BOSTON COMMUNITY CAPITAL

Building Healthy Communities Where Low-Income People Live and Work

Charles Clark
Chair of the Board

Elyse D. Cherry
Chief Executive Officer
Boston Community Capital
President
Boston Community Venture Fund

DeWitt Jones
President
BCC Solar Energy Advantage
President
Boston Community Managed Assets

Rebecca L. Regan
Chief Operating Officer
Boston Community Capital
President
Boston Community Loan Fund

Patricia Hanratty
President
NSP Residential LLC &
Aura Mortgage Advisors LLC

Affiliates
BOSTON COMMUNITY LOAN FUND

BOSTON COMMUNITY VENTURE FUND

BOSTON COMMUNITY MANAGED ASSETS

56 Warren Street - Palladio Hall
Boston, MA 02119-3236
Phone: 617.427.8600
Fax: 617.427.9300
www.bostoncommunitycapital.org

November 1, 2010

Corinne Florek, Director
Mercy Partnership Fund
PO Box 18519
Oakland, CA 94619

Via Email: Jolt1@sbcglobal.net

Dear Sister Corinne,

Following up on your conversations with Elyse Cherry at the Wachovia Wells Fargo NEXT Awards Finalist Presentations in August, it is with great pleasure that we submit this application to Mercy Partnership Fund for a $200,000 loan to Boston Community Loan Fund. We would be delighted to welcome Mercy Partnership Fund as a partner in our work!

For over 25 years, Boston Community Loan Fund (BCLF) has been building healthy communities where low-income people live and work through socially responsible lending for community development projects. The Loan Fund provides loans to nonprofit organizations, community development corporations (CDCs) and local developers that build affordable housing and provide social and community services. Founded on the firm conviction that low-income communities can sustain debt, we make loans that enhance and stabilize these communities. Our loan products and services are customized to meet the needs and constraints of our borrowers, providing fast, flexible and sufficient capital at each stage of a project's development.

Since 1985, Boston Community Loan Fund has provided over $300 million in financing to community development projects. Our loans have helped:

- Build or preserve affordable homes for 10,000 families and individuals
- Strengthen more than 300 community organizations
- Support child care facilities serving over 7,000 children
- Finance schools and youth programs serving over 2,000 low-income students
- Renovate over 750,000 square feet of commercial real estate in distressed inner-city communities

A loan from Mercy Partnership into our revolving loan fund would support this work, providing important capital for borrowers and communities struggling with the worst economic crisis in a generation.

Attached please find the Mercy Partnership Fund application form, together with the requested attachments. Please note, because the Loan Fund is 25-year-old business, we do not have a formal business plan; however, we have included several attachments which provide the information requested, together with a comprehensive business plan recently submitted to the CDFI Fund in support of our Energy Advantage Program. We have also included 3-year financial projections for the Loan Fund.

We would welcome the opportunity to discuss this application further with you. If you have questions, or need any additional information, please call me at 617-427-8600 or email me at jbrooks@bostoncommunitycapital.org.

We look forward to working with you!

Warmest regards,

Jessica Brooks
Director of Development

BOSTON COMMUNITY LOAN FUND

Application to Mercy Partnership Fund

Submitted:

November 2, 2010

Elyse Cherry, CEO
Rebecca L. Regan, Loan Fund President
Jessica Brooks, Investor Relations

Boston Community Capital
56 Warren Street
Boston, MA 02119-3236
Tel: 617-427-8600
Fax: 617-427-9300

Boston Community Loan Fund
Mercy Partnership Fund
Application

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Mercy Partnership Fund

INSTRUCTIONS
For
APPLICATION

BUSINESSES, NON-PROFITS AND INTERMEDIARIES

This form is used by *both* intermediary organizations and those groups seeking direct investments for business development, therefore **questions not applicable to your business or organization should be answered N/A.**

Please note that a detailed business plan **must** accompany the general information form. See attached outline form for contents of the business plan.

We encourage you to become acquainted with the requirements of the business plan outline and ensure that all relevant information is included in your application.

Please include in your application packet, your organization's most recent **outside financial audit** and a copy of your most recent **monthly financials** ***(current within the past 90 days)***.

If information is available on the web, please note on the outline which information is on your web site. Be sure to include the web site address on your form.

You may either e-mail or mail the information.

Please return your application to:
Corinne Florek, Director
Mercy Partnership Fund
PO Box 18519
Oakland, CA 94619
510-836-7556
Jolt1@sbcglobal.net

MERCY INVESTMENT SERVICES, INC

Mercy Partnership Fund

APPLICATION

Date __November 1, 2010____

Name of Organization_______Boston Community Loan Fund____________________________________

Address_____56 Warren Street____

City___Boston___________________________________ State___MA______ Zip_____02119__________

Phone: _617-427-8600____ Fax: ___617-427-9300__ E-mail: ____jbrooks@bostoncommunitycapital.org

Contact Person: __Jessica Brooks_____________________ Position:__Director of Development_______

Chair of the Board:_____Charles Clark____

Legal Structure: __X__ *Non-Profit Corporation* ____ *Cooperative*
(check one) ____ *For-Profit Corporation* ____ *Other (please specify)*

Total funds required for project: ____N/A____

Requested from MPF (give minimum & maximum amount):

Amount: _$200,000____________________ Interest Rate: _____3_____% Term: _____5______years

Collateral and position available:__None – Loans to Boston Community Loan Fund are unsecured; only _

recourse is the to the Loan Fund itself ____

Does your organization currently receive any financial assistance (existing loan, grant, subsidy) from MPF? If so, please specify.

______No____

Provide a brief description of your organization / project.

Boston Community Loan Fund (BCLF) provides loans to nonprofit organizations, community development corporations (CDCs) and local developers that build affordable housing and provide social and community services. Founded on the firm conviction that low-income communities can sustain debt, we make loans that enhance and stabilize these communities. Our loan products and services are customized to meet the needs and constraints of our borrowers, providing fast, flexible and sufficient capital at each stage of a project's development.

Since 1985, Boston Community Loan Fund has provided over $300 million in financing to community development projects. Our loans have helped:

- Build or preserve affordable homes for 10,000 families and individuals
- Strengthen more than 300 community organizations
- Support child care facilities serving over 7,000 children
- Finance schools and youth programs serving over 2,000 low-income students
- Renovate over 750,000 square feet of commercial real estate in distressed inner-city communities

The majority of our loans are in Massachusetts, but the Loan Fund has made loans across the Northeast.

In our 25 year history, BCLF has experienced loan losses of less than $1/30^{th}$ of 1%. All of these loans were fully reserved, and all of our investors have always been repaid on time and in full.

Boston Community Loan Fund is an affiliate of Boston Community Capital, a comprehensive CDFI with a mission to build healthy communities where low-income people live and work. We accomplish this mission by investing in projects that provide: affordable housing, good jobs, needed goods and services and new opportunities in low-income communities, connecting these neighborhoods to the mainstream economy.

If approved for financing, indicate below the specific purpose of this loan: This loan will become part of our revolving loan pool and will be used to make loans for community development projects, including affordable housing, child care facilities, schools, health centers, community facilities and inner city commercial real estate.

Other Sources of Funds	**Amount Requested**	**Status**
Academic institutions	$4,624,739	closed
Banks	$27,825,000	closed
Civic organizations	$1,426,120	closed
Foundations	$7,457,607	closed
Individuals	$4,089,857	closed
Intermediaries	$7,350,000	closed
Religious organizations	$2,468,394	closed

The following are the social impact criteria for our Mercy Partnership Fund. Please indicate how your project addresses one or more of these.

