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Exhibition Fair Community Investment Tuesday June 15 1999
3:45 PM - 5:00 PM, 28 pgs.

EXHIBITION FAIR

Making a *Profit*
While Making a *Difference*

Community Investment

Tuesday, June 15, 1999
3:45 PM - 5:00 PM

For Immediate Release
April 20, 1999

Contact: Dianne Saenz
301/657-7082

AMERITAS INVESTS $2 MILLION IN CALVERT SOCIAL INVESTMENT FOUNDATION
Large Investment Allows Calvert Social Investment Foundation to Create Affordable Housing, Jobs and Opportunity for Low-Income Communities Worldwide

Bethesda, MD, April 20, 1999 – Calvert Social Investment Foundation (Calvert Foundation) recently received a $2 million investment from Ameritas Life Insurance Corp. of Lincoln, Nebraska to support disadvantaged communities. These new funds strengthen the Calvert Foundation's ability, through its many community partners, to help improve the quality of life for low-income families.

"We are delighted to help the Calvert Foundation, the leading innovator in community investment, broaden its reach to more communities," said Larry Arth, Chairman of the Board and Chief Executive Officer, Ameritas Life Insurance Corp.

Last month, Calvert Foundation selected 14 partners to receive nearly $2,000,000 in first quarter 1999 community investments. These non-profit community organizations span the globe, working hard to alleviate poverty through microcredit lending and innovative community development financing. Among the list of non-profit investment recipients were the Catholic Relief Services ($250,000), Self Help Ventures Fund of Durham, NC, ($300,000) and the Ohio Community Development Finance Fund ($500,000). (A complete list of community investment recipients follows.)

"With its generous investment, Ameritas demonstrates it understands that community investment leverages investor resources. With a small philanthropic contribution of forgone interest, the full value of principal is put to work, building affordable homes, financing small business and funding community development facilities," said Calvert Foundation Investment Committee Chair and First Nations Development Institute Director, Rebecca Adamson.

The loan recipients provide expertise and services to their individual communities using the funds provided by Calvert Foundation. For example, **Self-Help Ventures Fund** is a non-profit revolving loan fund in North Carolina. Its mission is to increase ownership opportunities for low-income borrowers on the premise that ownership – and the assets ownership creates – enables these borrowers to improve their economic security. It also provides management assistance to commercial borrowers and oversees Self-Help's real estate development, home loan secondary market project, and lending to nonprofits and human service providers. It has provided more than $240 million in financing to help minorities, women, rural residents and low-income families buy homes, build businesses and strengthen community services.

- more -

As of July 1998, Self-Help Ventures Fund had made commercial loans, typically $5,000 or less, to more than 1,500 small businesses and nonprofits. Its home loans have assisted nearly 1,000 homebuyers. Its secondary market purchases have resulted in an additional 1,800 families purchasing homes. Self-Help's Community Facilities Fund has helped to create and maintain 2,100 childcare spaces, 700 charter school spaces and 105 housing spaces. Despite its focus on low-income borrowers with few financial resources, Self-Help's loan losses average less than 1%, comparable to successful commercial banks.

Another Calvert Foundation partner, the **Ohio Community Development Fund (OCDF)**, serves local community based development organizations in Ohio by developing partnerships with them, banks and high net worth investors to increase financing for community housing and economic development projects. OCDF also provides grants for housing pre-development and non-profit facilities planning such as childcare centers. OCDF's major program is the "Linked Development Deposits for Affordable Housing" program. Deposits from institutions such as the Calvert Foundation generate commercial rates of interest, which in turn subsidize interest rates on long term fixed rate mortgages offered by participating lenders to low-income homeowners and community groups.

In 1998, OCDF developed 122 projects, including 76 predevelopment projects (with 817 housing units), 32 Head Start and childcare facilities, and 13 economic development projects. The Calvert Foundation's deposits fund projects that support affordable housing, commercial revitalization, a regional food bank, and a homeless single room occupancy facility.

Ameritas Life Insurance Corp. has a long history of corporate citizenship. It promotes economic security of families and businesses through long-term savings and investment vehicles, and is one of the nation's largest providers of group dental products and services. The company is also a major underwriter of Nebraska municipal bonds that fund local schools and community infrastructure.

Calvert Foundation Chairman Wayne Silby said, "Community investing allows people of few means to share in the nation's current economic prosperity."

