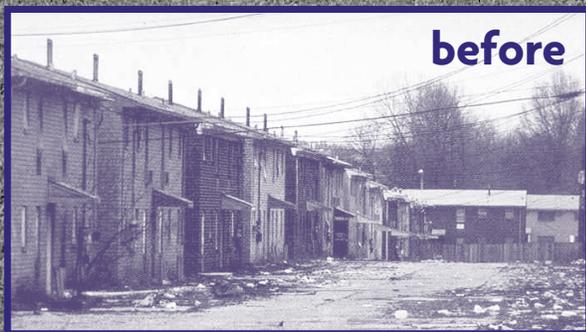


Investing in Communities

A PUBLICATION OF THE SOCIAL INVESTMENT FORUM FOUNDATION AND CO-OP AMERICA



before

FIND OUT:
How community investing provides resources for communities in need.

TAKE ACTION:
You can become a community investor today!

Investing in Communities

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Community investing is financing that creates resources and opportunities for economically disadvantaged people in the US and overseas who are underserved by traditional financial institutions. Community investors make it possible for local organizations in urban and rural areas to create jobs; provide financial services to low-income individuals; and supply capital for small businesses, affordable housing, and vital community services.

You can help close the wealth gap between the rich and poor by becoming a community investor. This powerful

movement aims to put an additional \$10 billion into rebuilding low-income areas across the US and around the world by 2005.

Here are five easy ways you can get involved:

1. COMMIT TO AT LEAST 1% IN COMMUNITY.

If every socially responsible investor moved 1% of his or her savings and investments into community investing, it would put an extra \$10 billion to work in disadvantaged communities in the US and around the world. See p. 4 for more on the Social Investment Forum Foundation and Co-op America's 1% in Community campaign. Also, let us know how you plan to get involved—**use the postcard next to p. 11.**

2. SHIFT YOUR BANK ACCOUNTS.

You can achieve your personal 1% (or more) in Community goal just by banking with a community development bank or credit union. There may even be one in your area. See p. 12 for more on this quick and effective community investing option.

3. EXPLORE COMMUNITY INVESTING OPTIONS BEYOND BANK ACCOUNTS.

Look into community development loan and venture capital funds, pooled community investment portfolios, and mutual funds with community investment components. See p. 14 for more information on each of these options.

4. EDUCATE YOUR FINANCIAL PLANNER & INSTITUTIONS.

Talk to your financial planner or money manager about community investing. Encourage your planner to include community investing as an option for clients, so even more people will get involved in this powerful movement. (See p. 20 for more information.) You can also get the institutions you belong to—such as your university, house of worship, or workplace—involved. See p. 18 for ideas.

5. SPREAD THE WORD.

Tell your friends, family, and others about the power of community investing—and encourage them to get involved. Contact us, and we'll send you additional copies of this guide. The guides are free; postage costs \$2 each for 1–4 copies, or \$1 each for 5–50 copies. (Contact us for quantities greater than 50.) To order, use the postcard next to p. 11, e-mail communityinvest@coopamerica.org, or call (888)441-2406.

TOGETHER, WE CAN MOVE BILLIONS OF DOLLARS INTO AREAS THAT NEED IT MOST TO CREATE ECONOMIC OPPORTUNITY FOR LOW-INCOME PEOPLE IN THE US AND ABROAD.

Investing in Communities

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EDITOR Tracy Fernandez Rysavy

ASSOCIATE EDITORS Jennifer McCullough, Chris Stroh

ASSISTANT EDITOR Nate Albee

EDITORIAL INTERN Jonathan Kalmuss-Katz

EDITORIAL ADVISERS Liz Borkowski, Justin Conway, Alisa Gravitz, Denise Hamler, Todd Larsen, Fran Teplitz

GRAPHIC DESIGNER Jenny Thuillier

COVER PHOTO Louisville Community Development Bank

ILLUSTRATOR Jem Sullivan

PUBLISHER Denise Hamler

CO-OP AMERICA EXECUTIVE DIRECTOR Alisa Gravitz

BUSINESS & INVESTING PROGRAMS DIRECTOR Fran Teplitz

PUBLICATIONS DIRECTOR Dennis F. Greenia

COMMUNITY INVESTING ADVISORY COMMITTEE Verna Barton, Jean Pogge, *Shorebank*; Shari Berenbach, Elizabeth Glenshaw, *Calvert Foundation*; David Berge, *Underdog Ventures*; Alisa Gravitz, *Co-op America*; Donna Katzin, *Shared Interest*; Stephanie Kendall, Scott Stapf, *Hastings Group*; Deborah Momsen-Hudson, *Self-Help Credit Union*; Mark Pinsky, Jeffrey Sedwin, *National Community Capital Association*

SOCIAL INVESTMENT FORUM FOUNDATION CHAIR David Berge

SOCIAL INVESTMENT FORUM BOARD CHAIR Tim Smith

THANKS TO Ford Foundation, John D. and Catherine T. MacArthur Foundation, F.B. Heron Foundation, The David and Lucile Packard Foundation

SOCIAL INVESTMENT FORUM FOUNDATION

1612 K Street NW, #650, Washington, DC 20006
(202)872-5319 • Fax (202)331-8166

CO-OP AMERICA

1612 K Street NW, #600, Washington, DC 20006
(800)58-GREEN • (202)872-5307 • Fax (202)331-8166

Web: www.coopamerica.org • www.socialinvest.org • www.communityinvest.org

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Investing in Communities

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Annie Hall with students from Tender Care Learning Center.

Your banking and investments can help build the more just and sustainable society we're all working toward—quickly, painlessly, and in a manner that directly serves low-income areas. This community investing guide, brought to you by the Social Investment Forum Foundation and Co-op America, shows you how.

THE GROWING GAP BETWEEN RICH AND POOR WILL BE THE SINGLE MOST IMPORTANT INFLUENCE SHAPING US CITIES OVER THE NEXT 50 YEARS, ACCORDING TO A SURVEY FOR THE FANNIE MAE FOUNDATION OF LEADING URBAN HISTORIANS, PLANNERS, AND ARCHITECTS. Everything from education to health to the environment is affected by the ever-widening wealth gap, many experts say. Take education, for example. If test scores of black students are compared to the scores of white students with the same household assets and income, the educational achievement gap between black and white students disappears, according to Yale sociologist Dalton Conley, author of *Being Black: Living in the Red*.

In short, if we want to make our communities healthy and vibrant, environmentally sustainable, and socially just, we need to close this wealth gap and create economic equity and opportunity for all.

There's a powerful movement afoot that aims to do just that: community investing.

Community investing is financing that creates resources and opportunities for economically disadvantaged people in the US and overseas who are underserved by traditional financial institutions. It helps struggling farmers hold on to the land their families have farmed for generations. It provides loans for single mothers to start successful small businesses. It encourages development of locally based enterprises that benefit the environment. It provides much-needed services like affordable housing and child care for the country's working poor. It is effective. It is life-saving. It helps make the world more sustainable and more just.

You can become a community investor today. Millions of people have gotten involved by moving their checking and savings accounts to community development banks and credit unions. They've put money into mutual funds with community investment components. They've invested in community development loan and venture capital funds. The range of community investment options available to you is diverse—though they all share a goal of channeling money into areas that need it most.

If you want to understand how powerful this strategy is, just ask Annie Hall, who received a loan made possible by community investors.

COMMUNITY INVESTING AT WORK

Annie Hall is a people person. She might even tell you that within moments of meeting her. "I don't know how someone can say they'd like to go live on a mountaintop by themselves. I would never," she says. "I just love people."

But even if she doesn't tell you, it's hard to miss her natural warmth and exuberance. Parents and kids alike get hugs in Hall's Tender Care Learning Center, a day care center in Durham, NC. Tearful moms leaving newborn babies for the first time get a cup of tea and a sympathetic ear before heading off for work. And the four teachers who watch over Tender Care's 20

children don't lack for positive feedback from their boss.

"Ms. Karen loves kids," Hall says of the infant-child teacher. "I have one parent who keeps telling us she spoils them too much! I have to remind the staff not to hold those babies all day long," she laughs.

If every social investor in the US put at least 1% of his or her managed assets in community investing, it would generate an additional \$10 billion for economically disadvantaged communities.

Without the assistance of Self-Help Credit Union^m, a community development financial institution (CDFI), this warm and welcoming day care center would never have been opened.

Less than a year ago, Annie Hall was a single mom with one son and a special needs foster child—and an in-home day care center that was fast becoming too small for her clientele. She also had a vision.

She'd found an old Victorian house for sale in Durham that had been converted into a day care center. The place was in such rough shape that rats and roaches had infested the walls, and the state was about to shut the place down. But Hall knew she could turn it around.

"I wanted to be in this community," she says. "I felt like there was a need for quality day care here."

Unfortunately, though she'd saved a substantial amount of money from her home day care, it wasn't nearly enough. Plus, Hall was unbankable, by traditional standards. She'd never owned a home, her credit was shaky (though improving), and she had no one to co-sign for a loan.

Then a friend told her about Self-Help Credit Union, which has a special loan program geared toward financing day care centers in North Carolina. Like many areas across the country, the state is facing a shortage of affordable day care—which is especially difficult for low-income households, where two salaries are necessary to make ends meet. In short, businesses like Tender Care Learning Center are sorely needed, and Self-Help aims to put more of them on the map.

COMMUNITY INVESTING PIONEERS

Newark. Detroit. Watts. Race riots shook the foundation of America's urban core during the 1960s. But out of these cities of broken windows and crumbling buildings arose a new economic movement, dedicated to rebuilding and supporting our nation's impoverished communities. The 60s and 70s saw the birth and growth of community investing, stemming largely from the efforts of a variety of religious groups and coalitions. This is the story of one of them.

"There were race riots across the country throughout the 1960s," explains Sister Corrine Florek, a member of the order of Adrian Dominican Sisters. "This led to concern among religious groups about racist policies and how they kept people poor. We began realizing there was a need for social justice beyond charity."

The Sisters were spurred on by the passage of the Community Reinvestment Act, a 1977 law that established an obligation for federally insured banks to help meet the credit needs of their entire communities, including low-income areas. This law shifted our nation's investment focus toward community development, and the Adrian Dominican Sisters began offering "alternative investments" in 1978, long before the development of most of the modern instruments of community investing.

"In those days, you didn't have community loan funds, you didn't have community development credit unions and banks," adds Florek. "We basically just tried to get ahold of community groups and ask them if they could use a loan."

Breaking from the standard practice of supporting community development solely through grants, a group of what Florek estimates to be fewer than ten nuns began loaning their retirement money and other assets to community development projects. They charged minimal interest on these loans, with no assurance that they would ever see their full return.

"It was a total risk. 'Collateral' was not a word in our vocabulary," Florek recalls. "We just had a promissory note that said the amount loaned and the date that it would be due. We learned by doing."

The Adrian Dominican Sisters began investing in communities in the 1970s.



Courtesy of the Adrian Dominican Sisters

The sisters began by issuing loans of between \$5,000 and \$10,000. The community development groups who took the Sisters up on their loan offer generally couldn't qualify for or afford a loan from a traditional financial institution. Though the risks for the Sisters were high, 100 percent of those early lenders paid them back, with interest.

Today their community development loans average \$35,000 dollars, and their loan fund currently stands at \$3 million.

The field of community investing has changed dramatically since the 1970s. When the Adrian Dominican Sisters began investing, religious congregations that were involved in community investing operated their loan funds independently of each other. In the mid-'80s, the Interfaith Center on Corporate Responsibility connected a wide range of religious congregations through the Clearinghouse on Alternative Investment, a network that encourages community investment in low-income and minority communities around the world.