- Benefits the economically poor especially women and children - YES
- Beneficiaries have difficulty obtaining funding through traditional financial sources - YES
- Beneficiaries have an effective voice in the planning and implementation of the project - YES

- Addresses the global concerns and multicultural reality of our world. Please be specific in describing how the Board, Management and Staff reflect the racial, ethnic and cultural composition of your beneficiaries. - YES
- Benefits care of the earth - YES
- Effects systemic change - YES

Boston Community Loan Fund was established in 1985 to make loans to nonprofit and community organizations developing affordable housing and delivering social and community services for low-income people and as a vehicle to allow social and other investors to put their investment capital to work in low-income communities. Our mission, as a part of Boston Community Capital, is to build healthy communities where low-income people live and work.

We accomplish this mission by serving as a financial intermediary that connects low-income people and communities to the mainstream economy. We finance affordable housing, child care facilities, schools, health centers, youth programs and other community services. We serve as a vehicle for a wide range of investors, including individuals, institutions and faith-based organizations. Working together, we achieve the cost-effective access to capital that is key to building healthy communities.

Boston Community Loan Fund lends to organizations that serve low-income families and individuals. The demographics of the beneficiaries of our loans are as follows: 85% earning less than 80% of Area Median Income (AMI), 60% ethnic minority (35% African American, 15% Latino, 10% Asian), 60% female.

BCLF's founders in 1985 included low-income individuals, and low-income community (LIC) residents and representatives have been involved in all aspects of our business strategy and governance since then. Furthermore, as a certified CDFI, we are committed to maintaining accountability to LICs. BCLF involves LIC residents and decision-makers in three primary ways.

First, LIC residents are represented on our governing bodies, including our Board of Directors and our Loan Committee. Half of our outside board members are LIC representatives, including our board chair and two of our four officers. One of our eight outside board members -- Mercedes Tompkins -- as well as two of ten outside Loan Committee – Linnie McLean and Eva Clarke – are LIC residents. These individuals have been selected for the board not just because of their status as LIC residents, but also because they are community leaders and decision-makers and because of their track records advocating on behalf of these communities. Our board includes representatives of LIC development corporations, legal services for the homeless and mentally ill, and inner-city youth job training programs; our Loan Committee includes similar LIC representation. Our remaining board and committee members, while they do not reside in LICs or represent LIC organizations, have demonstrated commitment to our mission of building healthy communities where low-income people live and work.

For example, Ed Dugger is president of UNC Partners, the nation's largest venture fund focused on supporting entrepreneurs of color, and is chair of The Business Collaborative, a private sector initiative designed to create networks for minority and inner-city entrepreneurs. Sarah Lincoln oversees small business lending at Citizens Bank, where her portfolio includes numerous loans in economically distressed areas. Victor Rivera, board member and Chair of our Loan Committee, is SVP and Market Manager of Bank of America's Small Business Banking Group, focused on client development working with many small businesses located in economically distressed communities. Board members are responsible for providing leadership and guidance on all issues related to the governance, strategy and policies of Boston Community Capital and its affiliates. The Loan Committee oversees lending policy and approves loan recommendations. Both the Board and the Loan Committee meet regularly throughout the year, and their meetings are held in low-income neighborhoods. Our staff, board and committee members actively participate in LIC groups —

such as the Egleston Square Coalition or the Dudley Square Main Streets— to research and inform BCC's business and outreach strategies. Every year, BCLF's staff attend dozens of meetings, events, and forums in the LICs in which we work.

As an organization, BCLF regularly participates in community hearings, forums, and meetings regarding individual projects. BCLF requires evidence of community support and assesses the impact of all its projects on the surrounding neighborhood. Since many of our borrowers share our mission of serving LICs, we also work closely with those borrowers to ensure that LIC residents have a voice in shaping the projects we finance. We use participation in organizations serving low-income people—such as the Massachusetts Association of Community Development Corporations (MACDC), Citizens Housing and Planning Association (CHAPA), and Community Business Network—to develop policy and strategy. Most of our borrowers are non-profits serving LICs, and BCLF works closely with them to structure financing that meets their needs. In addition to ongoing outreach, BCLF meets at least annually with major borrowers to review their needs and challenges in serving their clients. Virtually all our board, committee and staff members volunteer in LIC organizations. Those relationships, ranging from national organizations to block or building associations, create an extraordinary basis of knowledge, networks and feedback on which we routinely draw in investment decisions, growth plans and business strategy development.

Finally, the Loan Fund has always deliberately located its offices in very low-income neighborhoods, generating rental income for local landlords, bringing back commerce to these areas, and facilitating our ability to attract LIC residents as employees. For 10 years, BCLF was located at "The Brewery", a small business incubator developed by the Jamaica Plain Neighborhood Development Corporation and located in a distressed area with a poverty rate of 26.7%. We were the first office tenant. In 1999, we outgrew this space and relocated to Roxbury's Dudley Square as the anchor tenant at Palladio Hall. Palladio Hall, located in Boston's Empowerment Zone within a census tract with a poverty rate of 55%, had been a vacant for 30 years and was developed by a local CDC. We were the first above-retail-level private sector tenant to relocate to Dudley Square in several decades.

The attached business plan focuses on the Loan Fund's work to help low-income communities participate in the care of the earth through the financing of energy efficiency, renewal energy and conservation in affordable housing. Our goal is to demonstrate that providing financing for green development can be economic, and thereby engender systemic change in the way these improvements are financed.

	Total Number	**Number of Women**
Board	11	6
All Staff	20	12
Management Staff	5	3
Beneficiaries/clients/etc.	N/A (BCLF serves organizations not individuals)	60%

Mercy Partnership Fund

Business Plan Outline

Organization: _____Boston Community Loan Fund____
This outline must be completed to indicate where each topic area is addressed in your business plan. Note the appropriate page number(s) in your plan next to the outline heading below.

Boston Community Loan Fund, as part of Boston Community Capital, operates under the Boston Community Capital strategic plan, which provides broad strategic goals for the organization. As a 25-year-old organization with an established track record of providing financing in low-income communities, the Loan Fund operates with annual goals, 3-year financial projections, and the strategic plan rather than a business plan. However, the Loan Fund does create business plans for new financing initiatives as appropriate, for example, our energy advantage and sustainability initiatives, aimed at financing energy efficiency improvements and renewal energy in affordable housing. Attached please find three documents meant to provide the information captured in a business plan:

- *A Platform for Transformation,* Boston Community Capital's 5-year strategic plan
- Boston Community Loan Fund Annual Goals – excerpt from goals document presented to the Boston Community Capital Board of Directors
- 3-year Financial Projections for Boston Community Loan Fund
- Comprehensive Business Plan submitted to the CDFI Fund as part of our 2009 CDFI Fund Application. (Note: This application focuses on our Energy Advantage Program, which is just one part of the Loan Fund's overall lending strategy. However, this document captures much of the information required below.)

I. The Business

_p.5-10_____	A.	Description/History
_p.5-10_____	B.	Location
__p.6-10__	C.	Market
__p. 17-18_	D.	Competition
_p. 26-28	E.	Management and Board (decision-making process)
_p. 26-28_	F.	Personnel
p. 20-23; 28-31	G.	Operations: Procedures / Planning
_n/a_______	H.	Describe any technical assistance you have received, when you received it, and your future needs.

see desc above I. Describe member and / or worker participation in decision-making.

II. Financial Data

__n/a_____ A. Capital equipment list

attached separately B. Audited financial reports (past two years). Include management letters from auditor, if issued.

attached separately C. Schedule of Outstanding Debts (Note lender, outstanding principal, maturity, interest rates, collateral)

attached separately D. Projections for 3 years: Statement of Financial Position, Statement of Activity and Cash Flow Statement, with notes of explanation.

_n/a_____ E. Sources of equity (Note percentage of total equity from workers / members and the cost of an ownership share, if applicable.)

attached separately F. The most recent monthly financial report (within past 90 days)

III. Supporting Documents (as applicable): IRS letter of 501 (c) (3) status, resumes and job descriptions of key staff, credit report, proof of insurance certificate, name and address of attorney, banker, accountant, and letters of support. Please also include a copy of your Articles of Incorporation and Bylaws.