Calvert Foundation acts as a bridge between capital markets and disadvantaged communities. Individual and institutional investors in Calvert community investments benefit from security enhancements, diversification, rigorous due diligence and close monitoring of portfolios of more than $20 million. **The Calvert Foundation has lent more than $9 million to 70 community partners throughout the United States and abroad.**

A 501(c)3 non-profit organization, the Calvert Foundation was launched in 1995, with generous support from The Acacia Group, Calvert Group, Ltd.* (Calvert Group is a separate, for-profit, legal entity.)

- more -

and the Ford, MacArthur and Mott Foundations. *Calvert Group offers a family of 26 mutual funds, including 8 socially and environmentally responsible investment options. Acacia and Ameritas merged their respective mutual holding companies on January 1, 1999.

Acacia Group Chairman and Chief Executive Officer Charles T. Nason added, "Acacia is committed to serving all communities nationwide, especially the neediest, and applauds the exceptional work and impact of the Calvert Foundation."

Calvert Foundation helps investors create an asset allocation that has its return generated not just in dollars - but in jobs created, houses built and in lives transformed.

CALVERT FOUNDATION
COMMUNITY INVESTMENTS FOR FIRST QUARTER 1999

Name	Location	Sector	Approved	Total Support
Northeast Entrepreneur Fund	North Virginia, MN	Small Business and Microenterprise	$50,000	$100,000
St. Ambrose Housing Aid Center	Baltimore, MD	Affordable Housing	$50,000	$75,000
Women's Self-Employment Project	Chicago, IL	Microenterprise	$50,000	$50,000
Cascadia Revolving Loan Fund	Seattle, WA	Small Business and Technical Assistance	$100,000	$200,000
Central City Concern	Portland, OR	Affordable Housing and Job Training	$100,000	$300,000
Oakland Business Development Corp.	Oakland, CA	Small Business and Job Training	$25,000	$50,000
Self Help Ventures Fund	Durham, NC	Affordable Housing and Small Business	$300,000	$500,000
Centro de Fomento a Iniciativas (FIE) – Bolivia	International – La Paz, Bolivia	Small Business and Microenterprise	$100,000	$100,000
PRODEM Private Financial Fund – Bolivia	International – La Paz, Bolivia	Microenterprise	$100,000	$100,000
Ecumenical Development Cooperative Society (EDCS)	New York, NY US Headquarters	Small Business and Microenterprise	$100,000	$100,000
Dudley Street Neighborhood Initiative	Boston, MA	Affordable Housing and Economic Development	$100,000	$100,000
Inglewood Neighborhood Housing	Inglewood, CA	Affordable Housing and Economic Development	$100,000	$100,000
Catholic Relief Services	Baltimore, MD	Microenterprise	$250,000	$250,000
Ohio Community Development Finance Fund	Columbus, OH	Affordable Housing and Economic Development	$500,000	$500,000

Total Disbursements for the First Quarter 1999: **$1,925,000**

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Investing for a Better World

A Publication of Trillium Asset Management

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INSIDE

Calvert Leads Social Funds in Community Investment

By Eric Becker & Holly Davenport

Social investment professionals throw around the metaphor of social investing as a three-legged stool so frequently that you would think many had apprenticed as furniture makers or professional wrestlers. The three legs represent social screening, shareholder advocacy, and community investment, all of which are fundamental to the mission of social investing. In this issue we look at what social mutual funds have accomplished in the community investment arena and what challenges they face going forward.

Community investment refers to investment vehicles that channel funds to non-profit loan funds, community development banks, community development credit unions and community development corporations. Community investment makes capital available to these organizations at market or below-market interest rates. The organizations can then turn around and lend the money out for affordable housing, microenterprises (very small businesses), small businesses, and community non-profits that provide crucial social services.

Social investors can participate in community investment by: investing certificates of deposit, checking accounts, savings accounts, and money market accounts at community development banks or credit unions; making direct loans to community development loan funds or to a pooled vehicle such as the Calvert Foundation's Community Investment Notes; and investing in social mutual funds that allocate a percentage of their assets to community development investments.

We surveyed the managers of social funds to find out how much money they have invested in community investment vehicles, what their largest investments are, and what they plan to do in the future. Unfortunately, the answers were for the most part very sparse, reflecting the barriers to community investment that the funds have encountered. The clear leader among social funds in this area is Calvert Group.

The Calvert Group sees its work in this area

Continues on page 5

Dear Reader

Elliott Sclar

Socially responsible investing is now taking a new and exciting political turn. The political map upon which we sit indicates that right now social investors are located smack in the middle of environmental concerns and just next door to those groups concerned about community matters of social justice and social equity. Organized labor has always been in the neighborhood – typically down the street. But it now looks as if everyone is about to relocate a bit. The new slight geographic shift may nonetheless prove to be seismic in its impact.

