

Poverty Alleviation

Throughout our 25 years working in impact investing, we have developed a series of impact themes in which one or more themes aligns with each of our investments.¹ Themes are evaluated individually for alignment based on each investment's use of or intent of proceeds.

Common Characteristics in CCM's Impact

- Each theme is designed to encourage positive societal outcomes through capital allocation.
- We look for high credit quality, liquid investment opportunities that contribute to the portfolio's overall risk/return and align with at least one impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) to maintain transparency in our client impact reporting.
- We must believe that market-rate opportunities exist so that client commitments to individual themes can be fulfilled over time.

Opportunity Set and Impact Themes

Our investment opportunity set includes securities that are liquid, financially sound, and that meet our impact criteria. We have found such securities in the following fixed income sectors: asset-backed securities, agency commercial mortgage-backed securities (CMBS), agency mortgage-backed security (MBS), corporate bonds, and taxable municipals.

| Impact Themes | | ABS | Agency CMBS | Agency MBS | Corporate Bonds | Taxable Municipals |
|---|--|-----|-------------|------------|-----------------|--------------------|
| Affordable Health and Rehabilitation Care | | • | • | | • | • |
| Affordable Housing | | • | • | • | • | • |
| Arts, Culture, and the Creative Economy | | | • | | • | • |
| Disaster Recovery, Resilience, and Remediation | | | • | • | • | • |
| Education and Childcare | | • | • | | • | • |
| Enterprise Development and Jobs | | • | • | | • | • |
| Environmental Sustainability | | • | • | • | • | • |
| Gender Lens | | • | • | • | • | • |
| Human Empowerment | | • | • | | • | • |
| Minority Advancement | | • | • | • | • | • |
| Poverty Alleviation | | • | • | • | • | • |
| Rural Community Development | | • | • | • | | • |
| Seniors, Veterans, and People with Disabilities | | • | • | | • | • |
| Sustainable Communities | | • | • | • | • | • |

Impact Theme Description:

Poverty Alleviation

Investments aligned with this theme help communities of stated persistent poverty. It also includes investments in initiatives that look to support people experiencing homelessness, eradicate or decrease the number of people in poverty, and those in a persistent poverty county.

Examples of bond financing activities in alignment with this theme (this list is not exhaustive):

- Home loans or rental housing in a census tract with a poverty level of 20% or greater; in a Persistent Poverty County; or in a R/ECAP state, county, or census tract.
- Loans for borrowers buying a home in designated Targeting Areas of chronic economic distress.
- Housing or services for people experiencing homelessness or at risk of experiencing homelessness.
- Organizations that provide programs or services intended to benefit or assist people living below the poverty level.

Case Studies: Poverty Alleviation (FOR ILLUSTRATION ONLY)

We believe real-world examples are one of the most powerful ways to demonstrate how a bond aligns with a specific impact theme. This perspective highlights two impact investments that exemplify the impact theme of **Poverty Alleviation**.

For details on our impact in this theme or to see additional examples, please email us at info@ccminvests.com.

Minnesota Housing Finance Agency

Statewide, MN | Taxable Muni

The Minnesota Housing Finance Agency (MHFA), established in 1971, is Minnesota’s statewide housing finance agency. Its primary purpose is to provide safe, decent, and affordable housing across the state, and its mission is to promote and support successful, sustainable homeownership for families, individuals, and communities.

MHFA will use the proceeds of the 2025 Series A Residential Housing Finance Bonds to purchase single-family mortgage loans for low- and moderate-income (LMI) homebuyers in the state. As of June 30, 2024, MHFA provided nearly \$1.1 billion in mortgage loans to over 4,400 households and issued \$62 million to assist with down payment and closing costs.

Across its programs, MHFA prioritizes those most impacted by housing instability, including people experiencing homelessness, people with disabilities, seniors, children, and Black, Indigenous, and people of color (BIPOC) communities. According to Minnesota Housing’s 2023 Program Assessment Report, the median income of homebuyers served in 2023 was \$75,668, which is 67% of the statewide median family income (\$111,700) for 2023, qualifying the borrowers in the program, on average, to be of moderate income.