Despite these changes, the goals of community investment are still strikingly similar to the objectives that Florek and her sisters set out with in 1978. Two-hundred loans after they first began, the Adrian Dominican Sisters are still actively investing with the stated goal of "fostering social justice values through alternative approaches in our economy."

—Jonathan Kalmuss-Katz

Hall approached Self-Help and told commercial loan officer Jennifer Sherwin about her plans for the Durham house.

Sherwin was skeptical.

"I walked through that house with her, and it was so ugly and dirty. I was worried she wasn't looking at the right place," she says. "But Annie wouldn't let go of that vision. She knew what she wanted."

Hall—with a little help from her five sisters—eventually convinced Sherwin that she could make a go of the place. So Sherwin helped Hall elaborate on her business plan and draw up financial projections. Together, they went through all of the necessary paperwork and calculations, doing everything it took to get Hall her loan.

Their teamwork paid off. Self-Help gave Hall her loan, and once the money was in hand, she got right to work, knocking down walls, painting surfaces, tiling and carpeting floors, and building a wheelchair ramp. Three months later, the former health hazard was transformed.

"I'm amazed at how Annie turned that place around," says Sherwin. "It's beautiful now. It's a happy place. You'd feel happy to have your child there."

Today, Tender Care Learning Center is a home away from home for 20 kids, several of whom have special needs or come from low-income and "high-risk" households. The walls are painted bright and cheerful colors, music plays softly from every room, and teachers speak to the children with mountains of patience and good humor. And, fortunately for a community that sorely needs her services, Hall doesn't plan to quit.

"My new goal is to open a 65-child facility; this area needs it! And I'll go right back to Jennifer to do it," she says. "I couldn't have done this without her and Self-Help. Even if another bank had been willing to lend me the money, they wouldn't have mentored me the way Self-Help did."

A MOVEMENT FOR SUCCESS

Annie Hall's example is just one of thousands of success stories made possible by community investors.

"Of all the strategies for socially responsible investing—portfolio screening, shareholder advocacy, and community investing—it is community investing that directly addresses the needs of low-income areas," says Fran Teplitz, Co-op America's director of business and investing programs. "It allows us to use our investment money to actively build the socially just and environmentally sustainable society we're all working toward."

The Social Investment Forum Foundation and

Co-op America have created this guide as a key educational component of our 1% in Community campaign (see below). By putting at least 1% of your portfolio into community investments, you can often enjoy competitive returns while your money helps low-wealth people lift themselves up economically while strengthening the places in which we all live.

On the next page, you'll find some of the most frequently asked questions about community investing. Turn to p. 7 to read inspiring stories of how this type of investing makes a real difference in the world. On pp. 11–22, you'll find a variety of instructions and resources to help both novices and seasoned investors get involved in community investing.

Moving at least one percent of your portfolio into community investments can make a huge difference for people around the world. Read on to see how you can put 1% or more in Community today. 🏠 —Tracy Fernandez Rysavy

1% IN COMMUNITY

The Social Investment Forum Foundation and Co-op America have launched a campaign to encourage everyone to put their banking and investment dollars to work strengthening communities that have been left behind. The goal of the 1% in Community campaign is to triple the \$5 billion already involved in community investing as of 2000. Such a result would move an additional \$10 billion into disadvantaged areas across the nation and around the world.

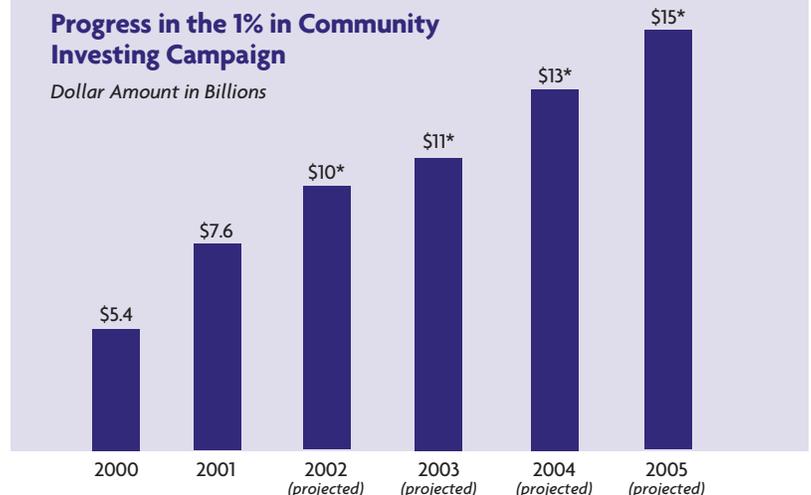
Over a three-year term, \$15 billion can: finance 15,300,000 US microenterprises or 2,300,000 small businesses. It could build 3,100,000 houses or create 600,000 community facilities in the US. Internationally, it could create 54,900,000 microenterprises. (Calculations courtesy of Calvert Foundation.)

You can join us by moving a small portion—at least 1%—of your savings and investments into community investments. Doing so has a minor impact on your overall returns—but, when we all join together to do so, it can have a major impact on low-income communities. The *Investing in Communities* guide, which you hold in your hands, gives step-by-step instructions on how to get started. Join us today.



Progress in the 1% in Community Investing Campaign

Dollar Amount in Billions



* What's possible if you become a community investor.

Frequently Asked Questions

Across America and around the world, many communities lack affordable housing, child care, health care, and jobs that pay a living wage. By putting your money into community investments, you'll help people with low incomes lift themselves up economically and make the areas in which we all live more socially equitable and environmentally sustainable.

"We can all play a role in helping low-income areas through community investing," says Todd Larsen, managing director of Co-op America. "Reaching or exceeding the 1% in Community goal is easy, and the impact is tremendous."

Below are answers to some of the most commonly asked questions about community investing. We hope they'll encourage you to read on about how you can join the 1% in Community campaign today.

What is community investing?

Community investing is financing that creates resources and opportunities for economically disadvantaged people in the US and overseas who are underserved by traditional financial institutions. Community investors make it possible for local organizations in rural and urban areas to create jobs; provide financial services to low-income individuals; and supply capital for small businesses, affordable housing, and vital community services, such as education facilities.

In other words, community investing provides a way for you to create the most social change through your investments.

For stories of how community investing makes a difference, see pp. 7-10.

How can I get involved today?

You can achieve the 1% or more in Community goal just by doing your banking with a community development bank or credit union.

Community development banks and credit unions operate very much like their traditional counterparts, but instead of potentially channeling your money to large corporations, the military, or the fossil fuel economy, for example,

these institutions focus on funding economic development in low- and moderate-income areas.

You can open a checking account, savings account, money market account, or CD in one of these banks or credit unions; accounts are federally insured up to \$100,000. For more on this easy community investing option, see p. 12.

Besides banking, what other community investing options are available?

Community investment funds: If you're interested in additional high-impact investments, there are several other options to explore. These are generally long-term investments (one to five years), offer market or below-market returns (0% to 4%), and are not insured.

These vehicles have the highest impact of all community investment options because investor money is tied up for a longer period of time. Plus, says Deborah Momsen-Hudson of Self-Help Credit Union , many are able to reach the "highest risk" borrowers who are most in need of capital to build their communities.

- **Community Development Loan Funds** provide affordable financing for housing and economic development projects, cooperatives, and community-based nonprofit organizations. These loan funds are not insured, although they use grant money and loss reserves to help protect individual investors.

- **Microenterprise Loan Funds** provide small loans and training to entrepreneurs in the US and overseas to create economic development and jobs.

- **Community Development Venture Capital Funds** provide loans to businesses that are creating jobs in low-income communities.

- **Pooled Investment Portfolios** are a great option if you want to diversify your community investments. Basically, you invest through one large facility, which spreads the money out within a pool of institutions that serve many low-income areas in a variety of ways.

Mutual funds: A mutual fund is a pool of money invested in stock, bonds, and/or money market instruments by professional managers. Some socially responsible funds devote up to ten per-

cent of their assets to community investing, and two even put 100 percent of their assets into underserved communities. With these funds, you can use your investment dollars to promote corporate responsibility and contribute to improving disadvantaged communities, while saving for your own retirement. These funds are not federally insured.

For a more in-depth look at mutual funds and high-impact community investing options, see pp. 14-17 of this guide.

Do I need large sums of money to invest in communities?

You do not need large sums of money to invest in communities—many options have low or no minimum amounts. In fact, the Social Investment Forum Foundation and Co-op America state that moving just 1% (or more) of your savings and investments into community investments can make a big difference for disadvantaged communities.

What impact will community investing have on my investment returns?

It depends on what type of community investing vehicle you choose. If you choose to meet your 1% (or more) in Community goal by opening accounts at a community development bank or credit union, you'll find the interest rates to be comparable to those at traditional banks and credit unions.

With community development loan and microenterprise funds, you will often find the returns to be in the 0%-4% range. (The interest on venture capital funds varies.) In a roaring market, like that of the late 1990s, that means your returns might be more modest than other investment vehicles. But in a faltering stock market, where many stocks are paying negative returns, the returns on these funds may be comparatively better.

No matter what type of market we're in, experts agree that every investor should have a diversified portfolio to minimize risk and achieve a variety of investment objectives. Community investing can be a healthy part of a diversified portfolio.

The Social Investment Forum Foundation and Co-op America's 1% in Community campaign asks people like you to allocate 1% or more of your total portfolio to community investments. Diverting 1% has a minimal impact on your overall returns, but it can make a big difference for communities.

Charitable Giving	vs.	Community Investing
When you make a \$20 donation:		When you invest \$1,000 in a community investment at 3%:
You give \$20.		Your interest earnings may be reduced by \$20, compared to a 5% Treasury bill investment.
And only \$20 goes to help people and communities.		But the entire \$1,000 goes to work helping people help themselves.

Source: Calvert Foundation

For a look at a sample portfolio that includes community investments, see p. 11.

Are community investments safe?

All accounts at community development banks and credit unions are federally insured, so they are just as safe in these institutions as they are in traditional banks or credit unions.

Community development loan funds, microenterprise funds, and venture capital funds are not insured—and the same holds true for mutual funds with community investment components—so the risk is higher. Be sure you're fully educated about these options before you decide to invest.

As with all investment options, you or your financial adviser should investigate them thoroughly to ensure they mesh with your social and financial goals. For more information on community banking, see p. 12. For more on community development loan and venture capital funds, see pp. 14-17.

Why not just give the money to a charity?

Community investments can have a much higher impact than simply giving a sum of money to charity. Take a look at the chart below to see how charitable giving compares to community investing. As you can see, a potential \$20 reduction in returns on a community investment has a much greater impact than a \$20 gift to charity.

Plus, community investing provides the means for low-income people to use their own skills and talents to lift themselves up economically—the money provides loans to start environmentally sustainable businesses, builds schools, or funds critical services like affordable child care. As the saying goes, it's not a hand out, but a very effective hand up for people who have been disenfranchised by our economic system.

Continue to be generous in giving to charity, and then also devote at least 1% of your portfolio to community investing. (See pp. 7-9 for community investing success stories.)

Moving 1% of my investments into communities doesn't seem like a lot of money. Will it really make a difference?

If all socially responsible investors—people who invest with their values—put 1% of their portfolios into community investments, it would triple the dollars put into rebuilding disadvantaged communities, from \$5 billion in 2000 to \$15 billion.

Think about it. \$15 billion to build more day care centers and schools. \$15 billion to provide micro-loans to single parents or former welfare recipients wanting to start small businesses. \$15 billion to help a low-income family build a home, save for their children's education, or pay debts.

