

# THE COMMUNITY

I N V E S T O R

A Publication of Community Capital Management, Inc.

Fall 2016 Newsletter

## COMPLIANCE CORNER: INTERAGENCY Q&As

The new and revised guidance addresses questions raised by bankers, community organizations, and others regarding the agencies' CRA regulations in the following areas:

- Availability and effectiveness of retail banking services.
- Innovative or flexible lending practices.
- Community development-related issues, including (i) economic development; (ii) community development loans and activities that revitalize or stabilize underserved nonmetropolitan middle-income geographies; and (iii) community development services.
- Responsiveness and innovativeness of an institution's loans, qualified investments, and community development services.

*continued on page 2*

## CRA INVESTMENT TEST SURVEY

Earlier this summer, we launched our first CRA Investment Test Survey. There were several noteworthy findings. One of the questions we are frequently asked is "what percent of my bank's assets should be in CRA investments?" From our discussions with shareholders, many say they look to invest 1% of their bank's assets in CRA investments. The majority of the responses to this question were in the 0-1% range. More and more, we are hearing that the recommendation is over 1%. The survey goes into more detail and is available for download by visiting: [www.crafund.com/crasurvey](http://www.crafund.com/crasurvey).

We very much appreciate those who participated and are gathering ideas in anticipation of our next survey. If you have questions that you would like included, please email Jamie Horwitz at [jhorwitz@ccminvests.com](mailto:jhorwitz@ccminvests.com).



*In an effort to promote like-minded products related to the CRA, included in this edition is a Q&A with findCRA. findCRA simplifies the way that banks can identify CRA-qualifying nonprofits to find new ways to meet CRA goals and support their communities. The following is a Q&A with the Co-Founders of findCRA - Brian Waters, President and Ben Loehle, CEO.*

## Q&A with findCRA

CONNECTING COMMUNITY NEEDS

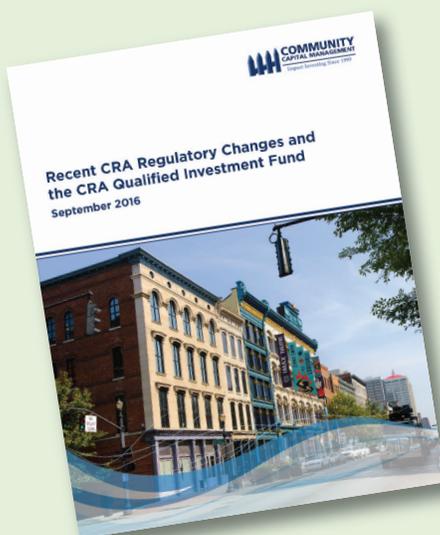
### 1. How did findCRA get started?

In 2012, our co-founders were working in a community bank and realized that the process for banks to connect with non-

profit organizations that serve community needs had yet to utilize technology to progress like other areas of banking. During the research into *continued on page 2*

## VISIT [WWW.CRAFUND.COM/BANKS](http://WWW.CRAFUND.COM/BANKS) TO:

- Review results from our first CRA Investment Test Survey
- Download a copy of our report on the new and revised Q&A guidance
- Obtain the 2Q16 CRA Fund fact sheet



## Q&A with findCRA *continued from page 1*

why, we found that bank staff lacked a centralized online resource that could take some of the burden out of building new relationships. On the other side, nonprofits didn't have an easily accessible way to learn about CRA requirements and then demonstrate how their organization's programs meet those rules. We set about to build findCRA to address those two related problems. A little over a year later, in early 2014, we launched findCRA.com as an innovative online platform that simplifies the way banks and nonprofits build CRA relationships.

### ***2. How do you work with banks to help them find CRA opportunities in the communities in which they serve?***

Our approach for working with a bank is really three-fold, depending on the bank's current and ongoing needs.

First, a bank can use the findCRA online platform to create a personalized profile by registering in just a few minutes. From there, the bank can visit our search page, which allows the bank to pinpoint CRA opportunities in any geography in the United States by state, county, city or zip code. From there, available opportunities are provided for the bank to review and further filter to meet the bank's specific CRA needs. If a bank identifies an opportunity that meets its CRA goals or objectives, a simple click of a button introduces the bank to the nonprofit requesting support. We then work with both the bank and the nonprofit to ensure that both parties achieve success for

the opportunity and build a lasting, ongoing relationship.

We also offer several findCRA services to assist banks as well. We offer a bank-directed outreach program that allows the bank to work with us to scope out a specific CRA need, timeline, and budget. From there, we'll proactively seek out nonprofit organizations that meet the bank's CRA request and qualify those organizations for the bank. A bank can use this program in a single or multiple assessment areas, anywhere in the country. We also offer customized consulting solutions as well in other areas of CRA including CRA/HMDA data testing, staff education, and more.

Finally, in 2016, we have focused on building strategic partnerships with other companies that are providing unique, impactful CRA solutions that can further support the bank's overall CRA strategy including programs for integrated homeownership counseling, financial literacy outreach, affordable housing, CRA investment and more. A bank can find more about these services on our website.

### ***3. What are you some of the challenges and opportunities you are hearing from banks with regards to the CRA?***

We all know that the banking industry continues to experience a steady pace of mergers and acquisitions. Over the last year, many of the banks we've met with throughout the U.S. have either just re-

cently acquired a bank or were in the middle of a merger or acquisition. Often, these mergers and acquisitions were well outside the bank's established assessment areas. With this activity, CRA staff members are given the new responsibility to track CRA performance in areas where they may have little or no knowledge of the CRA needs and potential partners. That's where our service can provide a great benefit through identifying nonprofits and other programs that will help those banks address the needs of a new market, without having to invest the extended time and resources into searching for potential CRA opportunities in an unfamiliar geography.

