the New Housing New York (NHNY) Legacy Competition sponsored by the New York City Department of Housing Preservation and Development (HPD), and the American Institute of Architects New York Chapter (AIANY). The project's innovative design was inspired by the integration of nature and city. The Project features a dynamic garden and series of green roofs that may be utilized by the residents. In the first season of production, the 5,000 square foot communal garden featured an assortment of organic, heirloom herbs, vegetables, and edible flowers. In addition to supplying fresh food to residents via the tenant Garden Club, the garden also provides produce to a nearby elementary school and food pantry. An additional benefit of the rooftop gardens is to dissipate heat and absorb rainwater runoff.

Via Verde was designed to achieve LEED Gold certification from the U.S. Green Building Council and to exceed the NYSERDA and Enterprise Green Communities guidelines for environmental responsibility. Over 20% of the building materials used was locally manufactured, minimizing transportation and energy while also supporting the local economy. Over 20% of the materials used were recycled materials and over 80% of the construction and demolition waste was recycled. The project is also estimated to be over 30% more energy efficient than the standard building.

Additional green features include: a storm water reclamation system that recycles water for irrigation; motion sensors located in stairways and corridors to conserve electricity; and building-integrated photovoltaic panels that produce electricity from the sun's energy. Residential units are equipped with Energy Star appliances; energy-efficient lighting; panoramic, high-efficiency windows; natural cross ventilation; low VOC materials; super-sealed insulation; and water-conserving fixtures.

Congress Building Miami, Florida

Congress Building is a Low Income Housing Tax Credit Property where 48.8% of the units must be restricted to residents with incomes at or below 60% of the area median family income and 51.2% are restricted to residents with incomes at or below 50% of area median income. The Project is governed by a Land Use Restriction Agreement (LURA). The LURA requires that 117 of the Project's 128 residential units remain used for low-income housing for a term of 50 years, from the date the first residential unit is placed in service. The property is subject to an Extended Use Period and must remain affordable in perpetuity for a period of at least 50 years.

The Congress Building is an historic Beaux Arts building located in downtown Miami (Miami-Dade County), in Census Tract 0037.04, a moderate-income census tract. The Congress Building was added to the National Register of Historic Places on March 14, 1985, and is a locally identified historic site in the Downtown Miami Development of Regional Impact (DRI). Originally built in 1923 as office space, the building was restored and converted to affordable apartments in 1998. During the rehabilitation, the lobby was fully restored to reveal the buildings original wood beamed ceilings. The copper and bronze elevator doors and marble floors were also restored to their original condition.

The residential building consists of 38 efficiency, one-bath units; 61 one-bedroom, one-bath units; 29 three-bedroom, two-bath units; and one manager unit. At least two units are targeted and tailored for the elderly, handicapped, or disabled tenants. On-site health care, tenant activities, financial counseling, educational courses, and job training are offered to residents. Financial incentives are also offered to qualified tenants wishing to move into homeownership in the form of a contribution of five percent of the tenant's net rent during the entire occupancy, with a vesting period of no longer than

three years of continuous residence. The developer is committed to finding residents that want to improve their lives through "work-ready" or "self-sufficiency" programs.

WFW Industries, LLC San Diego, California

U.S. SBA Loan 771-874-5002 within SBA Pool 509735 financed a loan to WFW Industries, LLC in San Diego California (San Diego County), The business is located in Census Tract 0039.02, a low-income census tract. The minority population for this census tract is 97% of the total population and 27% of the population lives below the poverty line. This business resides in a Historically Underutilized Business (HUB) Zone. The HUBZone program helps small business in urban and rural communities gain preferential access to federal procurement opportunities.

WFW Industries provides state-of-the-art manufacturing, welding/fabrication, machinery repair, and customized training. Owner and President Hernán Luis Prado founded WFW Industries in 2009 to build a stronger future for veterans and their families by helping veterans to transition into the workforce while meeting

the large demand for skilled manufactures in the U.S. Mr. Prado, a U.S. Veteran, served in the United States Navy for fifteen years as a Hospital Corpsman and then as a Surface Warfare Officer. Every product made and serviced by WWF Industries supports Workshops for Warriors, a 501(c)(3) nonprofit dedicated to training, certifying, and placing veterans and wounded warriors into advanced manufacturing careers. WFW Industries won the 2015 San Diego Business Journal Manufacturing Award for best community service.