Many investors choose to put more than 1% in Community, and we salute them. We're asking all investors and everyone fortunate enough to have a checking or savings account to start with 1% in Community. It's something each of us can do. It's easy to calculate, easy to do, and it adds up to a lot.

Together, we can achieve tremendous progress—even with only a little effort and a negligible impact on our portfolios. 🏡

From farmers in South Africa to public housing residents in Kentucky, millions of people can attest to the community investing success story. Below are true stories of the impact investors like you are having. ...

Community Investing

A group of black farmers in South Africa. Low-income housing developers in Kentucky. Owners of a small food co-op in Oregon. Though they come from vastly different places, all of these people have one thing in common—they were deemed “unbankable.”

Too poor, too inexperienced, too high-risk to receive a loan from a traditional financial institution, all of them might have remained stuck in their place on the economic ladder—with no place to go but down—if it hadn’t been for community investors.

With loans from four different community development financial institutions, each of these groups reached their goals. And that, in turn, allowed them to improve their economic positions, while they made their communities better and brighter.

Here are their stories.

WE REBUILT THIS CITY: The Louisville Community Development Bank



The Cotter/Lang public housing project in Louisville, Kentucky.



Before 1997, the neighborhood around the 1,490-unit Cotter/Lang public housing project in Louisville, Kentucky, was aging, dirty, and riddled with crime. “It was an old 1950s style

housing development, with high density and very little grass. It had the highest crime rate in the city,” remembers former Louisville Community Development Bank CEO Kelly Downard. In fact, one of the neighborhood’s intersections was commonly known as “Murder Corner.”

Then, the Louisville Community Development Bank (LCDB) decided something needed to change. As a community development financial institution, LCDB was committed to funding urban revitalization. So, shortly after opening in 1997, it turned its eye on Cotter/Lang. The vision of the bank and its allies was to create a vital, inviting community of mixed-income families, where privately owned homes and rental properties would replace shabby housing projects—all without displacing current residents.

Today, the same neighborhood is the most desirable spot in the city. It is called Park DuValle, and it spans 125 acres. One-third of the homes and rentals are filled, and people are lining up to fill in the remaining two-thirds. When

continued on page 10

in Action

BEYOND US BORDERS: Shared Interest's Community Development Fund

The practice of community investing is having a profound impact on people and communities beyond US borders. In South Africa, for example, a US-based community development fund provided the loan guarantee for 16 black women to start their own commercial farming project in the rural northern province of Limpopo.

Searching for self-sufficiency and better lives for their families, the women decided to start farming three years ago. The obstacles they faced, however, were incredible.

In post-apartheid South Africa, credit is still extremely hard to come by for the majority of black people who for so long were denied access to wealth and capital. The women had little farming experience and barely any resources. The land they had been allotted by the government was arid, barren, and prone to both long droughts and abrupt floods.

The women were turned away by bank after bank. Through sheer persistence, they eventually found a local community development institution called the Bushbuckridge Local Business Service Center (BLBSC) that was willing to help them.

To secure a commercial bank loan on the women's behalf, BLBSC turned to an international guarantee fund established by Shared Interest, a US-based not-for-profit social investment fund designed to help low-wealth South Africans access credit previously denied to them because of their race, gender, or income.

Shared Interest does not lend directly to borrowers, but rather guarantees loans that are made to borrowers by South African financial institutions. Investors can earn up to two percent interest on a five-year investment in Shared Interest's fund, and the money is used to help build small businesses, microenterprises, community facilities, and affordable housing in the country.

Shared Interest helped BLBSC secure a \$709,000 loan for the women, which allowed them to launch the New Forest Vegetable Project.

After receiving the loan, the project quickly became successful. In their first harvest, the women grew 175 tons of top-grade tomatoes, or enough tomatoes to stretch for 35 miles, says Donna Katzin, executive director of Shared Inter-

est. The women use a technique called "shade-cloth farming," through which greenhouses—each half the size of a soccer field—are covered by sturdy plastic nets on tall wooden poles. That technique protects crops from strong winds and abrupt changes in weather.

Today, each woman owns her own greenhouse and employs four other women, meaning that 80 women total are earning a living from the project. The women grow tomatoes and peppers, which are sold throughout the country via a farming network.

Mavis Makukukule, one of the owners, says the women's growing prosperity will benefit the entire community.

"It is good to lead by example," she says. "Our success will give a role model to those who never believed in themselves."

Katzin acknowledges that most people in the US do not realize that their money can have such a significant effect on an international level through community investing. Shared Interest was started in 1994 and today manages



Shared Interest

With financial assistance from Shared Interest's Thembani International Guarantee Fund, these South African women turned their arid land into a successful vegetable farm.

continued on page 10

ECO-INVESTING: ShoreBank Pacific

When The People's Food Co-op in Portland, OR, needed a new building, the members turned to a bank that supports environmental values and community investing for a major loan.

Member/owner Miles Uchida says many traditional banks probably would have been skeptical of giving a loan to the co-op because it sells organically and sustainably produced products and food, and it planned to build a new store that incorporates green energy practices.

But ShoreBank Pacific  provided a \$388,000 loan to the co-op precisely because of the owners' environmental savvy. This FDIC-insured community development bank was specifically created to support projects that combine environmental awareness and economic development.

"We believe that long-term community prosperity goes hand-in-hand with a healthy environment," says John Haines, the bank's vice-president.

The ShoreBank Pacific loan helped the People's Food Co-op build a new store and renovate its existing 100-year-old building, which was



The People's Food Co-op

A shopper inspects the produce at the People's Food Co-op.

falling apart and too small for the growing 1,200-member organization, Uchida says. He adds that the new store, which was built onto the old building, gives the co-op more than twice the room it had before but will use the same—if not less—energy. Plus, the new store will allow the co-op to increase its retail inventory, which includes food and products from local farmers and individuals.

The co-op's project is one example of how community investing is helping to protect the environment and support local communities.

Since opening in 1997, ShoreBank Pacific has supported projects from San Francisco to British Columbia. Its borrowers have used their loans to establish an environmentally focused alternative school, redevelop an historic apartment building, create a green office building, and expand an organic dairy, among others. The bank even has a scientist on staff to work with potential borrowers to help them further shrink their ecological footprints. Kathleen Sayce helps borrowers use energy efficiently, reduce waste and pollution, and conserve natural resources.

About 1,100 people from 47 states make the loans possible through their "EcoDeposits," which are savings accounts, CDs, or IRAs they hold with the bank, says deposit manager Laurie Landeros.

"When someone decides to place an investment with ShoreBank Pacific, those funds are immediately loaned to a small business owner to strengthen a business and bring environmental awareness to it," she says.

The financial returns on ShoreBank Pacific investments are comparable to those of traditional banks. As of September, 2002, a savings account pays 2% interest; a CD under \$50,000 pays 2.2% interest in the short term (less than ten years); and a CD over \$50,000 pays 4.4% interest in the long term. The loans made by the bank also have market interest rates. (Call for current rates.) 

—Chris Strohm



TRUE TALES

How Mavis Staples uses her bank account to improve her hometown.

MAVIS STAPLES, CHICAGO, IL

One business at a time, ShoreBank  has rebuilt Chicago's South Shore, transforming the former poverty-stricken community into a thriving, economically stable neighborhood. Renowned gospel/blues singer and South Shore resident Mavis Staples has supported ShoreBank every step of the way, keeping accounts with the community development institution for nearly three decades.

"They're good for the community," says Staples, whose entire extended family lives in or around South Shore. "At one time, we were looking pretty dull, and we were almost ashamed of our community. But the Bank stepped in and helped people get their places together."

When ShoreBank arrived in South Shore, the predominantly low-income neighborhood was infamous for its soaring crime rates and crumbling infrastructure. Twenty-nine years later, South Shore's crime is down, hundreds of new businesses have opened in the area, and property values are rising between five and seven percent annually. A good part of that revitalization is due to ShoreBank's mission of lending money to the community's residents—who had a hard time getting loans for homes, small businesses, and education costs from traditional banks. ShoreBank also offers education and support programs, to help borrowers maximize their loans.

ShoreBank was able to play an integral role in rebuilding South Shore because it had the help of residents, like Staples, who opened accounts and invested in CDs with the bank.

"Talking about ShoreBank is an easy subject for me," added Staples. "I just can't say enough good about it."



Rosebud Agency

Shared Interest's Community Development Fund continued from p. 8

about \$6.2 million from 140 individual and institutional investors.

Katzin says community investing on the international level helps create equitable partnerships for sustainable development between rich and poor countries. And, she says, it has other benefits as well.

"Investing in community institutions in other countries is not just an act of goodwill for people overseas; it's also a way to experiment and learn, and develop models and practices that might be good at home," Katzin says.

She emphasizes that community investing practices are also changing the way banks do business. For example, the success of the women's farming project is encouraging more commercial banks in South Africa to lend to the country's newest borrowers and businesses.

Though the fund is not insured and is consequently considered a somewhat high-risk invest-

ment, Katzin says Shared Interest has repaid every loan, when required: "The bottom line is that no lender has lost a penny of principal or interest as a result of a loan to Shared Interest."

The women farmers in Limpopo have met all their loan payments and are now discussing whether they should restructure their loan and become a cooperative. Katzin says the transformation the women have effected in their lives and in their community is incredible, particularly since they managed it in less than three years.

"In this era of rapid transformation and globalization, community investing on an international level is critical," says Katzin. "It supports sustainable, long-term projects that help strengthen people-to-people partnerships and level the increasingly unequal global playing field." 🌱

—Chris Strohm

The Louisville Community Development Bank continued from p. 7

LCDB announced the remaining lots for sale in July, there were 100 inquiries on the first day.

When completed, the neighborhood will have 450 owner-occupied homes and 600 rental units, schools, a community health center, houses of worship, and neighborhood shops.

LCDB, an FDIC-insured commercial bank, was specifically designed to revitalize urban Louisville. The bank works only within 12 inner city neighborhoods, loaning money to individuals and businesses with the goal of creating jobs and rehabilitating property in low-income neighborhoods. (Of the 80,000 residents in these 12 neighborhoods, 38 percent live below the poverty line.) The bank obtains its assets from the three types of certificates of deposit (CDs) it offers and accepts investments from businesses and individuals all across the US.

While these Louisville communities are being infused with new life, the bank takes great pains to ensure that low-income residents are never left behind. "Park DuValle was designed to be a real neighborhood, without a concentration of any one income bracket," says Downard. Fourteen households earn less than 50 percent of the median income, while 27 earn more than 115 percent of the median. The rest of the 150+ residences are home to low- and middle-income families. Downard reports that many residents of the old Cotter/Lang development now live in the neighborhood. And

unlike many neighborhoods, larger homes neighbor modest dwellings.

"We have a neighborhood that doesn't classify itself based on wealth. The people on Section 8 [government assistance] are the largest group in Park DuValle. Their children play with the doctors' kids, and no one knows the difference," says Downard.

What makes a home purchase in Park DuValle different is that homebuyers can receive a government subsidy of \$5,000–\$13,000 on their mortgage, depending on their income. If a qualifying buyer stays for five to nine years, s/he only pays back a portion of the subsidy; if the buyer stays for 10 years, s/he doesn't have to pay it back at all. In addition to building neighborhood stability, the subsidy is also designed to train homebuyers about smart homeownership. Subsidy recipients take a course to learn about managing their money wisely.