Last month Joan Bavaria, Carol O'Cleireacain and I took part in a conference at Columbia University designed to foster labor and community cooperation on matters of social and environmental justice. Panels comprised of labor and community leaders addressed matters such as educational reform and political coalition building around issues such as "living wage" legislation. "Living wage" legislation refers to a series of state and local laws mandating that public contractors pay their employees living wages and not just minimum wages. They have been very successful wherever they have been implemented and the cost to the public budget appears small at best. On the other hand the contribution of good paychecks to residents of low-income communities has been large.

But the glue that by common assent held the most promise of blending community and labor

continues on page 8

Community Investments (Cont.)

continued from page 1

as a model for other SRI leaders to build upon. They have been working in close partnership with the separate Calvert Foundation to develop, and make accessible, quality information about its portfolio groups and community investment. Profiles of community development loan funds and other alternative investment vehicles can be found at the Foundation's web site www.calvertgroup.com/foundation.

Calvert Group's High Social Impact Investment (HSII) program has worked with the Calvert Foundation to overcome some of the barriers to incorporating Community Development Investments into their portfolios. The Foundation coordinates the due diligence and monitoring process. The investment committees for the various mutual funds can then make informed decisions regarding the loan funds based on the Community Investment Analysts' reports. Once the decisions are made, the Foundation places and administers the loans. The Foundation closely monitors the investments throughout the term. In addition to evaluating quarterly statements, each Community Investment is thoroughly reviewed annually by the Foundation's analysts to insure that the group remains financially strong and continues to maintain its social impact.

The Calvert Group has over $13.5 million invested in community development finance programs through the HSII program. Currently, the Calvert Social Investment Fund Managed Growth, Bond and Equity Portfolios, and the New Visions Small Cap Fund contain a 1% allocation of HSII. The Calvert World Values International Equity Fund has an allocation of 3% HSII. The investments in HSII are comprised mainly of non-profit loan funds, but also include insured deposits in Community Development Credit Unions and Banks.

Fund	Allocation	HSII Asets in Loan Funds ($mm)	HSII Assets in CDs ($mm)	Total HSII Assets Invested ($mm)
CSIF Managed Growth	1%	$4.85	$0.73	$5.58
CSIF Bond Portfolio	1%	$0.45	$0.00	$0.45
CSIF Equity Portfolio	1%	$1.30	$0.00	$1.30
Calvert World Values	3%	$3.19	$0.35	$3.54
Calvert New Vision Small Cap	1%	$2.48	$0.30	$2.78

While the Calvert Foundation's program is encouraging, our conversations with fund managers indicate that significant barriers still exist to investment in this area by mutual funds. Due to these hindrances, managers tend to invest in Community Development Bank CDs, rather than make direct

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Social Change Impact Ratings for SRI Funds

Each socially responsible mutual fund has its own social screens and employs its own methods to determine the social value of each investment. Some funds emphasize searching for companies with positive social values and take an active role in promoting social change through shareholder resolutions and dialogue with corporate decision makers. Other funds simply avoid investing in firms or activities deemed irresponsible. A sketch of our qualitative rating system follows:

***Grade A** = Has comprehensive, quality screens that are applied consistently. Seeks to invest in firms with above-average social profiles. Will not invest in firms that are below-average in any major social area or the fund will actively work for improvement of this concern. Makes high impact investments such as community loan funds and/or the fund management company donates significant profit to targeted social problem. Maintains a consistent record of shareholder activism through resolutions and corporate dialogue.*

***Grade B** = Some shareholder activism, some use of influence (letter writing, public dialogue). Average screen quality or scope. May have greater emphasis on avoiding bad companies rather than investing in good companies.*

***Grade C** = Minimal or no shareholder activism or use of influence. Screens are avoidance-based or of limited scope. Screens may be applied inconsistently.*

GLOBAL	Assets	Q End 3/31	1 year	3 year	5 year	Max. Load	Expenses	Soc. Rating	Telephone
Calvert World Values Intl Equity	$218.7	1.8%	2.2%	11.2%	8.6%	4.75%	1.86%	B+	800/368-2748
Citizens Global Equity	63.6	7.5	26.0	23.1	16.4	0.00	2.20	B+	800/223-7010
MMA Praxis International	35.8	2.1	8.7	N/A	N/A	4.00	2.00	B	800/977-2947
Lipper Global Fund Ave.		*2.8*	*3.4*	*12.4*	*12.9*				

Community Investments (Cont.)

continued from page 5

investments in loan funds. Some of the most frequently mentioned obstacles follow.