MHFA offers two main mortgage loan programs to serve LMI homebuyers: the Start Up program and the Step Up program. The Start Up program provides low-interest loans to LMI, first-time homebuyers across Minnesota, and the Step Up program offers low-interest mortgage and refinance loans to LMI borrowers. In May 2024, MHFA launched the First-Generation Homeownership Loan Program, allocating \$50 million to assist individuals who, along with their parents, have never owned a home.

Many families and individuals cannot purchase a home because of the significant expenses of a down payment and closing costs. To alleviate this barrier, MHFA offers three types of down payment assistance (DPA) programs tailored to the needs of diverse homebuyers. Eligible borrowers under MHFA’s Start Up or Step Up programs have the option to access one of the down payment and closing cost loans, which can range in amounts from \$16,500 to \$18,000.

All first-time homebuyers must complete at least one of the MHFA-approved homebuyer education courses before closing on their home. The following six courses fulfill this requirement: (1) Common Cents: Money & Homebuyer Education Class, (2) Framework, (3) Freddie Mac CreditSmart Homebuyer U, (4) Home Stretch, (5) Pathways Home, and (6) Realizing the American Dream. MHFA also offers homeownership advisors and financial coaching.

Acknowledging the racial disparities in homeownership, MHFA prioritizes homeownership for BIPOC households. MHFA establishes annual goals for BIPOC households in the state and tracks lending at the loan level. MHFA does targeted outreach to Tribal Nations, Indigenous communities, communities with job growth but limited housing supply, and historically disinvested communities in the Minneapolis-St. Paul metro area and Greater Minnesota. Between 2018 and 2022, the agency increased loans to BIPOC first-time homebuyers by almost 30%. MHFA aims to provide at least 40% of first-time homebuyer mortgages to BIPOC borrowers through 2027. As of June 30, 2024, 37% of its first-time homebuyer mortgages and approximately 42% of first-time mortgages in the Start Up program have gone to BIPOC borrowers.



Impact Themes

- Affordable Housing
- Human Empowerment
- Minority Advancement
- Poverty Alleviation
- Seniors, Veterans, and People with Disabilities

Impact Designations

- First-Time Homebuyer

Walk, Bike, Transit Scores®

N/A

River Place Apartments

San Angelo, TX | Agency CMBS

River Place Apartments is a Low-Income Housing Tax Credit (LIHTC) property for seniors in San Angelo, Texas (Tom Green County) with 120 units. To qualify for the LIHTC allocation, the property owner agreed to reserve all 120 units for residents with incomes at or below 60% of the area median income (AMI) for a period of 40 years. Specifically, 10% of the units are reserved for residents with incomes at or below 30% of AMI, and another 10% of the units are set aside for people with special needs (includes people with disabilities, people with alcohol or drug addictions, colonia residents, victims of domestic violence, people with HIV/AIDS, people experiencing homelessness, and migrant farm workers).



The property is in Census Tract 0007.00, a majority-minority, high-poverty census tract where minorities comprise 74% of the population and 25% live below the poverty line. At least six units are accessible for individuals with mobility impairments.

River Place Apartments offers one- and two-bedroom apartments, and there is an elevator in the building. Unit amenities include air conditioning, shower tubs, private patios, and energy-star or equivalently rated lighting. The property has a pool, fitness center, community patio, senior activity room (for arts and crafts, etc.), laundry facilities, library, pet play area, business center, and multi-use room.

River Place Apartments offers a variety of special supportive services for residents at no charge. All services are on-site or transportation to off-site services is provided. At least six unique services are offered at the property, and could include any of the following: childcare, transportation, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, and scholastic tutoring.



Impact Themes

-  Minority Advancement
-  Poverty Alleviation

Impact Designations

- ✓ High Poverty Census Tract
- ✓ Low- or Moderate-Income Census Tract
- ✓ Majority-Minority Census Tract

Walk, Bike, Transit Scores®

- 30** Walk Score
- 35** Bike Score
- 00** Transit Score

About CCM: Founded in 1998, Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. The firm's mission seeks to deliver superior risk-adjusted returns through investment strategies that contribute to positive societal outcomes. For more information, please visit: www.ccminvests.com.

¹ Impact criteria exceptions are only applicable to transitional assets that are used for portfolio management purposes.

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