"Eighty-five percent of our loan recipients are first-time homebuyers, and this is a dream they never thought they could achieve. The classes help them put away savings and practice making payments. It's the kind of training I wish I had before I bought my first house," says Downard. "None of it would have been possible without community investors." 🌱

—Nate Albee

A financial expert from Calvert Foundation weighs in on the kinds of community investments you should explore—based on how much you want to invest.

Model Portfolios

There are many ways to meet your 1% in Community goal. The recommendations below provide suggestions as to how you, or an institution to which you belong, might start out investing in communities. Remember to do your research and consult your financial planner to ensure that your investments match your social and financial goals.

FOR ALL INVESTORS:

Everyone can have a checking or savings account at a community development bank or credit union. You can get all the benefits of these insured accounts, while knowing your money is building healthy communities. (No community bank or credit union in your area? No problem! See p. 12 for information.)

INVESTMENTS OF \$1,000 TO \$5,000:

If you are looking to invest \$1,000 or so, community development banks and credit unions offer competitive rates for money market accounts and CDs.

Investments into pooled community investment products—available from Calvert Foundation  and others—are also available at these levels and allow you to target the region of your investment (see p. 15).

INVESTMENTS OF \$5,000 TO \$50,000:

At these levels, you might want to go beyond banking. Look into the high-impact options (featured on pp. 14–17), and consider spreading your resources across more than one option. For example, you might place \$5,000 with a domestic or international loan fund and \$10,000 with a community development bank in CDs, money markets, or savings accounts.

By investing through a pooled community investment product (see p. 15), you can diversify the organizations and communities you reach with a single investment.

If you're seeking to invest in a retirement account, check out community development banks and credit unions that offer retirement accounts, such as Self-Help Credit Union  and ShoreBank .

INVESTMENTS OF \$50,000 TO \$250,000:

In this range, investors can have significant community impact. You can choose to put money into one or a few organizations, taking advantage of the federal insurance at community development banks and credit unions for up to \$100,000. You may also want to investigate high-impact options that go beyond banking (see pp. 14–17), like loan funds and venture capital funds.

Pooled community investment products continue to be an

attractive option, given their built-in diversification and security enhancements (see p. 15). You could invest in anywhere from two to ten organizations. For example, one local foundation with \$200,000 to invest placed \$25,000 in three community development banks, \$50,000 in their local community investment institution, and the remainder in a pooled product.

INVESTMENTS OF \$250,000 TO \$1,000,000+:

At these higher levels, investors usually combine some federally insured certificates of deposit with placements into two or more community investment institutions with high-impact vehicles (see pp. 14–17).

Pooled community investment products, such as those offered by the National Community Capital Association , offer an attractive alternative as they incorporate diversification across organizations, portfolio supervision, and professional asset management (see p. 15).

At this scale, targeting by organization or region is generally available. For those seeking fully federally insured options, National Federation of Community Development Credit Unions  and Calvert Foundation are prepared to manage a portfolio of CDs invested in 10 to 20 different community development banks and credit unions.

Investors at this level may be eligible for the New Markets Tax Credit. See p. 17 for more details. 

—Shari Berenbach is executive director of the Calvert Foundation, a nonprofit affiliated with Calvert Group, Ltd. ; they are separate legal entities.

To find community investing vehicles that support your financial goals and values, see the resource section, starting on p. 19.

One-Year Impact of 1% in Community on a \$100,000 Portfolio

If 1% (\$1,000) of your portfolio is currently earning 5% interest ... the one-year return on this investment would be \$50.

If you put that \$1,000 into a community development loan fund or pooled investment that earns 3% ... the one-year return on this investment would be \$30.

Shifting 1% of your invested assets into community investing will have cost you just \$20 in interest, but it will have made \$1,000 available for building housing, jobs, and social services in communities that need them most.

One of the easiest ways to reach the 1% in Community goal is to move your bank accounts to a community development bank or credit union. Here's how...



Banking on Communities

When you put your money in a conventional bank, it doesn't just sit there and wait for you to take it back out—it moves. To make money themselves, banks loan out and invest your money, and seldom do they ask you what you want your funds to support. Therefore, your conventional checking account could end up financing construction of oil wells in Africa. The funds in your conventional money market account could be loaned out to a corporation deeply embroiled in sweatshop labor in China. The conventional certificate of deposit (CD) you just purchased might end up supporting construction of a big box store in your home town that will force locally owned businesses to close permanently.

What can you do? You certainly have no say in what your bank does with your money after you deposit it.

But you do have a say in which financial institution you choose. You could put your money into a community development bank or credit union, which channels funds into projects that build healthy communities. Doing so can help you achieve your personal 1% in Community goal—while your banking dollars have a tremendous positive impact.

COMMUNITY DEVELOPMENT BANKS AND CREDIT UNIONS

Community development banks and credit unions operate on the theory that ownership allows people—particularly minorities, women, low-income families, and rural residents—to improve their economic positions.

“Owning assets, such as equity in a home, can help a family send a child to college, start a new business, or absorb a financial crisis. Ownership provides communities with a solid foundation on which to grow and prosper,” says Deborah Momsen-Hudson, vice-president of Self-Help Credit Union in Durham, North Carolina.

Committed to that vision, these banks and credit unions make conventional credit and loans to nonprofits and low-income people that other institutions would consider unbankable, and they provide retail banking services where they would otherwise be unavailable. They may specialize in supporting affordable housing in New York City, financing locally owned businesses in rural Arkansas, or providing credit and financial services

to Native Americans in the Southwest.

Or, they may even fund community organizations in low-income areas with the aim of supporting social change. In 1994, 15 unemployed women were living in subsidized housing rehabilitated by Shorebank in inner city Chicago. With the bank's help, these women organized a peer support group called Sisters Building Bridges for the residents of their building. Some enrolled in employment programs sponsored by the bank, while others applied for loans to start their own businesses or attend school. Today, almost all of the women are employed full-time. Their support group has sponsored block parties, created an award-winning community garden, and volunteered in an after-school tutoring program.

“For me, Sisters has been a source of motivation and inspiration,” says Stephanie Alley, a founding member. “Currently, I'm working on my bachelor's degree and plan to be in graduate school next year.”

MAKE YOUR MONEY WORK FOR CHANGE

Everyone can be a community investor. Just shift your everyday bank accounts—savings, checking, money markets, and CDs—to a community development bank or credit union. These institutions offer competitive interest rates, and their accounts are federally insured up to \$100,000—just like a traditional bank. To find a community bank or credit union in your area that meets your financial needs and social goals, see p. 19.

But what if you don't have one of these institutions in your area? Not to worry—in today's world of electronic banking, distance is no longer an issue. You can simply open a savings or money market account, or purchase a CD, and let your money work for you and for communities.

If you'd like to open a checking account, you can do that at a distance as well. Co-op America executive director Alisa Gravitz has her bank accounts in a community development bank over 1,000 miles away from her home. She has her paychecks automatically deposited to her accounts and moves her funds around electronically—over the phone or through the ATM.

Here are some simple steps to help you bank from a distance:

1) Examine your current accounts. Look at the fees you pay, the interest you earn, the services offered. Decide which you could move to a community development bank or credit union. If you don't have one of these institutions in your area, you can still switch over all but one savings or checking account.

2) Research community development banks and credit unions. Look into their fees, interest rates, the types of services they offer, the area of the country they support, and the types of community investments they make. See the resource section starting on p. 19 to choose a bank or credit union.

3) Open an account. Once you've decided which community development bank or credit union to use, opening an account is the easy part. Just meet the requirements, fill out the forms, and transfer or deposit the funds. In addition to a checking account, you may choose to open a savings or money market account, or purchase certificates of deposit.

4) Write your checks, as you always do, from your new checking account.

5) Use direct deposit. Consider getting your paycheck deposited directly into your new account.

6) Take advantage of check cashing cards. Many grocery stores offer free check cashing cards. These cards make it easy to get cash from your remote checking account whenever you visit the grocery store.

7) Use ATM machines. Get a free savings account at a national bank that has ATM machines around the country. Keep the minimum required in the account for free use of their ATMs. Write a check from your community bank to the national bank once a month to cover your cash needs.

Follow these steps to move your money around, and the next time you look at the fees on your bank statement, you'll know that your accounts are making real change in the world. 🌱

—Dennis Greenia



TRUE TALES

The Money Tree Investment Club

MARGE BRADFORD, DURHAM, NC

Marge Bradford realized about three years ago that the money people spend on things they don't really need could be put to much better use. After talking with a friend who was a financial adviser, she decided to take a leap into the socially responsible investing world. The only problem was that she didn't have any investing experience.

So in early 2000, Marge—who organized adult education workshops—pulled together a meeting of women in her hometown of Durham, NC, who also wanted to start investing. This was the birth of the Money Tree Investment Club, which today consists of five women of different ethnicities and professional backgrounds. Today, the women manage what Marge calls a “healthy” portfolio of mutual funds, and they've recently added community investing to the mix.

The women in the club pool their savings so they have a larger lump sum to invest together—and the profits are distributed equally. The women meet once a month to review their portfolio and discuss their options. Everybody is given assignments to do before each meeting, such as researching a particular company or mutual fund. They also invite financial advisers to the meetings to explain different investment options.

Marge acknowledges that investing can be a scary concept, and many people—oftentimes women—think that portfolio management is too complicated. But she says an investment club allows you to pool your resources and skills with others to make investing more manageable.

“There is strength in a number of people getting together to do something, because you keep each other motivated and you exchange ideas,” she says.

In fact, it was one of Marge's ideas that led Money Tree into community investing. Marge had opened a savings account in 1998 with Self-Help Credit Union, a community development financial institution based in Durham. When she suggested to the other club members that they open accounts for their investment earnings at Self-Help, the women readily agreed.



The women of the Money Tree Investment Club

Self-Help Credit Union started in 1980. Its goal was to advance the steps that were made during the civil rights movement into the economic arena, particularly for minorities, women, and rural residents in 47 states, says Malcolm White, the organization's communications director. Money deposited with Self-Help is loaned out to these groups—who have been underserved by traditional lending institutions—to finance small businesses, community projects, and affordable housing.

White explains that Money Tree's accounts are earning interest for the club while supporting sustainable economic development in their own area.

Marge says the club has allowed the women to become more sophisticated in their understanding of socially responsible investing. They're currently discussing whether to do targeted community investing, through which their money would be directed to specific development projects.

One additional benefit of the investment club is that it was easy to start. “A lot of people think you have to have a lot of money to make money, but it's not true,” says Marge. “That's probably the biggest stumbling block for most people.”

By accepting market or below-market returns, investors in these community vehicles put even more money to work, creating affordable housing, jobs, and critical services.

Beyond Banking

To get even more social bang for your buck when it comes to community investments, you'll want to take a look at high-impact vehicles which include community development loan funds, microenterprise funds, and venture capital funds. These high-impact community investments are generally long-term (one to five years, depending on investor choice) and offer market or below-market returns (0% to 4%, depending on investor choice). In addition, a growing number of mutual funds are integrating community investments into their portfolios.

Because they are not insured, each of these investments presents a greater risk than opening an account with a community bank—though losses are rare—so they may not be suitable for every investor. However, these types of investments will go furthest in terms of strengthening the rural and urban areas across the US and around the world that need it most. Once you've opened a checking or savings account with a community bank or credit union, high-impact vehicles like those below are the next logical step on the community investing ladder.

COMMUNITY DEVELOPMENT LOAN FUNDS

Community development loan funds (CDLFs) provide low-cost financing to individuals, cooperatives, and nonprofit organizations involved in developing urban and rural areas across the US and around the globe.