- Most equity mutual funds are charged with being fully invested. To take a portion of the fund and put it into anything other than stocks may violate the fund's asset allocation guidelines.

- Mutual funds have cash moving in and out of the fund necessitating a "sweep" vehicle. Loan funds are not set up for this.

- Money market funds can be managed cheaply. Community Development Loan Funds add significantly to the cost of managing the fund versus a money market vehicle.

- Fund managers also cite a lack of available due diligence.

Most other social funds have limited their community investments to holding CDs from community development banks or credit unions. Calvert is alone in having invested over $12 million in community loan funds via the Calvert Foundation. For example, the Calvert SIF Managed Growth Fund has invested $4.85 million in 30 different loan funds, including $500,000 in Boston Community Capital and $400,000 in the New Hampshire Community Loan Fund. That dwarfs the community investments made by other large social funds, most of which have limited such investments to $100,000 each (the maximum that is federally insured) in a number of community development banks or credit unions.

The Dreyfus Third Century Fund, which has $1.1 billion in assets, recently made its first $100,000 investment in a Self-Help Credit Union CD. The Citizens Funds, which have over $800 million in assets, have invested $100,000 in each of four community development financial institutions: Self-Help Credit Union, South Shore Bank, City National Bank of NJ and the Independence Federal Savings Bank. The Pax World Fund, with over $800 million under management, has invested a total of $1 million in South Shore Bank. Parnassus Fund, with $300 million in assets, has invested $100,000 each in the Low Income Housing Fund, Boston Community Loan Fund, Cascadia Community Loan Fund, and the Institute for Community Economics. The fund has also invested an aggregate of $100,000 in Alternatives Federal Credit Union and Self-Help Credit Union. Neuberger Berman's socially screened funds, with an aggregate of $400 million in assets, hold $100,000 CDs with Self-Help Credit Union and Community Capital Bank. New Alternatives Fund maintains $100,000 investments at South Shore Bank, Alternatives Federal Credit Union, Vermont National Bank and Community Capital Bank.

As an index fund, the Domini Social Equity Fund must be fully invested in stocks, so it cannot make community investments. But Domini does offer the Domini Money Market Account, which is fully invested in South Shore Bank. This differs from Citizens Funds' Working Assets Money Market Fund, which invests in short-term debt instruments of socially screened corporations.

For social investors who want to direct a greater portion of their assets to community investments, we suggest looking into the Calvert Foundation's Community Investment Notes. These instruments allow investors with as little as $1,000 to buy a 1, 3 or 5-year note at an interest rate of 0-4% (determined by the investor). The invested funds are part of a $9 million pool that is channeled to a range of community development financial institutions. Calvert Community Investment Notes are not federally insured, but risk is minimized through the diversification of the pool's investments.

For more information on community investments:

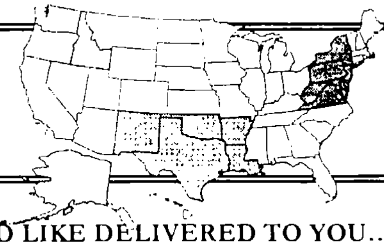
The Social Investment Forum
1612 K Street NW, Suite 650
Washington, DC 20006
www.socialinvest.org

The Calvert Social Investment Foundation
4550 Montgomery Ave.
Bethesda, MD 20814
www.calvertgroup.com/foundation

National Community Capital Association
924 Cherry Street
Philadelphia, PA 19107
www.communitycapital.org

Community Investment Profiles *Request Form*

An information service of **Calvert Foundation**, offered free on an introductory basis.



CHECK BELOW (or circle directly on chart) ALL PROFILES THAT YOU WOULD LIKE DELIVERED TO YOU...