IV. For CDFI/ Loan Funds: Report on your lending history, and include: total number of lenders/investors since inception, total capital raised, noting equity and debt; total loans disbursed, total loans paid in full, current funds available to lend, current loans outstanding, loan losses, and commitments pending. Also note your requirements for loss reserves, liquidity reserves, and permanent capital. Show your cost of capital and what you charge borrowers.

Also include a copy of your loan policies and procedures.

AUTHORIZATION AND CERTIFICATION

The Board of Directors approved and authorized the following person(s) to negotiate investments and loan guarantee terms and conditions for our organization, and to provide additional information in connection with this application.

Name________________________________ Name____________________________________

Position______________________________ Position__________________________________

Telephone ____________________________ Telephone _________________________________

Fax __________________________________ Fax ______________________________________

The board certifies that this organization does not deny services, employment or membership to persons based on race, religion, age, sex, sexual orientation, handicap or marital status.

It further certifies that the information and representations contained in this application and attached hereto are true and accurate to the best of its knowledge. We understand that intentional misrepresentation of facts may be the basis for a denial of credit.

____ ____________________

Signature of Board Chairperson Date

____

Name (print)

____

Organization

Approved at the board meeting of _________________ by a vote of ________ to ______.
(Date)

Internal Revenue Service

District
Director

Department of the Treasury

35 Tillary St., Brooklyn, N.Y. 11201

Date: MAY 27 1987

Boston Community Loan Fund, Inc.
25 West Street
Boston, MA 02111

Employer Identification Number:
22-2593378
Our Letter Dated:
August 6, 1985
Person to Contact:
P. Stoschy
Contact Telephone Number:
(718) 780-4050

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 509(a)(1) & 170(b)(1)(A)(vi). Your exempt status under section 501(c)(3) of the Code is still in effect.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(1) & 170(b)(1)(A)(vi) status, or acquired knowledge that the Internal Revenue Service has given notice that you would be removed from classification as a section 509(a)(1) & 170(b)(1)(A)(vi) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

District Director

cc:

BY-LAWS

OF

BOSTON COMMUNITY LOAN FUND, INC.

ARTICLE I

Name, Seal and Fiscal Year

Section 1. Name. The corporation shall be formally known as "Boston Community Loan Fund, Inc." (the "corporation").

Section 2. Seal and Fiscal Year. The seal shall be circular in form with the words and figures "Boston Community Loan Fund, Inc., Incorporated 1984 in Massachusetts" thereon. The fiscal year shall commence on January 1 each year (i.e., the fiscal year shall be the calendar year.)

ARTICLE II

Purposes of the Corporation

The corporation shall be organized and operated exclusively for the purposes set forth in the articles of organization.

ARTICLE III

Members; Meetings of Members

Section 1. Voting Members. The initial and sole member of the corporation is the Boston Community Capital, Inc. Such initial voting member may select additional persons or organizations to become additional voting members on such terms and qualifications as the initial voting member may determine. Voting members shall be entitled to vote in the election of directors and to exercise any and all statutory or common law rights and privileges afforded by Massachusetts law to "members" of non-profit corporations.

Section 2. Place of Meeting. Meetings of the voting members shall be held as such place within or without Massachusetts as may be named in the notice of such meeting.

Section 3. Annual Meeting. The annual meeting of the voting members (i.e., the annual meeting of the corporation) shall be held on the second Wednesday in October at such hour as may be named in the notice of such meeting. In the event the annual meeting is not held on such date a special meeting in lieu of the annual meeting may be held with all the force and effect of an annual meeting.

Section 4. Special Meetings. Special meetings of the voting members may be called by the president or the directors and shall be called by the clerk, or in the case of the death, absence, incapacity, or refusal of the clerk, by any other officer or any one director, upon the application of any one voting member.

Section 5. Notice. A written notice of the date, place, and hour of all meetings shall be given by the clerk (or by any other officer) at least forty-eight (48) hours before the meeting to each voting member by delivering such notice by hand, by mail, by facsimile, or by telegram, to each voting member, unless shorter notice is necessary and adequate under the circumstances. A notice or waiver of notice need not specify the purpose of any meeting. Whenever notice of a meeting is required to be given to the voting member under applicable law, under the articles of organization or under these by-laws, a written waiver thereof, executed before or after the meeting by voting member and filed with the records of the meeting shall be deemed equivalent to such notice. Notice of a meeting need not be given to any voting member who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such voting member.

Section 6. Quorum. A quorum shall require the presence of the initial voting member and a majority of the other voting members, (if any), but a smaller number may adjourn finally or from time to time without further notice until a quorum is secured. All actions affecting the corporation must be approved by vote of the initial voting member and majority vote of the other voting members (if any).

Section 7. Action by Consent. Any action required or permitted to be taken at any meeting of the voting members may be taken without a meeting if each voting member (of a duly authorized officer or agent of each voting member that is not a natural person) consents to the action in writing and the written consents are filed with the records of the meetings of the corporation. Such consents shall be treated for all purposes as a vote at the meeting.

Section 8. Vote by Representative or Proxy. Since the initial voting member is an organization and not a natural person, the initial voting member (and any additional voting member that is not a natural person) shall attend meetings and vote either by duly authorized representative or by authorizing an officer, agent or other to act for such voting member by proxy. Every proxy must be signed by a duly authorized officer of such voting member and no proxy shall be valid unless it is dated not more than six (6) months before the meeting named therein. Every proxy shall be revocable at the pleasure of the voting member executing it, except as otherwise provided by law.

ARTICLE IV

Directors and Officers

Section 1. Directors; Qualifications. The corporation shall have an initial board consisting of not less than three (3) directors who shall have the powers and duties of directors under Massachusetts law. The initial number of directors may be changed at any annual or special meeting by vote of the voting members. The initial number of directors shall be the number of directors named in the articles of organization.

Section 2. Directors; Election. The initial directors of the corporation shall be those individuals serving as directors at the time these restated by-laws were adopted; thereafter, the voting members may elect from time to time additional directors of the corporation by a majority vote. At the next annual meeting of the corporation, half of the directors shall be elected for one year terms and half shall be elected to two year terms. Thereafter, all directors shall be elected for two year terms with half the terms expiring annually. Each director shall hold office until he or she dies, resigns, is removed in accordance with these by-laws, or his or her successor is qualified and elected.

Section 3. Officers: Enumerations Election and Qualifications. The officers of the corporation shall be a board chair, a president, a treasurer, a clerk and such other officers as the board of directors shall appoint. The initial officers of the corporation shall be those persons serving as officers at the time these restated by-laws were adopted, who shall hold office until the date fixed by these by-laws for the next annual meeting of the corporation and until their respective successors are elected and qualified. The board of directors also may at any time and from time to time elect such other officers as they shall determine. An officer may, but need not be, a director of the corporation. Two or more offices may be held by the same person. Unless the board of directors appoints a resident agent as provided under Massachusetts law, the clerk shall be a resident of Massachusetts.

Section 4. Resignations. Any director or officer may resign at any time by giving his or her resignation in writing to the president, clerk or any director of the corporation. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 5. Removal. A director may be removed from office at any time, with or without cause, by vote of two thirds of the other directors then in office or by voting members. Officers may be removed from office at any time, with or without cause, by vote of a majority of the directors then in office. No director or officer may be removed for cause without first giving such director or officer reasonable notice and opportunity to be heard before the body proposing to remove him or her.

Section 6. Vacancies. Any vacancy in the board of directors, however occurring, including a vacancy resulting from an enlargement of the board, may be filled at any time by vote of the voting members. Vacancies in any office may be filled by a majority vote of the directors.