Should you choose to put your money in a CDLF, you might find that your dollars help build affordable housing in the Pacific Northwest or a biodynamic farm in Colorado. They might fund schools in low-income areas in California or lay the foundation for a retreat center in Nepal. They could build day care centers for low-income people in New England cities or help low-income Latinos in Oregon start small businesses. In short, the loans that CDLFs make vary, though all use investor money to create critical infrastructure and services in communities that need them most.

A subset of CDLFs are microenterprise loan funds. These funds exclusively support development of small, local businesses, often owned and run by women, minorities, farmers, or other groups who've been underserved by mainstream financial institutions. For more information, contact the Association for Enterprise Opportunities (see box on p. 20).

What makes community development and microenterprise loan funds so high-impact is that investor money is tied up for a longer period of time. Also, many of these funds are able to reach the "highest risk" borrowers who are most in need of capital to build their communities.

Who can invest? Individuals of all income levels invest in CDLFs, as do nonprofits, faith-based organizations, foundations, corporations, and investment institutions. Ask for a prospectus or information packet before you invest in a given CDLF to check whether you meet their requirements and to ensure that the fund meshes with your social and financial goals.

How much money do I need? Most CDLFs have a minimum investment requirement, which averages about \$1,000 but can be anywhere from \$500 and \$5,000. CDLF investments are most appropriate for money you can



EyeWire

Boston Community Loan Fund provides loans to community development corporations to rehabilitate one- to four-family buildings in the greater Boston area for first-time homeowners.



Opportunity International

Opportunity International provided this woman a microloan to purchase a gem polishing machine. She now runs her own business in Bangalore, India.



Calvert Foundation

With help from the New Mexico Community Loan Fund (a Calvert Foundation portfolio group), the Hamiltons enlarged their organic farm and they are helping several neighboring farms go organic.

afford to have tied up for one to three years. Because of the extra risk involved, you'll need to ensure that you are fully educated about these options before you invest.

What kind of returns can I expect? Investors who put their money into CDLFs agree to accept market or below-market interest rates, usually anywhere from 0% to 4%, according to investor choice. Most loan funds will allow you to set your own interest rate within that range, with the knowledge that the lower you go, the more money you'll direct toward building communities. The length of time you agree to loan your money varies by loan fund, though most set a minimum of one year.

Investors generally receive interest payments quarterly or annually, depending on the specifics of the loan fund. Once the allotted time period is up, the CDLF will repay your money. You'll also have the option of renewing or donating your loan.

The principal amount and the interest you earn while investing in a CDLF is not tax-deductible. However, if you choose to donate the loan amount, your principal may be deductible.

What are the risks? CDLFs use grant money and loss reserves to help protect individual investors. They are not insured, so your risk of losing your principal is greater than putting

money into an insured community bank or credit union. However, loss rates for members of National Community Capital Association (NCCA), many of which are CDLFs, are less than 2%—all of which are covered by reserves. None of their investors have ever lost a penny of principal.

Do I need a financial planner to invest? You do not need to invest in a CDLF through a financial planner, though you may choose to. If you choose to donate your investment, you may want to check with your tax planner to help you figure out how much, if any, is tax-deductible.

What if I can't afford the minimum amount? Most community development loan funds gratefully accept donations in any amount—and your donation may be tax deductible. Some loan funds even offer fund “memberships”; for example, people who donate \$25 or more to the Cascadia Revolving Fund[™] in the Pacific Northwest receive a regular newsletter detailing current loan fund projects and profiling new borrowers.

POOLED COMMUNITY PORTFOLIOS

If you want to diversify your community investments, consider putting your money into an intermediary that invests in a large pool of community investing institutions focused on microcredit, housing, child care, and other projects in underserved communities. By purchasing a Community Investment Note through the Calvert Foundation[™], for example, your money is spread out among various institutions and loan funds working on community development, affordable housing, microcredit, and microenterprise. You can even target where your money goes—specifying one of eight US geographic regions or international programs.

“Pooled portfolios benefit from active monitoring and diversity,” says Isabelle Moses of the Calvert Foundation. “Your money is spread out among various initiatives, so any risk is lessened.”

Who can invest? Individuals of all income levels can invest in some pooled community investing portfolios like the Calvert Foundation Notes. Others, like National Community Capital's Financing Fund, target institutional investors, such as foundations, religious institutions, banks, insurance companies, pension funds, and other financial service companies.

Ask for a prospectus or information packet before you invest in a given pooled portfolio to check whether you meet their requirements and to ensure that the portfolio's aims mesh with your social and financial goals.

MUTUAL FUNDS—ANOTHER OPTION

A growing number of socially responsible mutual funds are integrating community investments into their portfolios. These funds are an attractive investment for many people because they are diversified, actively managed by financial professionals, and screened for social and environmental concerns by experts.

Some socially responsible mutual funds have between one and ten percent of their managed assets in communities. (See the resources on p. 22 for a list of mutual funds that include community investing.)

Who can invest? Individuals of all income levels invest in socially responsible mutual funds. Ask for a prospectus from the company before you invest to see if the mutual fund meets your financial, social, and environmental goals.

How much money do I need? Minimum investment requirements in mutual funds can be as low as \$100, but will more likely be \$250-\$2,000. These minimums are often waived or lowered with a commitment to invest a certain amount each month or when investing in a retirement plan.

What kind of returns can I expect? Socially responsible mutual funds provide competitive returns.

What are the risks? Since mutual funds invest directly in stocks and bonds, they are not insured, and financial returns fluctuate with the stock market. They are actively managed by financial professionals to maximize returns. As with all mutual fund investments, your principal is at risk. Read a prospectus before making an investment to ensure a given fund meets your financial and social goals.

Do I need a financial planner to invest? You do not need a financial planner to invest in socially responsible mutual funds, although you may choose to consult one.

What if I can't afford the minimum amount? Consider moving your checking and/or savings account into a community development bank or credit union. If you are looking for other ways to use your money to make an impact on communities, consider donating a small amount to a community development loan fund.

—Justin Conway

How much money do I need? It depends entirely on the institution managing the portfolio. Calvert Foundation requires a minimum investment of \$1,000 for one, three, or five years. National Community Capital's Financing Fund requires a minimum investment of \$100,000 for a minimum term of seven years.

What kind of returns can I expect? As with community development loan funds, investors who put their money into pooled community investment portfolios agree to accept market or below-market interest rates, usually anywhere from 0% to 4%. Most portfolios allow you to set your own interest rate within that range, with the knowledge that the lower you go, the more money you'll direct toward building communities.

What are the risks? Although these pooled portfolios are not insured, they do benefit from portfolio diversification (i.e., all your financial eggs aren't in one basket) and professional monitoring and management. The institutions who manage these pooled portfolios generally back the entire portfolio with a reserve of capital to insure against investor loss. Both Calvert and National Community Capital say they have never lost a penny of investors' funds.

Be sure to thoroughly investigate any pooled portfolios you are considering to ensure you fully understand the risks involved, and consult your financial planner, if you have one.

Do I need a financial planner to invest? You do not need to invest in a pooled portfolio through

SPREADING THE WEALTH: Calvert Pooled CI Notes

Since 1987, the Wainwright Bank and Trust Company of Boston, MA, has lent over \$113 million to build homeless shelters, affordable housing, HIV/AIDS services, health centers, and more. One such loan built the Sheila Daniels House, a home for low-income families with at least one member with HIV/AIDS. Across the globe in southern India, Opportunity International, a microcredit lender, loaned a woman in India \$111 to buy a milk cow. What do these lenders have in common? They both receive investments from Calvert Foundation.*

The Calvert Foundation, a nonprofit established in 1995, was designed to connect individual and institutional investors with community banks and funds. Why is this necessary? Small lenders often lack the resources to provide investment options for those who aren't able to invest large blocks of capital.

"Individual investor programs can be costly to manage for small community banks and lenders," says Isabelle Moses, associate for Calvert Community Investments. "We work as an intermediary, making it possible for people to invest in community development across the country and around the world."

Currently, the 1,500 individuals and institutions have put over \$38 million into the Foundation's Community Investment Notes program. You can start with as little as \$1,000, which is invested in a pooled portfolio of over 170 community investing institutions in the US and abroad.

You also have a say in where your money goes. Investors choose between geographic regions and the sector their investment will help develop: housing, microlending, small business, or community development. Investors also choose a fixed rate of return,

between 1% and 3%, and the term: one, three, or five years.

If you're interested in seeing the impact of your investments, you can use the "social return" calculator on Calvert Foundation's Web site. For example, the calculator shows that a one-year, \$1,000 investment could build or improve 14 homes in Africa.

What the calculator can't tell you, however, are the stories behind the good work your money does when it gets to a community:

Two years ago, "Lisa" was HIV-positive, homeless, and addicted to crack cocaine. She'd been in and out of treatment programs, none of which had been successful.

"I knew I would end up dead if I kept doing what I was doing," she says.

Today, Lisa lives in the Sheila Daniels House in Roxbury, MA—a project financed by Wainwright Bank & Trust Company, a full-service community bank based in Boston, MA. "I was shocked the first time I saw [my apartment]. I was so happy," she says.

The Sheila Daniels House provides 11 apartments for low-income people with HIV/AIDS and their families. Residents are given a case manager from the Dimock Community Health Center of Boston, who provides access to substance abuse treatment, acupuncture, dental and medical care, family counseling, and other support services.

Lisa is now drug-free. Her teenage daughter, who also lives with her, attends Roxbury Community College, where she is studying drug counseling.

Caleb Clapp, the project developer, says the Sheila Daniels House might never have been built if it hadn't been for Wainwright Bank: "They were one of the more flexible institutions to deal with. It was refreshing,



Opportunity International

Byamma used her \$111 microloan to buy a milk cow.

because most banks don't take the time to understand these types of projects," he says.

And what if you went to Calvert Foundation and chose to invest in supporting microlending and Asia? Your money would go to an organization like Opportunity International, which offers loans, sometimes as small as \$25, to entrepreneurs in 24 nations where jobs are scarce. Remember Byamma's \$111 loan to buy a milk cow? With the profits from selling the extra milk, she was able to pay down the loan and add an extra \$44 to the family's yearly income—which goes a long way in her community. A few years later, with a second loan of \$111, she opened her own sari business.

A pooled investment fund, says Moses, has many advantages. The security of a diversified portfolio is important to many investors, while being able to direct the impact of one's investment is valuable to others. But most people invest for the social return.

"Many of the organizations we work with have a mission, which requires them to be out in the field, doing their work," says Moses. "Our investors help get them the funds so they can do just that."

—Nate Albee

*Calvert Foundation is a nonprofit affiliated with Calvert Group, Ltd.; they are separate legal entities.

a financial planner, though you may choose to consult one.

What if I can't afford the minimum amount?

Consider choosing one community development loan fund and investing in it. Or, donate a small amount to a CDLF. Most gratefully accept donations in any amount—and your donation may be tax deductible.

VENTURE CAPITAL FUNDS

Working in communities with strong but unrealized economic potential, community development venture capital (CDVC) funds create thriving businesses and high-quality jobs for people in disadvantaged areas.

Venture capital is vital to the success and growth of small businesses. The primary sources of risk capital for most small businesses are personal savings and loans from friends and family, which tend to be lacking in low-income communities. Traditional venture capital firms provide financing for only a tiny portion of businesses nationally, and venture capital is almost completely absent from low-income urban and rural areas.

To help create a balance of opportunity for low-income people in the US and abroad, CDVC funds step in to provide venture capital to places it has rarely gone before—like Appalachia; the Mississippi Delta; inner-city Baltimore; Nizhny Novgorod, Russia; and countless other disadvantaged urban and rural areas.