- ❑ ACCN **Accion International**
- ❑ BOCC **Boston Community Capital**
- ❑ CASC **Cascadia Revolving Fund**
- ❑ CCCN **Central City Concern**
- ❑ CHCL **Chicago Community Loan Fund**
- ❑ CSTL **Coastal Enterprises, Inc.**
- ❑ DVRF **Delaware Valley Comm. Reinvestment Fund**
- ❑ EDCS **Ecumenical Development Coop. Society**
- ❑ FAHE **Fed of Appalachian Housing Enterprises**
- ❑ FNCA **Foundation for Intl Community Assistance**
- ❑ GRMN **Grameen Trust**
- ❑ INCE **Institute for Community Economics**
- ❑ LIHF **Low Income Housing Fund**
- ❑ MANA **Manna, Inc.**
- ❑ MCAL **McAuley Institute**
- ❑ MRCY **Mercy Loan Fund**
- ❑ NNFF **Nonprofit Facilities Fund**
- ❑ NCDF **Northcountry Cooperative Development Fund**
- ❑ NEEF **Northeast Entrepreneur Fund**
- ❑ NSDC **Northeast South Dakota Economic Corporation**
- ❑ NCAL **Northern California Community Loan Fund**
- ❑ RCAC **Rural Community Assistance Corporation**
- ❑ SELF **Self Help Ventures Fund**
- ❑ SHRN **Shared Interest**
- ❑ SHBP **Shorebank Enterprise, Pacific**
- ❑ VCLF **Vermont Community Loan Fund**
- ❑ WSEP **Women's Self-Employment Project**
- ❑ WCAP **Working Capital**

(Note that these are all available on our web site at ***www.calvertgroup.com/foundation****)*

Geographic & Lending	New England	Middle Atlantic	South East	North Central	NW Central	South Central	West	Pacific NW	INTER-NATIONAL
Micro-credit	CSTL WCAP VCLF	ACCN WCAP	SELF WCAP	ACCN NEEF WSEP	NSDC	ACCN	ACCN	CASC SHBP	ACCN EDCS FNCA GRMN SHRN
Affordable Housing	BOCC CSTL INCE MCAL MRCY	DVRF FAHE INCE LIHF MANA MCAL MRCY	FAHE INCE MCAL MRCY SELF	CHCL INCE MCAL MRCY NCDF	INCE LIHF MCAL MRCY NCDF RCAC	INCE MCAL MRCY RCAC	INCE LIHF MCAL MRCY NCAL RCAC	CASC CCCN INCE MCAL MRCY RCAC SHBP	SHRN
Small Business	CSTL INCE VCLF	DVRF INCE	INCE SELF	CHCL INCE NCDF NEEF WSEP	INCE NSDC	INCE	INCE NCAL	CASC INCE SHBP	
Commun. Develop.*	BOCC CSTL INCE VCLF	DVRF INCE LIHF MANA NNFF	FAHE INCE SELF	CHCL INCE NCDF	INCE LIHF NCDF RCAC	INCE RCAC	INCE LIHF NCAL RCAC	CASC CCCN INCE RCAC SHBP	EDCS SHRN

**Community Development includes non-profit facilities, environmental, social service, and cooperative lending.*

Name: ______________________

Org: ______________________

Address: ______________________

____

Phone: ______________________

Fax: ______________________

Email: ______________________

Indicate if you prefer a **mailed** profile package with supporting material, a **fax-back** set (be advised, each profile is 4-5 pgs), or as an **Email** (attached Word documents). ***Please make sure full contact info is listed.*** ❑ **Mail** ❑ **Fax-back** ❑ **Email**

Also, please mail me the following information...

____ **investment kits** for *Calvert Community Investment Notes.*

____ **brochures** introducing *CCI Notes* (one included in above kit).

____ **information brochures** on all *Calvert Foundation programs.*

FAX-BACK TO 301-654-2960 *Or mail to:* ***Calvert Foundation - 4550 Montgomery Ave, Bethesda, MD 20814***

COMMUNITY INVESTMENT

Jobs. Homes. Lives. Invest in what matters.

In a world filled with publicly traded securities issued by large corporations -- mutual funds and derivatives -- it's ***very*** easy to lose touch with what your money is actually doing for (or doing to) the planet on which we live.

It's exactly this 'disconnect' that has been fueling the growth of **Community Investing**, perhaps the least well-known sector of *Socially Responsible Investing* -- and the one which has the most direct impact on our communities. Amid stories of urban decay, economic dislocation and real hopelessness, people are putting their money where their hearts are.

Community investment capital flows into non-profit loan funds and community development banks, credit unions and corporations – hundreds of programs, domestically and internationally. Individual investors are funding vital community development lending, and financing programs that enable others to work their way out of poverty, and into jobs and homes. Investors are also enabling local non-profits and small businesses to maintain the critical facilities that healthy communities depend on. These investment opportunities vary widely in terms, rates and risk.

What does Community Investment accomplish?