RESPONSIVE TO COMMUNITY DEVELOPMENT NEEDS

New Jersey Housing and Mortgage Finance Authority Multifamily Revenue Bonds

Proceeds of the 2015 Series E Bonds financed 19 permanent 2015 mortgage loans including Riverfront Village which consists of 75 units located in Pennsauken, New Jersey (Camden County).

The property was allocated Low Income Housing Tax Credits and provides quality affordable housing in addition to permanent supportive housing for honorably discharged military veterans transitioning out of homelessness. The project involves the revitalization of approximately nine acres of land within the township, including the demolition of a 24,000 square foot former supermarket site, excavation of a large parking lot, and clearing of overgrown vegetation, into a premier affordable housing community with a freestanding clubhouse. Among the units, 30 are affordable to individuals at or below 60% of the area median income, 37 are affordable to individuals at or below 50% of the area median income, three are affordable to individuals at or below 30% of the area median income, and five are set aside for homeless veterans at or below 20% of the area median income.

The project developer has partnered with Volunteers of America Delaware Valley to provide the necessary supportive services for these veterans to live independently. A full array of social services for residents is provided by the Center for Family Services. Each apartment has a full kitchen, full bath, energy efficient heating and cooling systems that meet the Energy Star Homes Program requirements, and Energy Star kitchen appliances. Located adjacent to New Jersey Transit's River Line, residents have convenient access to Trenton, Camden, Atlantic City and Philadelphia, among other job hubs. Riverfront Village is part of Pennsauken's Waterfront Master Plan, a designated Redevelopment Area pursuant to the New Jersey Local Redevelopment and Housing Law.

Prescott Place Portland, Oregon

Prescott Place is an affordable rental property in Portland, Oregon (Multnomah County) where 19 of the 20 units receive Section 8 assistance under Section 8 Contract OR16T881004, which was initiated April 9, 2010 and runs through April 8, 2030. Prescott Place is located in Census Tract 0075.00, a moderate income and high poverty census tract with 23% of the population living below the poverty line.



Residents at Prescott Place have access to a vegetable and flower garden, community patio, community room, and computer lab with free internet access. The property is located on a public transportation bus line and next door to a grocery store for convenient access to food. As a REACH³ Community Development property, Prescott Place offers residents access to several economic empowerment programs and services allowing them to increase their financial knowledge and skills, overcome short-term cash flow problems, build credit, get out of debt, and save money towards achieving long-term goals. These programs include:

- “Budget Buy and Save” – a financial education program designed for residents with a stable income who are working toward their next step.
- Matched Savings (IDA Programs) – a special kind of savings account where each \$1 saved gets matched by \$2 or \$3. These funds can be used to support education, home ownership, microenterprise, or employment-related goals.

³ REACH is a nonprofit affordable housing development and property management company.

- **STARTS** (Support, Training and Assistance to Realize Tomorrow's Success) – a foundational class for people living on little to no income, with a focus on leadership development.
- **Youth\$ave** – a financial education course for kids ages 9-18 living in REACH housing that teaches essential financial skills. Youth attend bi-weekly classes during the school year; earn community service credits; and make deposits at least monthly to their savings account. REACH matches their savings and helps them purchase their artistic, athletic, educational or entrepreneurial goals.

In addition to these classes and workshops, residents have access to a Resident Services Coordinator who is available to assist in resolving resident issues and coordinate services at Prescott Place including: eviction prevention, including referrals for rent assistance; referrals for food, clothing, personal items, health care and other assistance; and access to emergency food supplies.

Prescott Place was built with sustainability in mind with the following features:

- Low flow faucets and toilets to save water
- Ventilation fans to improve air quality
- Front loading washing machines to save water
- An on-site recycling program
- Raised garden beds for residents
- Fluorescent light bulbs
- Double-paned windows for overall improved building performance

Catherine H. Gallagher Cooperative Jamaica Plain, Massachusetts

Catherine H. Gallagher Cooperative is a Low Income Housing Tax Credit property in historic Hyde Square, Jamaica Plain, Massachusetts (Suffolk County) where 24 of the 34 units are restricted to residents with incomes at or below 60% of the area median income. Of the units restricted to low-income tenants, two units shall be four bedroom units; twelve units shall be three bedroom units; nine units shall be two bedroom

units; and two units shall be one bedroom units. The property must remain affordable for a period of 99 years.