CDVC funds invest in companies with strong management, impressive growth potential, and the prospect of high financial returns. In addition, they also consider the number and quality of jobs that will be created and the businesses impact on a low-income community.

Along with financing, CDVC funds provide extensive entrepreneurial and managerial assistance to portfolio companies. They may sit on a

company's board of directors, help win contracts, assist in designing budgets, and help line up additional financing.

Who can invest? Investors in CDVC funds include banks and other financial institutions, foundations, insurance companies, corporations, government agencies, and private individuals.

How much money do I need? Minimum investments in traditionally structured community development venture capital funds (LPs and LLCs) typically range from \$50,000 to \$500,000. Some will consider smaller investments from individuals. Investment commitments tend to be long-term—typically 10 years. Some community development equity funds are structured as not-for-profit corporations. These typically accept capital in the form of loans, but also require relatively long-term capital.

What kind of returns can I expect? The return on an investment in a traditionally structured CDVC fund varies depending on the success of its investments in companies. The CDVC industry is a young and growing one, and funds typically have not completed full investment cycles, so there are no definitive return statistics. The more mature funds indicate that they expect returns in the 8-12% range. CDVC funds organized as not-for-profits typically accept debt in the range of 1-7%.

What are the risks? Venture capital investments are typically in the higher range of risk, with the potential for higher gains as well. Many feel the social returns of CDVC investing are high as well. Unlike lenders, CDVC funds structure their financing so that they enjoy the financial “upside” when a company does well, but also share in the “downside” if a company does poorly. They are not insured.

Do I need a financial planner to invest? Those interested in venture capital need to be well-educated on the risks and rewards of their investments. Financial planners are highly recommended, if they are well-versed in venture capital investments.

What if I can't afford the minimum amount? For people who can't afford traditional CDVC investments, loans to not-for-profit funds tend to have smaller minimum investment amounts. 🏠

—Thanks to the National Community Capital Association, Calvert Foundation, and the Community Development Venture Capital Alliance for their assistance with this article.

NEW MARKETS TAX CREDIT

As part of the Community Renewal Tax Relief Act of 2000, the New Markets Tax Credit program was designed to increase the financing for economic development in low-income communities. While there is no minimum investment, the program is designed to benefit investors with a large taxable income. Briefly, investors in qualified community investment institutions would receive a federal tax credit on their investment. Therefore, those investing large sums of money can choose a lower interest rate—which benefits the community institution—and get a rate of return similar to what they would earn investing at a higher interest rate before the tax credit.

The program will help provide over \$15 billion of new capital to community development entities that make loans and equity investments in low-income businesses. National Community Capital Association (NCCA), a national network of community development institutions, is working to make the New Markets Tax Credit more accessible to investors. Contact: www.communitycapital.org.

Get others involved in this powerful movement. Help your workplace, university, and house of worship get involved in community investing.

After you've made your 1% in Community commitment, one of the most powerful and accessible ways to make a positive social impact is to get others committed to community investing. A good place to start is with your employer, school, house of worship, or a business you support. Institutions have an amazing ability to help strengthen the areas they serve. No matter how large or small your institution, community investing will allow it to earn financial returns while contributing to the economic development of communities.

Here are five ways to get your institution involved:

Spread the Word!

1. Give away this *Investing in Communities* Guide.

Share this guide with your institution and others in your area. The guide is free, though we do ask you to cover shipping costs. For copies, use the postcard next to p. 11, e-mail communityinvest@coopamerica.org, or call us at (888)441-2406.

2. Find community investing options that work for your institution's geographical area.

For example, students at Williams College in Williamstown, Massachusetts, recently persuaded their school to offer a social investment option as part of its endowment. Now alumni have the option of giving to the Social Choice Fund, which is invested in Calvert's Social Investment Balanced FundSM. When the Fund reaches \$10,000, the school will invest ten percent of the Fund's holdings in a community development loan fund that supports the Berkshire region surrounding the college. The fact that the loan fund operated in the school's geographical area made getting into community investments much more attractive to the school's financial personnel.

Turn to the resource section on p. 19 to find options in your area.

3. Match community investing with your institution's mission.

The congregation at the East Liberty Presbyterian Church in Pittsburgh, Pennsylvania, wanted to extend their justice mission beyond the local community. After researching several options, they ultimately decided to invest in OikocreditSM. Oikocredit is an international development organization that provides loans to community-owned businesses in developing countries, helping thousands of people escape poverty and become self-reliant.

The resource section on p. 19 can help you find investment options that mesh with the mission of your institution.

4. Bring in the experts.

Encourage your institution to seek advice from community investment professionals. A professional can help your institution find options that fall in line with its community impact and financial needs. See the resource section on p. 19 for planners and advisers with special expertise in community investing.

5. Take the leap and invest.

Often the hardest step is the first one. However, once you've encouraged your institution to make a commitment, no matter how small, it will see how easy it is to make a difference in low-income areas through community investments. Don't forget to use the postcard next to p. 11 to let us know how you got your institution to invest in communities. 

—Justin Conway



Resources



COMMUNITY DEVELOPMENT BANKS

These banks operate much like traditional banks and also have a special focus on providing capital to rebuild low-income communities.

Albina Community Bank * (503)287-7537, www.albinabank.com. Full-service bank supporting community redevelopment to economically distressed areas in the Portland metro area.

Chittenden Bank , **Socially Responsible Banking Program** (800)545-2236, ext. 4069; www.sociallyresponsible.chittenden.com. Deposit products specifically support CI. Lending targets affordable housing, environmental and conservation programs, sustainable agriculture, education, downtown revitalization, and community-based small business.

City First Bank of DC * (202)332-5002, www.cityfirstbank.com. Provides credit, financial, and information services for individuals and businesses, strengthening underserved DC communities.

Community Capital Bank * (718)802-1212, www.communitycapitalbank.com. Small business, nonprofit, and real estate loans supporting community development in New York City.

Eco-Deposits at ShoreBank Pacific * (888)326-2265, www.eco-bank.com. Loans promote conservation in the Pacific Northwest.

Louisville Community Development Bank * (502)778-7000, www.morethanabank.com. Dedicated to revitalizing inner city neighborhoods in Louisville, KY, through targeted home and business loans.

NCB Development Corporation (916)773-3599, www.ncbdc.org. Private, cooperatively owned financial institution providing financial services to the nation's cooperative business and housing sectors, creating economic growth and community development.

ShoreBank * (800)669-7725, ext. 5636; www.sbk.com. Dedicated to rebuilding urban neighborhoods in Cleveland, Detroit, and Chicago, as well as rural areas in the Pacific Northwest, through targeted housing, nonprofit, and business loans; employment and financial counseling services; and environmentally sensitive redevelopment initiatives.

Southern Development Bancorporation * (800)789-3428, www.ehbt.com. Dedicated to economic revitalization of distressed rural communities in Arkansas and the lower Mississippi Delta.

Wainwright Bank & Trust Company (800)444-2265, www.wainwrightbank.com. Loans for community development projects in the Boston area, including elder and AIDS patient housing, breast cancer research, forest protection initiatives, and more.

COMMUNITY DEVELOPMENT CREDIT UNIONS

These credit unions focus on providing capital to rebuild low-income communities.

Alternatives Federal Credit Union * (877)273-2328, www.alternatives.org. Home, minority- and women-owned business, and energy-efficient car loans for residents of Ithaca, NY.

Communities United Credit Union * (316)684-1500. Provides financial services to the underserved NE community in Wichita, KS.

Fresno Community Development Credit Union Project (559)445-4166. Nonprofit currently starting up a community development credit union.

Neighborhood Trust Federal Credit Union * (212)927-5771, www.cwcid.org. Provides financial services and training to assist upper Manhattan's low-income residents in their entrepreneurial and home-owning ventures.

Permaculture Credit Union (505)954-3479, www.pcuonline.org. Provides financial resources combining sound financial business practice with Earth care ethics.

Self-Help Credit Union * (800)966-SELF, www.self-help.org. Has provided over \$1.6 billion in financing to 23,000 families, small businesses, and nonprofit organizations in 47 states across the country.

Vermont Development Credit Union * (800)865-8328, www.vdcu.org. Home, small business, transportation, and other loans and financial services for low-income and financially underserved Vermonters.

COMMUNITY DEVELOPMENT LOAN FUNDS & NONPROFITS

Community development nonprofits help low-income areas gain access to capital and technical expertise for community-based development. Community development loan funds operate in specific geographic areas and act as intermediaries that pool investments and loans provided by individuals and institutions, often at below-market rates, to further community development. Community development nonprofits and loan funds welcome individual investors.

ACCION USA * (617)625-7080, www.accionusa.org. Nonprofit that provides credit and financial services to small business owners. Direct lending offices in Atlanta, New York, New Mexico, Chicago, Texas, San Diego, and throughout New England.

Boston Community Capital * (617)427-3640, www.bostoncommunitycapital.org. Provides loans to community development organizations for affordable housing, job creation, child care, and

1% IN COMMUNITY HONOR ROLL

Look for the community investing logo on company Web sites and promotional materials. It denotes that a member of the Social Investment Forum, the membership association for socially responsible investing, has joined the 1% in Community Honor Roll—meaning it has reached or exceeded the 1% in Community investing goal.

All of the individuals and institutions listed in this resource section are members of the 1% in Community Honor Roll.

You can also find a continuously updated version of the Honor Roll on our Web site: www.communityinvest.org.

vital community services. Invests in businesses that create social as well as financial returns.

Capital District Community Loan Fund * (518)436-8586, www.cdclf.org. Nonprofit financial institution promoting sustainable community development efforts for economically underserved communities in the NY Capital Region.

Cascadia Revolving Fund * (206)447-9226, www.cascadiafund.org. Provides financing and technical assistance to low-income entrepreneurs in the Pacific Northwest.

Chicago Community Loan Fund * (312)252-0440, www.cclfchicago.org. Offers job creation, affordable housing, and facilities loans for Chicago's low- and moderate-income neighborhoods.

Coastal Enterprises, Inc. * (207)882-7552, www.ceimaine.org. Creates economic opportunities for Maine's people, businesses, and communities.

Colorado Enterprise Fund * (303)860-0242, www.coloradoenterprisefund.org. Provides small business loans up to \$50,000 to entrepreneurs who are unable to obtain financing from traditional sources.

Community Financial Resource Center (323)233-1900, www.cfr.net. Financial assistance for community development in Los Angeles, CA.

Community Loan Fund of Southwestern Pennsylvania * (412)201-2450, www.clfund.com. Provides capital to increase employment and expand economic opportunity in Southwestern Pennsylvania.

Community Reinvestment Fund (800)475-3050, www.crfusa.com. Buys loans from community development lending organizations.

Cooperative Business Assistance Corp. * (856)966-8181, www.cbaclenders.com. Provides business loans and technical assistance to small businesses located in or moving into the Southern Jersey region.

Cooperative Fund of New England * (910)395-6008, www.coopfund.coop. Provides financial assistance to community-based, cooperative, and democratically owned or managed enterprises with preference to those that serve low-income communities.

East Harlem Business Capital Corporation * (212)427-6590. Provides financing and technical assistance to existing and start-up businesses in East Harlem, NY.

Enterprise Corporation of the Delta * (601)944-1100, www.ecd.org. Provides financial and technical assistance to private, public, and nonprofit firms in Arkansas, Louisiana, and the Mississippi Delta.

Illinois Facilities Fund * (312)629-0060, www.nccic.org/ccpartnerships/profiles/ilfacilities.htm. Real estate loans and consulting services to nonprofits providing services to special needs and low-income communities.