Schedule 7. Committees. The board of directors may from time to time, to the extent permitted by law, delegate any of its powers to committees, officers, boards of advisors, attorneys or agents, subject to limitations as the board of directors may impose. Without limiting the generality of the foregoing, the board of directors may establish an executive committee, which shall be composed of the president and the board chair of the corporation and such directors as are duly elected by the board of directors, or other committees, and may delegate thereto some or all of its powers except those which by law, or these by-laws may not be delegated. The executive committee, if any, shall act between meetings of the board of directors as directed by the board of directors and these by-laws.

Except as the board of directors may otherwise determine, any committee of the board of directors may make rules for the conduct of its business, but unless otherwise provided by the board of directors or in such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these by-laws for the board of directors. All members of such committees shall serve at the pleasure of the board of directors. The board of directors may abolish any such committee at any time. Any committee to which the board of directors delegates any of its powers or duties shall keep records of its meetings and shall upon request report its actions to the board of directors. The board of directors shall have power to rescind any action of any committee, but no such rescission shall have retroactive effect.

ARTICLE V

Meetings of the Directors

Section 1. Place. Meetings of the directors shall be held at such place within or without Massachusetts as may be named in the notice of such meeting.

Section 2. Annual and Regular Meetings. The annual meeting of the directors shall be held each year immediately after, and at the same place of, the meeting of the voting members at which the directors were elected. In the event the annual meeting is not held on such date, a special meeting in lieu of the annual meeting may be held with all the force and effect of an annual meeting. Regular meetings may be held at such times as the directors may fix.

Section 3. Special Meetings. Special meetings of the directors may be called by the president or the directors and shall be called by the clerk, or in the case of the death, absence, incapacity, or refusal of the clerk, by any other officer, upon the application of two or more directors.

Section 4. Notice. A written notice of the date, place, and hour of all meetings shall be given by the clerk (or by any other officer) at least forty-eight (48) hours before the meeting to each director and officer by delivering such notice by hand, by mail, by facsimile, or by telegram, to the addresses of the directors as they appear on the books of the corporation, unless shorter notice is necessary and adequate under the circumstances. A notice or waiver of notice need not specify the purpose of any meeting. Whenever notice of a meeting is required to be given to a director under applicable law, under the articles of organization or under these by-laws, a written waiver thereof, executed before or after the meeting by such director or officer and filed with the records of the meeting shall be deemed equivalent to such notice. Notice of a meeting need not be given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

Section 5. Quorum. A majority of the directors then in office shall constitute a quorum, but a smaller number may adjourn finally or from time to time without further notice until a quorum is secured. If a quorum is present, a majority of the directors present may take action on behalf of the corporation except to the extent that a larger number is required by law, by the articles of organization, or by these by-laws.

Section 6. Action by Consent. Any action required or permitted to be taken at any meeting of the directors may be taken without a meeting if all the directors consent to the action in writing and the written consents are filed with the records of the meetings of the corporation. Such consents shall be treated for all purposes as a vote at the meeting.

Section 7. Action by Telecommunications. Any action required or permitted to be taken at any meeting of the directors may be taken by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 8. Voting and Proxies. Each director shall have one vote. A director may not vote by proxy in his or her capacity as a director of the corporation, and shall only vote in his or her capacity as a director while present at a meeting of the board of directors, or by way of unanimous consent in accordance with Article V, Section 6, of these by-laws or by way of a conference telephone or similar communications equipment in accordance with Article V, Section 7 of these by-laws.

ARTICLE VI

Powers and Duties of Directors and Officers

Section 1. Directors. The business and affairs of the corporation shall be managed and supervised by the board of directors who shall have the powers and duties of the directors under Massachusetts law and who may exercise all powers of the corporation that are not by law or by these by-laws required to be otherwise exercised.

Section 2. President. The president shall be the chief executive officer of the corporation, and as such shall, subject to the supervision of the board of directors, have charge of the affairs of the corporation including, without limitation, the responsibility for the day-to-day financial and operational affairs of the corporation. The president may, but need not be, the board chair of the corporation. The president may also be a paid employee of the corporations and as such shall receive reasonable compensation for his or her services. The president shall, *ex officio*, be a member of the executive committee, if any, established by the board of directors under Article III, Section 7 of these by-laws. The president shall be appointed by the board of directors and shall serve at the pleasure of the board of directors.

Section 3. Board Chair. The board chair shall preside at all meetings at which she or he is present and shall have such other powers and duties as customarily belong to the office of board chair of a corporation or as may be designated from time to time by the board of directors. The board chair shall, ex officio, be a member of the executive committee, if any, established by the board of directors under Article III, Section 7 of these by-laws.

Section 4. Vice Chair. The vice chairs, if any, shall have such powers and duties as may be designated from time to time by the board of directors.

Section 5. Treasurer. The treasurer shall cause to be kept accurate books of account of the corporation. He or she shall also have such other powers and duties as customarily belong to the office of treasurer or as may be designated from time to time by the board of directors.

Section 6. Clerk. The clerk shall cause to be recorded all proceedings of the directors and the corporation in a book or books to be kept therefor and shall have custody of the seal of the corporation. If the clerk shall be absent from a meeting of the Board of Directors, the presiding officer may appoint another director or person to be clerk for that meeting.

Section 7. Other Officers. Other officers shall have such powers as may be designated from time to time by the board of directors.

Section 8. Conflict of Interest. No director or officer shall vote on any matter in which, to his or her knowledge, such director or officer, his or her immediate family or partner, or an organization in which such director or officer is serving as an officer, director, trustee, partner, employee, or independent contractor has a direct or indirect financial interest. Directors and officers shall disclose fully the nature of any potential conflict of interest.

ARTICLE VII.

Execution of Instruments; Corporate Records

Section 1. Execution of Instruments. Except as the board of directors may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts, and other obligations made, accepted, or endorsed by the corporation shall be signed by the president or treasurer or executive director or such other officers as the board of directors may generally or in particular cases determine. No officer or person shall sign any such instrument as aforesaid unless authorized by the directors to do so.

Section 2. Corporate Records. Books, accounts, documents and records of the corporation shall be open to inspection by any director at all times during the usual hours of business. The original or attested copies of the articles of organization, by-laws and records of all meetings of the incorporators and members and records which shall contain the names of all members and the record addresses of each, shall be kept in Massachusetts at the principal office of the corporation, or at an office of its clerk. Such copies and records need not all be kept in the same office.

ARTICLE VIII

Indemnification; Transactions with Related Parties

Section 1. Indemnification. In order to induce directors, officers, and other agents of the corporation to serve as such, the corporation shall, to the extent legally permissible, indemnify any person serving or who has served as a director or officer of the corporation, or at its request as a director, trustee or officer of any organization in which the corporation directly or indirectly owns shares or of which it is a creditor or who serve at its request in a capacity with respect to any employee benefit plan, and the board of directors may, to the extent legally permissible, indemnify any person serving or who has served as an employee or other agent of the corporation or of any organization in which the corporation directly or indirectly owns shares or of which it is a creditor, against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees, reasonably incurred by him or her in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be involved or with which he may be threatened, while serving or thereafter, by reason of his being or having been such a director, officer, trustee, employee or agent, except with respect to any matter as to which he shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation or, to the extent that such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan; provided, however, that as to any matter disposed of by a compromise payment by such director, officer, trustee, or agent, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless after notice that it involves such indemnification, such compromise shall be approved as in the best interests of the corporation:

by a disinterested majority of the directors then in office; or

in the absence of action by disinterested directors or members there has been obtained at the request of the board of directors an opinion in writing of independent legal counsel to the effect that such director, officer, or agent appears to have acted in good faith and in the reasonable belief that his action was in the best interests of the corporation.