Completed in 2010, Catherine H. Gallagher Cooperative transformed a large blighted and vacant lot into seven buildings of high quality affordable housing. The project was Phase II of the Back of the Hill Community Housing Initiative, a partnership between the Jamaica Plain Neighborhood Development Corporation (JPNDC) and the Back of the Hill Community Development Corporation (BOTHCDC). JPNDC's mission is to promote equitable development and equal opportunity in Jamaica Plain and adjacent neighborhoods through affordable housing, organizing, and economic opportunity initiatives that improve the lives of low- and moderate-income people and create a better community for all. JPNDC is one of three organizations across the county highlighted by the Rockefeller Foundation for innovative workforce development initiatives. BOTHCDC is a grassroots; community led planning and development effort to turn vacant land in the Back of the Hill section of Mission Hill into quality affordable housing for its residents.

Catherine H. Gallagher Cooperative is conveniently located near community green space, bus transportation, highway access, downtown Boston, shopping, restaurants, banking, recreational amenities, and medical facilities. The property is located in a high poverty census tract with 30% of the population living below the poverty line.

Windstar Apartments Harlingen, Texas

Windstar Apartments is an affordable rental property in Harlingen, Texas (Cameron County). The property was allocated Low Income Housing Tax Credits by the Texas Department of Housing and Community Affairs. In conjunction with the tax credits, the property is subject to a Land Use Restriction Agreement dated November 18, 1998 which requires 100% of the 80 units to be restricted to residents with incomes at or below 60% of the area median income. Further, at least eight



units must be occupied by residents with incomes at or below 50% of the area median income. Six to ten percent of the units will also be set aside for persons with physical disabilities or targeted for persons with mental disabilities. The property must remain affordable for a period of 25 years beyond the initial 15 year compliance period, for a total period of 40 years. The property is located in Census Tract 0102.03, a high-poverty census tract with 25% of the population living below the poverty line.

Residents at Windstar Apartments have access to an after school youth program, periodic youth problem awareness meetings, a resident support group, English language classes, credit counseling, homeownership awareness courses, and an employment and training program which coordinates referrals with local service providers. Amenities at Windstar Apartments include a resort style swimming pool, a clubhouse, and a picnic area with barbecue and children's play area.

Stoneman Village Pittsburg, California

Stoneman Village is an affordable rental property for seniors in Pittsburg, California (Contra Costa County) where 100% of the 145 units receive Section 8 assistance under Section 8 Contract CA39T791003, which was originated July 1, 2015 and runs through June 30, 2035. Stoneman Village is located in Census Tract 3131.01, a moderate-income census tract.

Stoneman Village offers its residents opportunities to stay physically and mentally challenged with a diverse social calendar that encourages activity through live entertainment, sightseeing outings, educational classes, and programs. An onsite activity director hosts activities such as Tai Chi, local dining, brain fitness classes, and programs on Medicare fraud and abuse. The property also hosts a weekly produce market which allows residents convenient access to a variety healthy food options.

Residents have access to an onsite services department that offers assistance with transportation, Medicare/Medi-Cal health insurance, Social Security, managing bills, budgeting, and mail. The department also provides referrals and assistance with In-Home Supportive Services, a statewide publicly funded program providing personal assistance to low-income people with chronic and disabling conditions who need such assistance to remain safely in their homes and engaged in their communities. The property is conveniently located near restaurants, shopping, and recreational opportunities.

Episcopal Place I Birmingham, Alabama

Episcopal Place I is an affordable rental property for seniors in Birmingham, Alabama (Jefferson County) where 100% of the 100 units receive Section 8 assistance under Section 8 Contract AL092221201, which was initiated October 24, 2010 and runs through October 23, 2030. The property consists of 95 one-bedroom and five two-bedroom apartments. Ten apartments were built to accommodate deaf residents and ten apartments were built to accommodate the mobility impaired.

Episcopal Place I is located in Birmingham's Southside, intermixed among homes, parks, and businesses. Episcopal Place I is a unique partnership between government, the faith community and the nonprofit sector managed to meet the needs of seniors and disabled adults who wish to age at home and remain independent for as long as possible. The support of the U.S. Department of Housing and Urban Development (HUD) allows for affordable rents, paid utilities, and an onsite service coordinator. The Episcopal Housing Foundation covers supportive services for residents including transportation, meal programs, housekeeping services, gatherings and celebrations, and pastoral care.