Sustainability comes with empowerment.

The impact of community investing is direct and measurable. In addition to geographic concerns, you may consider a number of social impact areas when looking at community investment. There are four primary *sectors of lending* that community investing supports: **Affordable Housing, Microenterprise, Small Business,** and **Community Development.**

Affordable Housing lending builds or rehabilitates housing for low-income families. Many programs also provide important and pivotal support in helping individuals secure and repay mortgages, and even offer training and empowerment programs that help support new homeowners in other areas.

Teresa Coles worked her way through college and earned her teaching credentials while she and her children were living at Comstock Apartments, a Mercy Housing property for families in Nampa, Idaho. Today, Teresa is a new homeowner, thanks to Mercy Housing's Lease-Purchase Program. Mercy houses more than 10,000 low-income and special need residents nationwide. In the U.S., the gap between the number of affordable housing units and the number of people in need is 4.7 million -- the largest on record.

Microenterprise Development focuses on assisting low-income people in starting their own businesses by providing very small loans, less than $25,000. Internationally, loans can be as small as $50. Some programs lend directly to individuals, while others use a peer-lending model that binds individuals together in a supportive group of borrowers. Many programs also offer technical assistance.

Nurjahan from Bangladesh was married at twelve and became a single mother at the age of thirteen. With the help of Grameen Bank, Nurjahan was able to take out a $180 loan and start a business selling vegetables. Five years later, she owns land and farm animals. She can now feed her family and has made a better life for herself.

Small Business Development lending is more traditionally structured and supported than micro-loans. This category of lending assists low-income people in disadvantaged communities to start or increase the scope of their own businesses by providing loans generally over $25,000.

Native Seeds has been collecting and preserving endangered plants since 1983, working to conserve the traditional crops that have sustained Native American peoples. Thanks to a $25,000 loan from the Environmental Support Center, Native Seeds can now prepare the soil and plant the hundreds of seeds in their seed bank that need to be "grown out" to provide fresh seed stock. This will ensure that plants like Hopi string beans and Navaho Hubbard squash will survive into the next century.

Community Development lending supports non-profits and cooperatives that are working directly with disadvantaged populations and communities to develop enterprises that provide core social resources, such as health services and daycare centers. Others activities include banking services in targeted communities and critical funding to non-profits, cooperatives and environmental programs.

The Mary Neal Child Care Center in Pittsboro, NC was started with technical and financial assistance from Self Help Credit Union. This nonprofit provides quality childcare from early morning until after midnight, accommodating parents who work both day and evening shifts. Thanks to the efforts of a few committed citizens who established this nonprofit facility, this center gives small children a place where they can learn and grow in a secure environment.

Who puts the Community Investment capital to work?

These are lasting solutions to poverty.

Local community loan programs do the lending and development work, providing the means for investment capital to impact disadvantaged communities. As a group these organizations are generally known as ***Community Development Financial Institutions*** (CDFIs).

CDFIs range from good sized community banking institutions, to small non-profit microenterprise lenders with a few hundred borrowers. CDFIs fall into the following categories, and offer various investment opportunities that vary in terms, rates and risk.

As you move from community banks to credit unions, from development corporations to community loan funds, all the way through to microcredit programs -- a rich tapestry of opportunity may be created. Investment capital can reach deep into some of the most disadvantaged communities across the country and around the world.

Community Development Financial Institutions (loosely defined)
Community Development Banks (CDBs) target disadvantaged communities to provide banking services, loans, and community revitalization programs. There are only a few CDBs in the United States. They are for-profit regulated entities with FDIC insurance, and offer insured depository accounts and CDs, most of which have pretty competitive returns (as much as 5%), and are very safe (FDIC insured to $100,000).
Community Development Credit Unions (CDCUs) are non-profit regulated and insured entities serving their members in low-income communities. There are more than 200 CDCUs in this country. Like CDBs, these also offer insured depository accounts and CDs, although tending to be slightly lower in return.
Community Development Corporations (CDCs) are primarily involved in housing, neighborhood revitalization and community development. They may also have community loan funds within their programs. There are more than 2000 CDCs active in this country. CDCs often develop their own umbrella of projects, funding and building a portfolio of deals. Some CDCs accept direct investment from individuals. Offerings tend to be below market rate, typically ranging between 0-5%, for terms of 1-5 years. They are non-profit, unregulated and uninsured.
Community Development Loan Funds (CDLFs) administer loan funds for community development and various lending activities, including the environment, housing, small business, and non-profit facilities funding. They sometimes have limited microenterprise programs, too. CDLFs are able to make loans that banks and credit unions would hesitate to make, and often partner technical assistance with their capital They are non-profit, unregulated and uninsured entities. Many CDLFs accept private investment, with similar rates and terms as those offered by CDCs.
Micro Finance Institutions (MFIs) are non-profit microcredit institutions that are also unregulated and uninsured. Although microlending has gained much recognition internationally, there are a growing number of programs in the U.S. MFIs often target some of the poorest of the poor, and may offer technical assistance and employ the peer-lending model. A few MFIs accept direct uninsured investments.