Expenses including counsel fees, reasonably incurred by any such director, officer, trustee, or agent in connection with the defense or disposition of any such action, suit or other proceeding may be paid from time to time by the corporation in advance of the final disposition thereof upon receipt of an undertaking by such individual to repay the amounts so paid to the corporation if it is ultimately determined that indemnification for such expenses is not authorized under this section. The right of indemnification hereby provided shall not be exclusive of or affect any other rights to which any such director, officer, trustee, or agent may be entitled. Nothing contained in this section shall affect any other rights to indemnification to which such directors, officers, trustees, or agents may be entitled by contract or otherwise under law.

Section 2. Certain Contracts and Transactions. In the absence of fraud or bad faith, no contract or transaction by the corporation shall be void, voidable or in any way affected by reason of the fact that the contract or transaction is (a) with one or more of its directors, officers, members or employees, (b) with a person who is in any way interested in the corporation or (c) with a corporation, organization or other concern in which a director, officer, member or employee of the corporation is a director, officer, member, employee or in any way interested. The provisions of this section shall apply notwithstanding the fact that the presence of a director or member with whom a contract or transaction is made or entered into or who is a director, officer, member or employee of a corporation, organization or other concern with which a contract or transaction is made or entered into or who is in any way interested in such contract or transaction, is necessary to constitute a quorum at the meeting of the board of directors (or an authorized committee thereof) or of members at which such contract or transaction is authorized or that the vote of such director or member is necessary for the adoption of such contract or transaction, provided that if said interest is material, the nature of such interest (but not necessarily the details thereof) shall be known or disclosed to the directors or members voting at said meeting on said contract or transaction. A general notice to any person voting on said contract or transaction that a director, officer, employee, or agent has material interest in any corporation, organization or other concern shall be sufficient disclosure as to such director, officer, employee, or agent with respect to all contracts and transactions with such corporation, organization or other concern. No director shall be disqualified form holding office as director of officer of the corporation by reason of any such adverse interests. In the absence of fraud or bad faith, no director, officer, employee, or agent having such adverse interest shall be liable to the corporation or to any creditor thereof or to any other person for any loss incurred by it under or by reason of such contract or transaction, nor shall any such director, officer, employee, or agent be accountable for any gains or profits realized thereon.

ARTICLE IX

Non-Discrimination and Civil Rights Assurances

It shall be the policy of the corporation that no person, on the grounds of race, color, creed, sex, handicap, sexual preference or national origin shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination, under any program to which the corporation applies. Consideration of race, color, creed, sex, handicap, sexual preference, or national origin shall not influence the conduct and administration of any aspect of the corporation.

ARTICLE X

Amendment

These by-laws may be altered, amended, or repealed, in whole or in part, by the affirmative vote of two-thirds of the directors present and voting at any meeting, the notice of which contains a statement of the proposed alteration or amendment.

ARTICLE XI

Dissolution

Section 1. Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)3 of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue law), as the board of directors shall determine.

Section 2. In the event of dissolution, the board of directors shall make the final determination as to the disposition of client records, notification of clients, and related matters.

Amended and restated by vote of the board of
Directors and Membership on January 30, 2002

____
Evelyn Friedman, Clerk

The Commonwealth of Massachusetts

OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE
MICHAEL J. CONNOLLY, Secretary
ONE ASHBURTON PLACE, BOSTON, MASSACHUSETTS 02108

ARTICLES OF ORGANIZATION
(Under G.L. Ch. 180)

ARTICLE I

The name of the corporation is:

BCLF, Inc.

ARTICLE II

The purpose of the corporation is to engage in the following activities

The general purposes of the corporation are to combat community deterioration and to improve the housing, economic, and general living conditions of the lower income residents and other disadvantaged people living or working in those neighborhoods that are in a substandard, decadent, blighted, low-income, economically depressed or otherwise deteriorated condition (such neighborhoods are hereinafter referred to as "such neighborhoods"), or to combat poverty and improve the housing, economic and general living conditions of low income and other disadvantaged people primarily by providing, developing, encouraging, sponsoring, administering, servicing, and managing alternative programs intended to increase the supply of capital for community development, housing, social services and economic development and revitalization projects. To further these purposes, the corporation shall develop, manage, own, hold and support financial, service and related insitutions which provide financial, credit, capital, and technical assistance services. In addition, the corporation shall have the following specific purposes:

To increase the prosperity of the residents and workers of such neighborhoods, particularly low income, minority and disadvantaged persons who have been deprived of access to employment and educational opportunities, by promoting, encouraging, and sponsoring alternative models for the financing of economic development and job creation programs and residential rehabilitation and commercial area revitalization projects;

(Continued on attachment II)

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ARTICLE III

[Co]rporation has one or more classes of members, the designation of such classes, the manner of election or appointments, the duration of membership and [qu]alification and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below

ARTICLE IV

• Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows

(See attachment IV)

• If there are no provisions, state "None"

ARTICLE V

aws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers, whose . are set out below, have been duly elected

ARTICLE VI

effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if a later date is desired, specify date, more than 30 days after date of filing)

information contained in ARTICLE VII is NOT a PERMANENT part of the Articles of Organization and may be changed ONLY by filing the appropriate n provided therefor.

ARTICLE VII

The street address of the corporation IN MASSACHUSETTS is: (post office boxes are not acceptable)

30 Germania Street, Jamaica Plain, MA 02130

The name, residence and post office address of each of the initial directors and following officers of the corporation are as follows:

	NAME	RESIDENCE	POST OFFICE ADDRESS
sident:	Elyse D. Cherry	46 Cotswold Rd., Brookline, MA 02146	Same
easurer:	Charles Clark	130 Fells Pond Rd., Mashpee, MA 02649	Same
erk:	James Walsh	311 Bowdoin Street, Dorchester, MA 02122	Same

(or officers having the powers of directors).

NAME	RESIDENCE	POST OFFICE ADDRESS
Susan Blount,	129 Everett Street, Concord, MA 01742	Same
Elyse D. Cherry,	46 Cotswold Rd., Brookline, MA 02146	Same
Charles Clark,	130 Fells Pond Rd., Mashpee, MA 02649	Same
Nikki Flionis,	17 Hemenway Street, Boston, MA 02115	Same
Jerome D. Groskind,	34 Goff Street, Hyde Park, MA 02136	Same
Beatrice Phear,	34 Royal Avenue, Cambridge, MA 02138	Same
Joanne Potter,	22 Sheridan Street, Jamaica Plain, MA 02130	Same

(additional directors continued on attachment VII)

The fiscal year of the corporation shall end on the last day of the month of Dec.

The name and BUSINESS address of the RESIDENT AGENT of the corporation, if any, is

I/We the below-signed INCORPORATORS do hereby certify under the pains and penalties of perjury that I/We have not been convicted of any crimes relating to alcohol or gaming within the past ten years. I/We do hereby further certify that to the best of my/our knowledge the above-named principal officers have not been similarly convicted. If so convicted, explain.

IN WITNESS WHEREOF and under the pains and penalties of perjury, I/WE, whose signature(s) appear below as incorporator(s) and whose names and business or residential address(es) ARE CLEARLY TYPED OR PRINTED beneath each signature do hereby associate with the intention of forming this corporation under the provisions of General Laws Chapter 180 and do hereby sign these Articles of Organization as incorporator(s) this 21st day of September 1994

Elyse D. Cherry

Elyse D. Cherry

Jerome D. Groskind

Jerome D. Groskind

James E. Walsh

479582

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION

GENERAL LAWS, CHAPTER 180

I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of $35.00 having been paid, said articles are deemed to have been filed with me this 24th day of OCTOBER 1994

Effective date

MICHAEL J. CONNOLLY
Secretary of State

A PHOTOCOPY OF THESE ARTICLES OF ORGANIZATION SHALL BE RETURNED

TO DeWitt Jones
Boston Community Loan Fund
30 Germania Street
Jamaica Plain, MA 02130

Attachment II to Articles of Organization

Continuation of Article II

BCLF, Inc.