Residents have access to ongoing health and educational services including health screenings and exercise classes and both formal and informal education on safety, wellness, financial management, home management, insurance benefits, recognition of abuse and neglect, and crisis intervention. Episcopal Place I has an on-site library for residents with free computer and internet access. Residents receive free weekly transportation for grocery shopping and lunch outings and hosts weekly activities and scheduled entertainment for residents. Noonday meals are delivered Monday through Friday to participating residents who pay \$5.00 per meal. Additionally, free or subsidized meals are also available for residents that qualify for the Resident Relief Fund.

NOT ROUTINELY PROVIDED BY PRIVATE INVESTORS

Copper Landing Apartments Airway Heights, Washington

Copper Landing Apartments is an affordable rental property located in a Qualified Census Tract⁴ where 100% of the 216 units are restricted to residents with incomes at or below 60% of area median income for at least 20 years. The property is located on land owned by the United States of America in trust for the Kalispel Tribe of Indians in Spokane County, Washington. Development of the land is accommodated by a 50-year ground lease, with an option to renew for an additional 25 years, rather than an outright land purchase.

The construction of the project was financed by the Washington State Housing Finance Commission and by Low Income Housing Tax Credits. Copper Landing will meet or exceed energy efficiency standards and will follow the sustainable building directives of Washington State's Evergreen Sustainable Development Standards.

Copper Landing is planned as part of the Fairchild Air Force Base Accident Potential Zone Relocation Project, which was formed to provide alternative housing options for roughly 600 people currently living in mobile homes and apartments south of U.S. 2 east of the base.

Villanova Apartments Lawton, Oklahoma

Villanova Apartments is an affordable rental property for seniors and the mobility impaired in Lawton, Oklahoma (Comanche County) where 100% of the 64 units receive Section 8 assistance under Section 8 Contract OK56M000048, which was initiated November 1, 2013 and runs through October 31, 2033. Villanova Apartments resides in Census Tract 0011.00, a moderate-income census tract and is located within the City of Lawton Revitalization Zone.⁵



Villanova Apartments participated in the HUD's M2M Green Initiative which was developed to assist and encourage the owners of multifamily properties to rehabilitate and operate their properties using sustainable Green Building principles. These principles include sustainability, energy efficiency, recycling, and indoor air quality. In 2005, the property underwent a substantial rehabilitation incorporating environmentally friendly and energy efficient features. Villanova Apartments won the 2009 Apex Award for the Housing Revitalization category.

⁴A Qualified Census Tract (QCT) is any census tract (or equivalent geographic area defined by the Census Bureau) in which at least 50% of households have an income less than 60% of the Area Median Gross Income.

⁵Revitalization Areas are HUD-designated geographic areas authorized by Congress under provisions of the National Housing Act.

ABOUT COMMUNITY CAPITAL MANAGEMENT & THE CRA QUALIFIED INVESTMENT FUND

For additional information on this piece or general questions on Community Capital Management and the CRA Qualified Investment Fund, please contact 877-272-1977 or visit www.ccminvests.com or www.crafund.com.

Community Capital Management, Inc. is the registered investment advisor to the CRA Qualified Investment Fund CRA Shares (CRAIX). The CRA Shares are designed specifically for banks looking to receive positive consideration on the investment test portion of their CRA Exam. The CRA Qualified Investment Fund was initiated in August, 1999 and seeks to provide current income consistent with the preservation of capital through investments in high credit quality fixed income securities that support community development activities.

The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCO) which is not affiliated with Community Capital Management, Inc.

Investing involves risk including loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The Fund is not diversified.

Carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information can be found in the Fund's prospectus, which can be obtained by calling 866-202-3573. Please read it carefully before investing.

As of 9/30/16, the investments mentioned in this report represented the following percentages of the Fund's assets: the investment that included a loan to City Market at O Street: 0.18%; New York City Housing Development Corporation Multifamily Housing Revenue Bonds Series 2015 Series B Bonds: 0.41%; Congress Building: 0.29%; the SBA Pool that included a loan to WFW Industries: 0.22%; New Jersey Housing and Mortgage Finance Authority Multifamily Revenue Bonds, 2015 Series E Bonds: 0.64%; Prescott Place: 0.01%; Catherine H. Gallagher Cooperative: 0.07%; Windstar Apartments: 0.14%; the investment that included a loan to Stoneman Village: 0.21%; the investment that included a loan to Episcopal Place I: 0.09%; the investment that included a loan to Copper Landing Apartments: 0.19%; and Villanova Apartments: 0.11%. Holdings are subject to change.