All of the investment notes and CDs issued by CDFIs are typically illiquid, meaning you have a set term of investment. Early withdrawals may be possible with some penalties against interest or principal.

How can I make a community investment?

Creating opportunity, responsibly.

Now that we've seen the ***what*** and ***who*** of community investing, you may be wondering ***how*** to take the next step. As a potential community investor you can start by clarifying what it is you're looking for in a community investment:

- Decide on the ***amount*** that you feel comfortable with (always consult with your financial advisor) -- and how charitable you can be (market or below-market return, generally between 0-5%). Remember to think of community investing as a *piece* of the asset allocation pie.
- Decide ***how long*** your funds can be committed for (usually between 1 and 5 years -- longer terms allow CDFIs to be more flexible).

- Decide ***where*** you want your capital put to work - locally, domestically, or internationally, and ***what*** you're most interested in funding: housing, microcredit, small business, or other forms of community development.
- Think carefully about your ***risk*** tolerance (e.g. insured or uninsured). Consult with programs directly to attain current offerings, and always request full documentation.

There is probably a community investing option for almost any combination of the above concerns, especially if you are willing to be flexible about your rate of return. Once you have decided on the basic parameters, you will need to determine how to make the actual investment. There are three distinct options: Direct Investment, Community Investment Portfolios, and Mutual Funds.

- **Direct Investment:** As previously discussed, many CDFIs accept direct investments from individuals. All Community Development Banks and Credit Unions offer insured accounts and CDs, while only some Loan Funds, CDCs and MFIs offer investment notes (all uninsured). Rates generally fall somewhere between 0%-5%, with terms of 1-5 years, for all options.

- **Community Investment Portfolios**: Intermediary facilities allow you to purchase a note that is a piece of a larger pool of CDFI investments. With this option you can reach many different types of programs at once. Community investment portfolios may benefit from active monitoring and diversity, and also can have additional security enhancements built in, though they are not insured. Terms and rates are roughly those of the CDLFs, CDCs and MFIs they invest in (e.g. 1-5 years and 0-5%).
- **Mutual Funds:** Several mutual funds have a community investment component built right in. These mutual funds give you a very small percentage exposure to community investment, one that may or may not effect the overall return of the fund. If you want to make a substantial commitment to community investment, though, it may be hard to reach the desired amount with this option (since only a small percentage of every dollar is reaching CDFIs). Mutual funds do have the attraction of being very liquid, and can be held easily in brokerage accounts. You have to look closely to find out what, if any, commitment a given mutual fund has to community investment.

You may even find that the most appealing community investment is not necessarily the one that has the highest financial rate of return (for instance, a local loan fund in your home town, or one that supports a social issue close to your heart). The tradeoff here is a slightly lower rate of *financial* return, for a higher *social* return:

A Way to Think about 'Below-market' Community Investment	
When you make a $20 *donation*:	When you *invest* $1,000 in a community investment at 3%:
You give $20	You may sacrifice $20 in interest*
And only that $20 goes to work helping people.	While your entire **$1,000** goes to work helping people help themselves!

****Compared to a T-Bill investment of 5%.***

As responsible investors, we must always be concerned about portfolio diversification, responsible asset allocation, risk, and performance, but we should also be on the lookout for the human element. Return, in the form of powerful and direct social impact, may be something to consider. Community investing is an opportunity to align financial resources with one's social mission, in meaningful and measurable ways.