To revitalize existing, and to establish or promote the establishment of new, commercial and industrial establishments by assisting residents and workers of such neighborhoods, or non-residents wishing to help residents of such neighborhoods, in developing successful business skills and in acquiring facilities and financing;

To support, strengthen, expand or establish community, health, educational or other community organizations which provide services to low income or other disadvantaged people,

To increase the supply of affordable, decent and safe housing for low income and other disadvantaged persons by providing financing and technical assistance to community organizations, local residents, and others building, rehabilitating or managing low income housing,

To raise the economic and educational levels of disadvantaged residents by expanding the opportunities available to such residents to own, manage, and operate business enterprises, furthering the development of locally-owned or operated business enterprises in such neighborhoods, assisting such residents in developing entrepreneurial and management skills necessary for the successful operation of business enterprises; providing financial support for the successful operation of business enterprises by such residents and assisting such residents in obtaining financial support from other sources; and furnishing management, administrative, and other business advice, support, training and technical assistance to such residents to enable them to develop the necessary skills to operate business ventures successfully;

To combat the effects of and breakdown the barriers created by racial and ethnic discrimination in housing, job, employment, and economic markets,

To combat conditions of substantial and persistent unemployment and underemployment seriously aggravated by an unacceptably low level of economic activity and lessen the burdens of government by increasing the number of community development projects and economic revitalization programs and projects;

To provide alternative financing, credit and capital for housing, economic and community development projects which cannot attract private or conventional financing or which face discrimination from other financing sources

To carry on any other activities which may lawfully be carried on by a corporation organized under Chapter 180 of the Massachusetts General Laws that are not inconsistent with exemption from taxation under Section 501(c)3 of the Internal Revenue Code, including activities which may be necessary, useful or desirable to accomplish the foregoing purposes

Attachment IV to Articles of Organization page one

Article IV

BCLF, Inc.

Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members or any class of members, are as follows:

(a) In addition to the powers granted to the corporation by Massachusetts General Laws, Chapter 180, the corporation shall have and may exercise in furtherance of its corporate purposes each of the powers specified in paragraphs (a) through (l) and (n) through (p), inclusive, of Section 9 and in Section 9A of Massachusetts General Laws, Chapter 156B, as well as the powers described below, provided that no such power shall be exercised either in a manner inconsistent with Chapter 180 or any other chapter of the General Laws o to carry on any activity which is not in furtherance of the purposes set forth in Article 2 of these Articles of Organization

(i) To be a partner in any business enterprise which said corporation would have power to conduct by itself, and

(ii) To carry on any activity which the board of directors in its discretion deems appropriate directly or indirectly to further the aforesaid purposes of the corporation, and to perform and do any and all things which the corporation is empowered to do, or any part thereof, as principal, agent, contractor or otherwise and by or through agents, subsidiary or affiliated corporations, associations or trusts, or otherwise, and either alone or in conjunction with other persons, governmental bodies and organizations of every kind and nature, and generally to attain and further any of the purposes herein set forth

(b) Notwithstanding anything else herein provided, the corporation is organized and shall be operated exclusively for purposes described in Sections 170(c) and 501(c)3 of the Internal Revenue Code of 1986, as amended (the "Code"), or under any successor sections thereto All powers of this corporation shall be exercised only in such manner as will assure the operation of this corporation exclusively for said purposes, it being the intention that this corporation shall be exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)3 and that contributions to it shall be deductible pursuant to Sections 170(c) and501(c) of the Code, and all purposes and powers herein shall be interpreted and exercised consistent with this intention

Article IV

BCLF, Inc.

The income of the corporation for each taxable year shall be distributed at such time and in such manner as not to subject the corporation to tax under Section 4292 of the Code. The corporation hereby is and shall be prohibited from engaging in any act of self-dealing (as defined in Section 4941(d) of the Code), from retaining any excess business holdings (as defined in Section 4943(c) of the Code), from making investments in such manner as to subject the corporation to tax under Section 4944, and from making any taxable expenditures (as defined in Section 4945(d) of the Code). The provisions of this paragraph shall be inapplicable during any period from which there is in effect an Internal Revenue Service ruling that the corporation is not a "private foundation" within the meaning of Section 509 of the Code.

(c) The foregoing clauses shall be construed as both purposes and powers and the enumeration of specific powers therein shall not be held to limit or restrict in any manner the general powers of the corporation.

(d) No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to its directors, officers, members or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the corporation's purposes set forth in Article 2 of these Articles of Organization. No substantial part of the activities of the corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation except as otherwise provided in Section 501(h) of the Code. The corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

(e) Except as may be otherwise required by law, the corporation may at any time dissolve by the majority vote of all the directors of the corporation then in office, provided, however, that in the event of any liquidation, dissolution, termination, or winding up of the corporation (whether voluntary, involuntary or by operation of law), the property or assets of the corporation remaining after providing for the payment of its debts and obligations shall be conveyed, transferred, distributed, and set over outright to one or more institutions or organizations that are created and organized for nonprofit purposes similar to those of the corporation, that qualify as exempt from federal income tax under Sections 501(a) and 501(c)3 of the Code, and contributions to which nonprofit institutions or organizations are deductible under Section 170(c) of the Code, as a majority of the total directors of the corporation may by vote designate and in such proportions and in such manner as may be determined in such vote, provided, further, that the corporation's property may be applied to

Article IV

BCLF, Inc.

charitable purposes in accordance with the doctrine of cy pres in all respects as a court having jursidiction in the premises may direct.

(f) Meetings of the corporation and the board of directors may be held anywhere within the United States.

(g) No contract or other transaction of this corporation with any other person, corporation, association, or partnership shall be affected or invalidated by the fact that (i) this corporation is a stockholder in such other corporation, association, or partnership or (ii) any one or more of the members, officers or directors of this corporation is an officer, stockholder, director or partner of such other corporation, association or partnership, or (iii) any member, officer or director of this corporation, individually or jointly with others, is a party to or is interested in such contract or transaction. Any director of this corporation may be counted in determining the existence of a quorum at any meeting of the directors for the purposes of authorizing or ratifying any such contract or transaction, and may vote thereon, with like force and effect as if he or she were not so interested or were not an officer, stockholder, director or partner of such other corporation, association or partnership.

(h) No officer or director shall be personally liable to the corporation for monetary damages for any breach of fiduciary duty by such officer or director as an officer or director notwithstanding any provision of law imposing such liability, except that, to the extent provided by applicable law, this provision shall not eliminate or limit the liability of an officer or director (i) for breach of the officer's or director's duty of loyalty ot the corporation, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the officer or director derived an improper personal benefit. No amendment or repeal of this provision shall deprive an officer or director of the benefits hereof with respect to any act or omission occurring prior to such amendment or repeal.

(i) The by-laws may provide that the board of directors may make, amend or repeal the by-laws in whole or in part, except where prohibited by law, these Articles of Organization or the by laws.

Attachment VII to Articles of Organization

Continuation of Article VII

BCLF, Inc.

Mercedes Tompkins, 14 Alpha Road, Dorchester, MA 02124	same
James Walsh, 311 Bowdoin Street, Dorchester, MA 02122	same
Janet Van Zandt, 38 St. Rose Street, Jamaica Plain, MA 02130	same
David Wiley, 20 Longmeadow Rd, Lincoln, MA 01773	Box 944, Cambridge, MA 02139

Additional Incorporators

BCLF, Inc.