Institute for Community Economics * (413)746-8660, www.iceclt.org. Provides loans to nonprofits that are creating affordable housing and home ownership opportunities and revitalizing neighborhoods.

Leviticus 25:23 Alternative Fund, Inc. * (914)237-3306, www.leviticusfund.org. Provides loans to nonprofit organizations and cooperatives in NY, NJ, and CT working on affordable housing, day care, and job creation.

Manna, Inc.  (202)832-1845, www.mannadc.org. Finances the construction and renovation of homes for low- to moderate-income families in Washington, DC.

McAuley Institute * (301)588-8110, www.mcauley.org. Housing organization that works with community- and faith-based organizations to build capacity, provide access to affordable capital, and increase housing opportunities for low-income women and their families.

Mennonite Economic Development Associates  (877)772-7662, www.meda.org. Specializes in microcredit and small business development around the world.

Mercy Loan Fund * (303)830-3386, www.mercyhousing.org. Provides loans and technical assistance to nonprofit developers of affordable housing.

Michigan Housing Trust Fund * (517)372-6001, www.mhtf.org. Provides loans and technical assistance to community-based organizations to build or rehabilitate housing for low-income families.

Mountain Association for Community Economic Development * (859)986-2373, www.maced.org. Provides business development services, including lending, equity investments, and technical support, in Kentucky and central Appalachia.

Newcorp Business Assistance Center * (504)539-9340, www.newcorpbac.net. A business assistance center with a mission to help women, physically challenged people, and minority-owned businesses grow and prosper.

New Jersey Community Loan Fund  (609)989-7766, www.njclf.com. Provides community-based organizations access to funds and gives lenders and investors the opportunity to invest in New Jersey's low-income communities.

New Mexico Community Development Loan Fund * (505)243-3196, www.nmcdlf.org. Supplies loans and technical assistance to businesses and nonprofit organizations that provide tangible benefits for low-income people.

Nonprofit Finance Fund * (212)868-6710, www.nonprofitfinancefund.org. Provides financial and advisory services to small- and medium-

sized community nonprofits in Chicago, Detroit, San Francisco, Massachusetts, New York City, New Jersey, Philadelphia, and Washington, DC.

Northcountry Cooperative Development Fund * (612)331-9103, www.ncdf.org. Offers loans to cooperative enterprises across the Upper Midwest.

Northeast Entrepreneur Fund * (218)749-4191, www.neefund.org. Offers consulting, training, and financing for small business development.

Northern California Community Loan Fund * (415)392-8215, www.nccf.org. Provides loans to community-based organizations in Northern California.

Ohio Community Development Finance Fund  (800)959-2333, www.financefund.org. Loans and grants to community-based nonprofits working in the areas of affordable housing, transitional housing, commercial real estate, Head Start, and child care.

Partners for the Common Good  (202)289-5353, www.pcg21.org. Directs loans and deposits through community-based organizations that promote economic justice and social change.

Piedmont Housing Alliance * (434)817-2436, www.avenue.org/pha. Creates housing and community development opportunities throughout Virginia's PD10.

P.P.E.P. Microbusiness and Housing Development Corporation * (520)806-9513, www.azsmallbusinessloans.com. Offers financial services and technical assistance to small businesses.

MEMBERSHIP, NONPROFIT, & TRADE ORGANIZATIONS Involved in Community Investing

Association for Enterprise Opportunity  (703)841-7760, www.microenterpriseworks.org. Supports the development of strong and effective US microenterprise programs to assist underserved entrepreneurs in starting, stabilizing, and expanding businesses.

Calvert Foundation * (800)248-0337, www.calvertfoundation.org. Offers Calvert Community Investment Notes, a pooled community investment portfolio (min. \$1,000) that channels critical capital to over 170 community investing institutions in the US and abroad.

Community Development Venture Capital Alliance * (212)594-6747, www.cdvca.org. Promotes the use of venture capital to create jobs, entrepreneurial capacity, and wealth to advance the livelihoods of low-income people and the economies of distressed communities.

Co-op America (800)58-GREEN, www.coopamerica.org, www.communityinvest.org. A national nonprofit that harnesses the economic power of consumers, investors, businesses, and the marketplace to create a more sustainable world. Offers consumer info on social investing and green living and purchasing. Co-sponsor of the 1% in Communities campaign.

Cooperative Development Foundation  (202)383-5445, www.cdf.coop. Brings together funds and partners to develop programs in

The Reinvestment Fund * (215)925-1130, www.TRFund.com. A development finance corporation that builds wealth and opportunity for low-wealth communities and low- and moderate-income individuals through the promotion of socially and environmentally responsible development.

Restoration Capital Fund * (718)636-6944, www.restorationplaza.org. Provides loans and equity investments for the start-up or expansion of small businesses located in economically disadvantaged areas in Brooklyn, NY.

Rudolf Steiner Foundation  (415)561-3900, www.rsfoundation.org. Supports projects that are based on or compatible with Rudolf Steiner's insights, including education, the arts, alternative health care, spiritual development, agriculture, and the environment.

The Shefa Fund/TZEDEC Economic Development Fund  (215)483-4004, www.shefafund.org. TZEDEC educates Jewish institutions and individuals about community development financial institutions, and offers opportunities to invest in CDFIs.

Urban Homesteading Assistance Board  (212)479-3300, www.uhab.org. Supports and provides training for self-help housing in low-income NYC neighborhoods by helping create limited-equity low-income cooperatives.

Vermont Community Loan Fund * (802)223-1448, www.vclf.org. Provides affordable housing, community facilities, and small business financing to residents of Vermont.

promotion of self-help and mutual aid through new and existing cooperative enterprises.

National Community Capital Assoc. * (215)923-4754, www.communitycapital.org. National network of Community Development Financial Institutions (CDFIs). Provides financing to CDFIs, consulting and training for CDFIs and CDFI investors, and advocacy on behalf of the industry.

National Federation of Community Development Credit Unions * (212)809-1850, www.natfed.org. Member organization helping community development credit unions provide financial services to low-income and minority consumers.

Rose Foundation  (510)658-0702, www.rosefdn.org. Supports environmental programs and encourages fiduciaries to prudently incorporate environmental factors into their financial analysis, portfolio management, and proxy voting.

Social Investment Forum (202)872-5319, www.socialinvest.org. The national nonprofit membership association for financial professionals and institutions involved in social investing.

Social Investment Forum Foundation  (202)872-5319, www.socialinvest.org, www.communityinvest.org. The nonprofit research and education organization focused on socially responsible investing. Co-sponsor of the 1% in Communities campaign.

* denotes a Community Development Financial Institution certified by the US Treasury Department.

Investing in Communities

Washington Area Community Investment Fund * (202)529-5505, www.wacif.org. Finances community development projects in the DC metropolitan area.

WSEP Futures * (312)606-8255. Provides financial services to low-income women for business development.

INTERNATIONAL FUNDS

These community development loan funds focus on providing capital to low-income people around the world.

ACCION International  (617)625-7080, www.accion.org. Provides microloans, financial services, and training to low-income people in Latin America, Africa, and the US.

Nicaraguan Credit Alternatives Fund (NICA Fund)  c/o Wisconsin Coordinating Council on Nicaragua (608)257-7230, www.wccnica.org. Provides loans to small farmers, women- and worker-owned businesses, and other economic sectors in Nicaragua with little access to credit from conventional sources.

Oikocredit USA  (202)265-0607, www.oikocredit.org. Provides low-interest loans to cooperatives and microcredit institutions in the South.

Opportunity International  (630)645-4100, www.opportunity.org. Small business loans, training, and counseling for people overseas living in chronic poverty.

Reinvest in South Africa (RISA) Business Finance  (888)301-7472, www.risafund.com. Works through on-the-ground partners in South Africa to help end economic apartheid by investing to create jobs and opportunity in small, medium, and micro enterprises owned and operated by disadvantaged South Africans.

Sarona Global Investment Fund  (877)772-7662, http://saronafund.com. Provides capital to local microcredit lending institutions in developing countries.

Shared Interest  (212)337-8547, www.sharedinterest.org. Makes microenterprises and affordable housing possible for South Africa's most marginalized people by guaranteeing South African bank loans to community development financial institutions.

SOSTENICA  (610)399-5228, www.sostenica.org. Offers low-income people in Nicaragua access to badly needed credit for small farms and microenterprises.

COMMUNITY DEVELOPMENT POOLED FUNDS

These intermediaries invest in a large pool of community development institutions focused on microcredit, affordable housing, child care, and other development projects in low-income areas. Pooled portfolios allow individuals and institutions to invest in small community lenders who may lack the resources to provide individual investment options.

Calvert Foundation * (301)951-4832, www.calvertfoundation.org. Offers Calvert Community Investment Notes, a pooled community investment portfolio (min. \$1,000) that channels critical capital to over 170 community investing institutions in the US and abroad.

National Community Capital Assoc. * (215)923-4754, www.communitycapital.org. National network of Community Development Financial Institutions (CDFIs). Provides financing to CDFIs, consulting and training for CDFIs and CDFI investors, and advocacy on behalf of the industry.

National Federation of Community Development Credit Unions  (212)809-1850, www.natfed.org. NFCDU helps community development credit unions (CDCUs) provide affordable loans, secure savings, basic financial education, and other vital services to low-income and minority consumers. Offers a pooled portfolio investment option to invest in CDCUs.

COMMUNITY DEVELOPMENT VENTURE CAPITAL & BUSINESS/ ORGANIZATIONAL FINANCING

These organizations provide debt and equity financing for socially responsible businesses focused on developing low-income communities.

The Barred Rock Fund  (802)899-2776. Venture and loan investments in companies likely to create jobs and worker ownership in low-income communities. Prefer investing in Northeastern US.

Community Development Venture Capital Alliance * (212)594-6747, www.cdvc.org. Promotes the use of venture capital to create jobs, entrepreneurial capacity, and wealth to advance the livelihoods of low-income people and the economies of distressed communities.

Sustainable Jobs Fund * (919)530-1177, www.sjfund.com. A community development venture capital fund investing in growing environmental and manufacturing companies that create quality jobs for low-income people in the eastern US.

Underdog Ventures  (212)777-7099, www.underdogventures.com. Designs and manages customized high-net-worth investor social venture funds investing in companies with strong environmental, community, and workplace practices.

FINANCIAL ADVISERS & MONEY MANAGERS — PROVIDING COMMUNITY INVESTMENT ADVICE

Financial planners are professionals who help clients identify their financial goals and understand their risk tolerances. They help clients formulate a long-term financial plan. Money managers typically invest portfolios for high-net-worth individuals and institutions. The advisers, planners, and money managers listed below have a special expertise in community investing and have reached the 1% in Community goal across their entire client base.

Access Capital Strategies, LLC  (617)576-5858. Manages the Access Capital Strategies Community Investment Fund. Acct. min.: \$500,000.

Celnicker, Edward  ACS Investment Advisors, Inc., Madison, WI; (608)233-9661; www.acsinvest.com. A fee-based financial adviser specializing in SRI since 1977. Account min.: \$75,000.

CRAFund Advisors, Inc.  (877)272-1977, www.crafund.com. Manages the CRA Qualified Investment Fund. Account min.: \$250,000

Dobkin, David  First Affirmative Financial Network, Berkeley, CA; (510)549-8275. A "general practitioner" SRI financial planner with a gift for "communicating abstract concepts to clients."

First Affirmative Financial Network  (800)422-7284, www.firstaffirmative.com. Supports a nationwide network of socially responsible investment professionals. Account min.: Varies.