And, if an investor were to place a modest portion of assets in support of community investments, it could make little difference in the return on a total portfolio:

SENSITIVITY ANALYSIS ON ANNUAL RETURN			
	Principal	Annual Return*	Appreciation
1) 90% 60/40 Equity/Bond Investment	$90,000	15.01%	$13,509
10% Traditional cash component	$10,000	4.50%	$450
100% Balanced Portfolio	**$100,000**	**13.96%**	**$13,959**
2) 89% 60/40 Equity/Bond Investment	$89,000	15.01%	$13,359
10% Insured Community Deposits	$10,000	4.50%	$450
1% Below Market Community Invest	$1,000	3.00%	$30
100% Portfolio w/ Community Invest	**$100,000**	**13.84%**	**$13,839**

*Based on the 10yr average return for a balanced portfolio comprised of 60% S&P 500 equity and 40% Lehman's bond indices, and a 10% cash component of Treasury Bills, Certificates of Deposit, and Money Market instruments returning an average of 4.5%.
This example uses below market community investment w/ an average 3% dollar weighted return.

Community investment demonstrates a sustainable partnership between capital and people that cuts across partisan lines. Regardless of the option you choose, you can have the satisfaction of knowing that *every dollar* of your community investment capital is directly partnering with hard working people down your road, across the country, or around the world -- helping people like Nurjahan, Teresa Coles, and their families.

[resource listing on reverse]

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None of the information contained herein should be taken to be investment advice from the author and is not a solicitation to buy or sell securities.

Websites with Community Investment Information

- Calvert Foundation [www.calvertgroup.com/foundation]- portfolio of, and information source about, CDFIs
- Social Investment Forum [www.socialinvest.org]- clearinghouse for many community investment options
- SocialFunds.com [www.socialfunds.com]- well organized online resource with tools and educational sections

Websites of CDFI Umbrella Organizations

- Association for Enterprise Opportunity [www.wwa.com/~aeo]- the national membership organization for microcredit programs
- CDFI Coalition [www.cdfi.org]- the national coalition and advocacy group for the CDFI industry with over 350 members
- National Community Capital Association [www.communitycapital.org] - umbrella organization for over 40 CDFIs
- National Congress for Community Economic Development [www.nceed.org]- a membership organization for 800 CDCs
- National Federation of Community Development Credit Unions [www.natfed.org]- membership group of 200 CDCUs

Calvert Community Investments

Calvert Foundation

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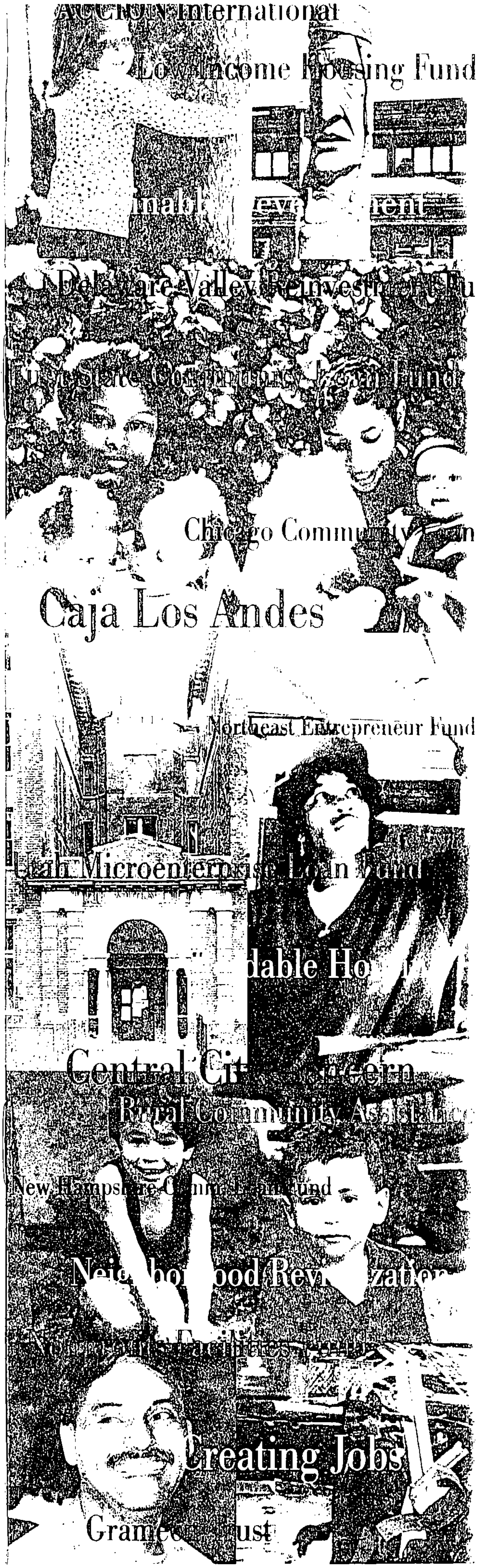

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