Mercedes Tompkins

Joanne R. Potter

Beatrice Phear

Susan Blount

Janet Van Zandt

FEDERAL IDENTIFICATION
NO. 04-3246555

Fee. $15.00

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

041

ARTICLES OF AMENDMENT
(General Laws, Chapter 180, Section 7)

We, Beatrice Phear, *President / ~~*Vice President~~,

and Evelyn Friedman, *Clerk / ~~*Assistant Clerk~~,

of BCLF, Inc.,
(Exact name of corporation)

located at 30 Germania Street Jamaica Plain, MA 02130
(Address of corporation in Massachusetts)

do hereby certify that these Articles of Amendment affecting articles numbered

Article 1
(Number those articles 1, 2, 3, and/or 4 being amended)

of the Articles of Organization were duly adopted at a meeting held on May 21, 19 97, by vote of

_____ members, 8 directors, or _____ shareholders,

being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation (or, in the case of a corporation having capital stock, by the holders of at least two thirds of the capital stock having the right to vote therein):

The name of the corporation is changed to:

Boston Community Capital, Inc.

*Delete the inapplicable words
Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side

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…3124

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 180, Section 7)

I hereby approve the within Articles of Amendment and, the filing fee in the amount of $15.00 having been paid, said articles are deemed to have been filed with me this 21st day of July 1997.

Effective date: ______________________

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
Photocopy of document to be sent to:

BCLF, Inc.
30 Germania Street
Jamaica Plain, MA 02130

Telephone 617-522-6768

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a *later* effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

Later effective date: ____________________

SIGNED UNDER THE PENALTIES OF PERJURY, this 16 day of July, 19 97.

Beat Plean, *President / ~~*Vice President~~,

*Clerk / ~~*Assistant Clerk~~

The Commonwealth of Massachusetts

MICHAEL JOSEPH CONNOLLY
Secretary of State
ONE ASHBURTON PLACE, BOSTON, MASS. 02108

ARTICLES OF ORGANIZATION
(Under G.L. Ch. 180)

Incorporators

NAME Include given name in full in case of natural persons; in case of a corporation, give state of incorporation.	RESIDENCE
Duane Day	137 Warren Avenue, Boston, MA 02116

11/21/84

The above-named incorporator(s) do hereby associate (themselves) with the intention of forming a corporation under the provisions of General Laws, Chapter 180 and hereby state(s):

1. The name by which the corporation shall be known is:

Boston Community Loan Fund, Inc.

2. The purposes for which the corporation is formed is as follows:

(a) To provide access to housing primarily for lower income households and other disadvantaged people through limited equity cooperatives, community land trusts and other models which establish and preserve housing for these groups.

(b) To encourage and promote public discussion groups, forums, panels, lectures and other similar programs designed to educate the public about the benefits ~~of housing cooperatives~~ and financing needs of the housing models promoted by the fund.

(c) To promote alternative models for financing Community housing development and related activities. These models will be designed to encourage investment by local community organizations religious institutions, and individuals, and promote greater responsiveness to community and low income needs on the part of conventional lending institutions.

(d) To assist borrowing organizations to obtain technical assistance.

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Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

C ☐
P ☐
M ☐
R.A. ☐

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...e corporation has more than one class of members, the designation of such classes, the manner of election or ...atment, the duration of membership and the qualification and rights, including voting rights, of the members of each ...re as follows:

NA

Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation or of its directors or members, or of any class of members, are as follows:

See 4A-I Attached

A. To provide low-interest loans, mortgages, grants, and other debt and equity financing to organizations and individuals engaged in activities consistent with the purposes of the Boston Community Loan Fund, with priority given to programs addressing the urgent needs of low-income and other disadvantaged people.

B. To solicit and accept gifts of personal and/or real property from any person(s) and/or association(s) of persons and/or organizations(s) and to invest and reinvest such assets and any other assets of the corporation.

C. To borrow assets and issue promissory notes and/or other evidences of indebtedness and to mortgage assets of the corporation as collateral security for the payment and/or satisfaction thereof.

D. In general, to do, either directly or indirectly and either alone or with any other person(s) and/or association(s) of persons and organization(s), all things necessary and/or incidental to or in furtherance of the accomplishment of the purposes of the corporation and to use and exercise all powers conferred, from time to time, by the laws of the Commonwealth of Massachusetts upon corporations organized and existing pursuant to the provisions of Chapter 180 of the Massachusetts General Laws as the same may be amended or reenacted, from time to time.

E. No part of the assets of the corporation shall inure to the benefit of the trustees or officers of the corporation or other persons except that the corporation may pay reasonable compensation for services rendered the corporation in the furtherance of the accomplishment of the purposes of the corporation.

F. No substantial part of the activities of the corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation except as may be permitted pursuant to the provisions of IRC Section 501(c)(3) and acts amendatory thereto.

G. The corporation shall not carry on any other activities not permitted to be carried on:

(1) by a corporation which is exempt from federal income tax pursuant to the provisions of IRC Section 501(c)(3) as the same may be amended or reenacted, from time to time; or

(2) by a corporation, contributions to which are deductible pursuant to the provisions of IRC Section 170(c)(2) as the same may be amended or reenacted, from time to time.

H. The corporation shall not discriminate against any person(s) on the basis of the race, color, religion, sex, sexual preference or national origin of such person(s).

I. In the event of the dissolution of the corporation, the assets of the corporation remaining after satisfying the obligations of the corporation shall be distributed to a corporation which is exempt from federal income taxation pursuant to the provisions of IRC Section 501(c)(3) and contributions to which are deductible pursuant to the provisions of IRC Section 170, as amended, which corporations shall pledge to carry out the purposes of this corporation as a condition to the acceptance of such assets.

5. The By-Laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers whose names are set out below, have been duly elected.

6. The effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if later date is desired, specify date, (not more than 30 days after date of filing).

7. The following information shall not for any purpose be treated as a permanent part of the Articles of Organization of the corporation.

a. The post office address of the initial principal office of the corporation in Massachusetts is:

14 Beacon Street, Room 507, Boston, MA 02108

b. The name, residence, and post office address of each of the initial directors and following officers of the corporation are as follows:

NAME	RESIDENCE	POST OFFICE ADDRESS
President and Director: Nikki Flionis	25 Hemenway, Boston, MA 02115	
Treasurer and Director: David Wiley	20 Long Meadow Road, Lincoln, MA 01773	
Clerk and Director: Theresa Ragot	18 Dartmouth St., Boston, MA 02116	

Directors: (or officers having the powers of directors)

Rahim A. Al-Kaleen 103 Brunswick St., Dorchester, MA 02121
Mary O'Hara 189 Metropolitan Ave., Roslindale, MA 02131
John Bell 101 Robinwood Ave., Jamaica Plain, MA 02130
Joe Vallely 54 Montgomery St., Boston, MA 02116

c. The date initially adopted on which the corporation's fiscal year ends is:

December 31

d. The date initially fixed in the by-laws for the annual meeting of members of the corporation is:

Second Wednesday in March

e. The name and business address of the resident agent, if any, of the corporation is:

IN WITNESS WHEREOF, and under the penalties of perjury the INCORPORATOR(S) sign(s) these Articles of Organization this 30 day of November 1984

I/We the below signed INCORPORATORS do hereby certify under the pains and penalties of perjury that I/We have not been convicted of any crimes relating to alcohol or gaming within the past ten years: I/We do hereby further certify that to the best of my/our knowledge the above named principal officers have not been similarly convicted. If so convicted, explain.

Duane Day

Duane Day

The signature of each incorporator which is not a natural person must be by an individual who shall show the capacity in which he acts and by signing shall represent under the penalties of perjury that he is duly authorized on its behalf to sign these Articles

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION
GENERAL LAWS, CHAPTER 180

I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of $30.00 having been paid, said articles are deemed to have been filed with me this 3rd day of December 1984

Effective date

Michael Joseph Connolly

MICHAEL JOSEPH CONNOLLY
Secretary of State

TO BE FILLED IN BY CORPORATION
PHOTO COPY OF ARTICLES OF ORGANIZATION TO BE SENT

TO:

Attorney Daniel Burnstein

6 Beacon Street, Suite 918

Boston, MA 02108

Telephone (617) 227-8840

Filing Fee $30.00

Copy Mailed

A TRUE COPY ATTEST

Michael Joseph Connolly

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The Commonwealth of Massachusetts

MICHAEL J. CONNOLLY

Secretary of State

ONE ASHBURTON PLACE, BOSTON, MASS. 02108

FEDERAL IDENTIFICATIO[N]
NO. 22-2593378

ARTICLES OF AMENDMENT

General Laws, Chapter 180, Section 7

This certificate must be submitted to the Secretary of the Commonwealth within sixty days after the date of the vote of members or stockholders adopting the amendment. The fee for filing this certificate is $10.00 as prescribed by General Laws, Chapter 180, Section 11C(b). Make check payable to the Commonwealth of Massachusetts.