Freund, Ron  Social Equity Group, Ron Freund & Associates, Evanston, IL; (800)776-7972; www.socialequity.com. Provides SRI advisory, college, and retirement plan services for individuals and institutions. Account min.: \$1,000 mutual funds; \$50,000 managed accounts.

Garvan, Greg  Money with a Mission, Ithaca, NY; (877)644-8042; www.moneywithamission.com. Provides fee-only, comprehensive life planning and SRI asset management. Account min.: \$100,000.

Heartland Financial USA, Inc.  (866)397-2133; www.HTLF.com. Socially responsible investment services for organizations, businesses, and institutions. Account min.: \$100,000.

Herbert, Bruce  Newground Investment Services, Seattle, WA; (206)522-1944; www.newground.net. Nationally known fee-based specialist in SRI money management for rollovers, retirement plans, individuals, and institutions. Account min.: \$150,000.

Jacobs, Linda  First Affirmative Financial Network, Berkeley, CA; (510)549-8777. Sixteen years of financial planning experience specializing in SRI. Account min.: \$250,000.

Leenson, Eric  Progressive Asset Management, Concord, CA; (800)701-4713; www.progressive-asset.com. Socially responsible investing and planning with an emphasis on appropriate asset allocation. Account min.: \$100,000.

Lent, Michael  Progressive Asset Management, New York, NY; (800)659-8189. SRI investment consulting for individuals and institutions.

Leonard, Kathy  Center for Responsible Investing, Boulder, CO; (800)877-5760; www.socialfunds.com/kleonard. Comprehensive financial planning for individuals, businesses, and nonprofits. Account min.: \$300,000. No account minimum for hourly clients.

Loring, Wolcott, & Coolidge  New York, NY; (617)523-6531; www.lwctrust.com. Fiduciary and investment management services, specializing in SRI. Account min.: \$1,000,000.

Loving, Andy  First Affirmative Financial Network, Louisville, KY; (800)290-1816. Full financial planning services for people interested in SRI, with a specialty in CI.

Lowell, Blake, & Associates  Boston, MA; (617)422-0064; www.lowell-blake.com. Social investment management services for individuals since 1972.

McClain, Laurie  Socially Responsive Investing, Eugene, OR; (800)386-1908; www.McClainSRI.com. SRI portfolio management, financial and estate planning, insurance, and community-based investment consulting.

Medley, B.J.  SWS Financial, Tulsa, OK; (918)560-0171. Full financial and CI planning with complete line of investments and accounts. Account min.: \$10,000.

Moore, Joyce ☐ Joyce Moore Financial Services, Macungie, PA; (610)966-6127; www.jmfs.com. SRI retirement and estate planning, as well as business pension plans and employee benefits.

Packer, Eric ☐ Progressive Asset Management, Wellesley, MA; (800)327-7003. Manages mutual funds and retirement accounts. Protective hedging strategies for stock portfolios.

Peck, Christopher ☐ Holistic Solutions, Sebastopol, CA; (707)758-0171; www.Holistic-Solutions.net. Financial services that build financial, social, and ecological capital.

Prentiss Smith and Company, Inc. ☐ W. Brattleboro, VT; (800)223-7851; www.prentiss-smith.com. Socially responsible portfolio management. Resource for community investment. Account min.: \$250,000.

Principle Profits, Inc. ☐ (800)972-3289, www.principleprofits.com. Socially responsible portfolio management services for individuals and institutions. Account min.: \$1,500 in annual fees for continuous management, or \$300 for portfolio starter.

Progressive Asset Management ☐ (800)786-2998, www.progressive-asset.com. A network of socially responsible financial consultants who specialize in working with clients with larger portfolios. Account min.: \$500,000.

Progressive Investment Management ☐ (877)211-0034; www.progressiveinvestment.com. SRI management for US individuals, foundations, endowments, and pensions. Acct. min.: \$500,000.

Seid, Judith ☐ First Affirmative Financial Network, La Mesa, CA; (619)698-4330. Individualized SRI portfolio management and financial planning, as well as retirement planning and insurance.

Siegel, Stephen ☐ First Affirmative Financial Network, Baltimore, MD; (800)600-0686; www.firstaffirmative.com. SRI investing and investment management services for individuals and institutions.

Smith, Eric A., CFP ☐ First Affirmative Financial Network, Seattle, WA; (800)878-2344; www.goodfunds.com. SRI investment management and financial planning for individuals and institutions. Account min.: \$100,000.

The Social Equity Group ☐ (800)743-9742, www.socialequity.com. Comprehensive socially responsible financial services for individuals and institutions. Account min.: \$100,000 for managed accounts; \$10,000 for mutual funds.

Talboom, Kathleen ☐ First Affirmative Financial Network, Indian Rocks Beach, FL; (800)456-6625. Specializes in socially and environmentally responsible investing.

Torgerson, Richard ☐ Progressive Asset Management, Randallstown, MD; (410)655-9588. Offers full-service brokerage services.

Trillium Asset Management ☐ (617)423-6655, www.trilliuminvest.com. An independent investment management firm devoted exclusively to socially responsible investing. Account min.: \$600,000.

MUTUAL FUNDS WITH COMMUNITY INVESTING COMPONENTS

The socially responsible mutual funds listed below have 1%+ of their assets in communities.

Access Capital Strategies Community Investment Fund ☐ (617)576-5858, dfsand@aol.com. Puts 100% of its assets into community investments. Account min.: \$500,000.

Aquinas Funds ☐ (800)423-6369, www.aquinasfunds.com. SRI mutual funds invested according to Catholic Bishops' guidelines. Up to 2% in communities. Account min.: \$500 or \$50/mo. automatic deposit.

Calvert Group ☐ (800)368-2748, www.calvert.com. Offers a large family of socially screened mutual funds. 1–3% in communities in most funds. Account min.: \$1,000 or \$100/mo. automatic deposit.

CRA Qualified Investment Fund ☐ (877)272-1977, www.crafund.com. Puts 100% of its assets into community investments. Account min.: \$250,000.

DEVCAP Shared Return Fund (800)371-2655, www.devcap.org. Socially screened US mutual fund that invests in a diversified portfolio that closely tracks the S&P. Shared returns benefit Catholic Relief Services' poverty lending programs throughout the developing world. Account min.: \$1,000 for IRA; \$50 other.

Domini Social Investments ☐ (800)225-3863, www.domini.com. Manages more than \$1.4 billion for individual and institutional investors seeking to create positive change in society. Approx. 4% invested in communities. Account min.: \$1,000; \$250 for IRAs.

MMA Praxis Mutual Funds ☐ (800)977-2947, www.mmapraxis.com. A family of mutual funds invested with socially engaged, faith-based values. 1.2% invested in communities. Account min.: \$500 or \$50/mo. automatic deposit.

New Alternatives Fund, Inc. ☐ (800)423-8383, www.newalternativesfund.com. SRI mutual fund emphasizing the environment and clean energy. 1–2% in communities. Account min.: \$2,500 regular; \$2,000 IRA.

Parnassus Investments ☐ (800)999-3505, www.parnassus.com. Parnassus and Parnassus Equity socially responsible mutual funds have 1%–3% in communities. Account min.: \$2,000; \$500 for IRA and Gift to Minor accounts.

Portfolio 21 ☐ (877)211-0034, www.Portfolio21.com. A no-load global equity mutual fund focusing on companies committed to environmental sustainability. 1% in community investments. Account min.: \$5,000; \$1,000 for IRA.

INSTITUTIONAL INVESTORS

These foundations and pension fund administrators have at least 1% of their assets invested in communities.

Evangelical Lutheran Church in America: Board of Pensions ☐ (800)352-2876, www.elcabop.org. Administers \$6 billion in pension and other benefits for those employed by the Evangelical Lutheran Church.

The F.B. Heron Foundation ☐ (212)404-1800, www.heronfdn.org. Supports programs that promote wealth creation strategies for low-income families in urban and rural communities.

Fannie Mae Foundation ☐ (202)274-8028, www.fanniemaefoundation.org. Creates affordable homeownership and housing opportunities through innovative partnerships and initiatives that build healthy communities across the US.

Soloman, Joel ☐ Renewal Partners, Vancouver, BC; (604)844-7474. Participates in diverse investments with a social change mission and is managing partner of Renewal Partners Company, a British Columbia seed capital firm.

Tides Foundation ☐ (415)561-6400, www.tides.org. Provides grants to community-based nonprofit organizations and others in the progressive movement.

Unitarian Universalist Association ☐ (617)742-2100, www.uua.org. Administers more than \$200 million in pension and other benefits for those employed by the Unitarian Universalist Church.

United Methodist Church General Board of Pension & Health Benefits ☐ (847)869-4550, www.gbophb.org. Administers over \$10 billion in pension and other health benefits for those employed by the United Methodist Church.

GETTING YOUR FINANCIAL PLANNER INVOLVED

The entire field of socially responsible investing started because people like you went to their planners and demanded investments that matched their values. Now you can ensure more investments will have a direct impact on communities by encouraging your planner to offer community investment options. Talk to your financial planner about the importance of community investing, and encourage her/him to include it as an option for clients. Start by giving your planner a copy of this guide.

“With so many community investing choices, a financial planner with experience in this area can focus on your goals, instead of spending time learning about it,” says Laurie McClain of Socially Responsive Investing ☐.

Often financial planners will encourage you to invest in communities on your own so you do not have to pay commissions and fees, or they may offer a discount. Carsten Henningsen of Progressive Investment Management ☐ says, “I see stimulating more interest and growth in community development as part of my job. We offer our clients a 50 percent reduction in our fees for investing in community instruments, and we also talk to people who are not our clients to educate them about how they can invest in communities.”

If you don't already have a financial planner, or want one with community investing experience, see listings on pp. 21-22.



6 Easy Steps to Becoming A Community Investor

1. READ THIS GUIDE.

It's a comprehensive source on community investing—how it works, who it benefits, and how you can get involved today. Then, **use the postcard** next to p. 11 to tell us how you plan to become a community investor.

2. COMMIT TO AT LEAST 1% IN COMMUNITY.

If every socially responsible investor moved 1% of his or her savings and investments into community investing, it would put an extra \$10 billion to work rebuilding disadvantaged communities in the US and around the world. See p. 4 for more details.

3. SHIFT YOUR BANK ACCOUNTS.

You can achieve your personal 1% (or more) in Community goal just by banking with a community development bank or credit union. There may even be one in your area. See p. 12 for more information.

4. EXPLORE COMMUNITY INVESTING OPTIONS BEYOND BANK ACCOUNTS.

Look into community development loan, microenterprise, and venture capital funds; pooled community portfolios; and mutual funds with community investment components. See p. 14 for details.

5. EDUCATE YOUR FINANCIAL PLANNER & INSTITUTIONS.

Talk to your financial planner or money manager about community investing. Encourage your planner to include community investing as an option for clients, so even more people will get involved in this powerful movement. (See p. 20 for more information.) You can also get the institutions you belong to—such as your university, house of worship, or workplace—involved. See p. 18 for ideas.

6. SPREAD THE WORD.

Tell your friends, family, work colleagues, and others about the power of community investing—and encourage them to get involved. We'll send you additional copies of this guide to pass around for \$2 each postage (contact us for bulk discounts). To order, use the postcard next to p. 11, call (888)441-2406, or e-mail communityinvest@coopamerica.org.

TOGETHER, WE CAN MOVE BILLIONS OF DOLLARS INTO AREAS THAT NEED IT MOST TO CREATE ECONOMIC OPPORTUNITY FOR LOW-INCOME PEOPLE ACROSS THE US AND AROUND THE WORLD.