### ***4. What recommendations do you have for banks, nonprofits and anyone else involved with the CRA in making the process more efficient?***

Today, everyone has access to a wealth of external resources and research; however, the sheer amount of information can be overwhelming and impossible to navigate. As such, any efficiency in building relationships can become clogged with trying to figure out specific program requirements and which people to talk to at both banks and nonprofits to start the right CRA dialogue. That's where the support of findCRA can provide the most benefit. We not only add efficiency by identifying the right CRA-qualifying ways to support the community, but by providing the exact information both banks and nonprofits value in building partnerships.

## COMPLIANCE CORNER: INTERAGENCY Q&As *continued from page 1*

Community Capital Management, the registered investment adviser to the CRA Qualified Investment Fund recently published a report in response to the federal bank regulatory revisions to "Interagency Questions and Answers Regarding Community Investment." The report focuses on regulatory changes that directly or indirectly affect the CRA Qualified Investment Fund and does not purport to be a com-

prehensive analysis of the changes or clarifications made to existing CRA regulation.

A copy of the report is available by visiting [www.crafund.com/banks](http://www.crafund.com/banks). For additional guidance please visit: <http://www.occ.gov/news-issuances/news-releases/2016/nr-ia-2016-82a.pdf>. If you have any questions, please email Jessica Botelho at [jbotelho@ccminvests.com](mailto:jbotelho@ccminvests.com).

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## SPOTLIGHT ON RECENT CRA FUND INVESTMENTS

### Casa Farnese, Pennsylvania

Built in 1966, Casa Farnese is the first affordable senior housing complex in Philadelphia and continues to serve seniors in the Washington Square West neighborhood.

In 2015, the property underwent a major renovation including an updated roof, risers and HVAC units. The high rise apartment building gained a third elevator, state-of-the-art security lobby and new common areas as part of the renovation. Residents have access to planned activities, community computers, spaces and dining areas. The property is located close to banks, shopping, restaurants, libraries, theaters and public transportation.

### Matrix Z, LLC, Florida

Matrix Z is a tile company in Ft. Lauderdale, FL providing alternatives to naturally mined stone. The company offers environmentally friendly flooring tile alternatives produced from natural sea materials.

Its two key products are SeaTile, derived from the waste of the fishing industry and processed into a natural shell laminate, and SeaStone, made of manufactured cementitious stones containing natural shells, fossils and other recycled materials. These two eco-friendly products help protect the environment by reducing the need for mining natural stone which is a non-re-

*Casa Farnese offers affordable rents for persons 62 years or older. Some federally subsidized (Section 8 approved) apartments are available for those who qualify under the income limits set by the US Department of Housing and Urban Development (HUD) and the occupancy policy established by the sponsor.*

newable resource while preventing the destruction of coral reefs.

Matrix Z, LLC employs five workers and is located in a moderate-income census tract. The minority population for its census tract is 89% of the total population and 21% of the total population lives below the poverty line.

*The installation of Matrix Z's products can contribute to a building's LEED certification. LEED, or Leadership in Energy and Environmental Design, is changing the way we think about how buildings and communities are planned, constructed, maintained and operated.*

### Windstar Apartments, Texas

Windstar Apartments is an affordable rental property in Harlingen, TX. The property was allocated Low Income Housing Tax Credits and in conjunction with the tax credits, the property is subject to a Land Use Restriction Agreement 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. The property is located in a high poverty census tract with 25% of the population living below the poverty line. Six to ten of the units will also be set aside for persons with physical or mental disabilities.

Residents living at Windstar Apartments have complimentary access to the following onsite resources: after school youth program, periodic youth problem awareness meetings, resident support groups, English language classes, credit counseling, homeownership awareness courses, and an employment and training program.



*Families at Windstar Apartments can take advantage of a variety of support services such as an after school youth program, credit counseling and employment and training opportunities.*

*The securities identified and described herein are for illustrative purposes only and their selection was based upon non-performance criteria, such as the security's social and/or environmental attributes. As of 6/30/16, the investment that included a loan to Casa Farnese, Matrix Z and the investment to Windstar Apartments represented 0.37%, 0.13%, and 0.15%, respectively, of the Fund's assets.*

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## CRA Fund Highlights

### CRA:

- ✓ Extensive documentation on each investment purchased
- ✓ New investments identified, purchased and earmarked to a bank per CRA exam cycle
- ✓ Ongoing dialogue with examiners/regulators
- ✓ Easy way to accomplish your CRA investment needs

### Financial:

- ✓ Daily liquidity
- ✓ Monthly dividends
- ✓ Competitive financial performance
- ✓ Investing in high credit quality fixed income securities



### ENVIRONMENTAL BENEFITS STATEMENT *of using post-consumer waste fiber vs. virgin fiber*

For the Period: **9/1/2015 to 9/2/2016**

#### Community Capital Management

Saved the following resources by printing on recycled content paper.

| TREES       | WATER   | GREENHOUSE GASES | ENERGY     | SOLID WASTE |
|-------------|---------|------------------|------------|-------------|
| 20          | 13,960  | 4,259            | 26,500,365 | 2,310       |
| fully grown | gallons | pounds           | BTU's      | pounds      |

Environmental impact estimates were made using the Environmental Defense Paper Calculator. Comparing virgin uncoated freesheet with the average recycled content used. For more information visit [www.papercalculator.org](http://www.papercalculator.org).

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*The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Community Capital Management, Inc. Carefully consider the risks, investment objectives, and charges and expenses of the Fund 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 the prospectus carefully before investing.*