We, Elyse Cherry, President/~~Vice President~~, and
James Walsh, Clerk/~~Assistant Clerk~~ of

Boston Community Loan Fund, Inc.
(Name of Corporation)

located at 30 Germania Street, Boston (Jamaica Plain), MA 02130

do hereby certify that the following amendment to the articles of organization of the corporation was duly adopted at a meeting held on December 15, 1993, by vote of 69 members/~~stockholders~~ being at least two thirds of its members legally qualified to vote in meetings of the corporation (or, in the case of a corporation having capital stock, by the holders of at least two thirds of the capital stock having the right to vote thereon): Add the following additional purposes to Article 2;

(e) To finance or otherwise support community development projects which directly or indirectly benefit low income or disadvantaged people or communities.

(f) To carry on any other activities which may lawfully be carried on by a corporation organized under Chapter 180 of the Massachusetts General Laws and which are not inconsistent with exemption from taxation under Section 501(c)3 of the Internal Revenue Code, including activities which may be necessary, useful or desirable to accomplish the foregoing purposes.

P.C.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8½ x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

The foregoing amendment ~~will become effective when these articles of amendment~~ are filed in accordance with Chapter 180, Section 7 of the General Laws unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

IN WITNESS WHEREOF AND UNDER ~~THE PENALTIES OF PERJURY~~, we have hereto signed our names this 7th day of March, in the year 1995

Elyse Cherry
Elyse Cherry President/~~Vice President~~

James Walsh
James Walsh Clerk/~~Assistant Clerk~~

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 180, Section 7)

I hereby approve the within articles of amendment and, the filing fee in the amount of $ having been paid, said articles are deemed to have been filed with me this day of , 19

MICHAEL J. CONNOLLY

Secretary of State

TO BE FILLED IN BY CORPORATION

PHOTO COPY OF AMENDMENT TO BE SENT

TO:

Thomas G. Schnorr, Esq.

Palmer & Dodge

One Beacon Street

Boston, MA 02108

Telephone 617-573-0363

Copy Mailed

BOSTON COMMUNITY LOAN FUND, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BOSTON COMMUNITY LOAN FUND, INC.

CONTENTS
DECEMBER 31, 2009 AND 2008

Alexander
Aronson
Finning
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

Alexander, Aronson, Finning & Co., P.C.
21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boston Community Loan Fund, Inc.:

We have audited the accompanying statements of financial position of Boston Community Loan Fund, Inc. (a Massachusetts corporation, not for profit) (the Loan Fund) as of December 31, 2009 and 2008, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Loan Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Community Loan Fund, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1 to the financial statements, Boston Community Loan Fund, Inc. is part of an affiliated group of companies and has entered into transactions with certain group members. As required under accounting principles generally accepted in the United States of America, the financial statements of the Loan Fund are also consolidated with those of the affiliated group.

Alexander Aronson Finning & Co., P.C.

Wellesley, Massachusetts
March 11, 2010

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,675,694	$ 10,438,635
Cash and cash equivalents - escrow funds	6,179,539	2,048,838
Current portion of loans and interest receivable, net of allowance for loan losses of $2,363,827 and $1,789,151 as of December 31, 2009 and 2008, respectively	23,207,304	20,955,954
Other current assets	103,200	122,484
Total current assets	39,165,737	33,565,911
INVESTMENTS	1,801,470	1,724,063
LOANS AND INTEREST RECEIVABLE, net of current portion, and allowance for loan losses of $772,253 and $225,659 as of December 31, 2009 and 2008, respectively	41,947,241	40,875,915
AFFILIATE LOANS RECEIVABLE	5,300,000	5,300,000
Total assets	$ 88,214,448	$ 81,465,889

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES:		
Current portion of loans payable	$ 9,783,408	$ 9,303,865
Current portion of permanent loan capital - subordinated loans payable	172,698	-
Interest and accounts payable	552,408	318,629
Escrow funds	6,179,539	2,048,838
Total current liabilities	16,688,053	11,671,332
LOANS PAYABLE, net of current portion	43,489,831	43,899,590
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	15,077,302	15,250,000
Total liabilities	75,255,186	70,820,922
NET ASSETS:		
Unrestricted -		
General	8,617,773	6,561,349
Board designated for permanent loan capital and special programs	1,132,500	1,132,500
Board designated for loan loss reserves	2,331,898	2,075,042
Total unrestricted	12,082,171	9,768,891
Temporarily restricted	877,091	876,076
Total net assets	12,959,262	10,644,967
Total liabilities and net assets	$ 88,214,448	$ 81,465,889

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
UNRESTRICTED NET ASSETS:		
OPERATING REVENUES:		
Financial and earned revenues -		
Interest on loans, net	$ 4,539,971	$ 4,181,399
Investment income	149,295	299,500
Less - interest expense	(2,581,427)	(2,263,908)
Loan fees and other	356,651	558,785
Net loan loss provision	(1,097,271)	(821,378)
Net financial and earned revenue	1,367,219	1,954,398
Grants and contributions	1,000,000	-
Total operating revenues	2,367,219	1,954,398
OPERATING EXPENSES:		
Personnel	1,258,275	1,257,699
Office operations	134,630	197,330
Accounting and investment fees	47,672	48,729
Consultants	47,043	51,057
Marketing	32,303	31,039
Travel	15,861	14,026
Insurance and other	13,263	13,165
Legal	4,892	7,796
Total operating expenses	1,553,939	1,620,841
Changes in unrestricted net assets from operations	813,280	333,557
OTHER CHANGES IN UNRESTRICTED NET ASSETS -		
Grants from affiliate for support of new initiatives	1,500,000	-
Changes in unrestricted net assets	2,313,280	333,557
TEMPORARILY RESTRICTED NET ASSETS -		
Grants and contributions	1,015	950
Changes in temporarily restricted net assets	1,015	950
Changes in net assets	$ 2,314,295	$ 334,507

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	UNRESTRICTED	UNRESTRICTED - BOARD DESIGNATED		TEMPORARILY RESTRICTED	
	GENERAL	PERMANENT LOAN CAPITAL AND SPECIAL PROGRAMS	LOAN LOSS RESERVES	PERMANENT LOAN CAPITAL	TOTAL
NET ASSETS, December 31, 2007	$ 6,591,417	$ 1,132,500	$ 1,711,417	$ 875,126	$ 10,310,460
Changes in net assets	333,557	-	-	950	334,507
Transfers of unrestricted net assets	(363,625)	-	363,625	-	-
NET ASSETS, December 31, 2008	6,561,349	1,132,500	2,075,042	876,076	10,644,967
Changes in net assets	2,313,280	-	-	1,015	2,314,295
Transfers of unrestricted net assets	(256,856)	-	256,856	-	-
NET ASSETS, December 31, 2009	$ 8,617,773	$ 1,132,500	$ 2,331,898	$ 877,091	$ 12,959,262

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 2,314,295	$ 334,507
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net loan loss provision and adjustment for non-accrual	1,097,271	821,378
Grants for capital and investment uses	(1,015)	(950)
Forgiven loans payable included in contributions	-	(6,900)
Changes in operating assets and liabilities -		
Other current assets	19,284	3,879
Interest and accounts payable	233,779	(6,143)
Deferred loan fees	21,579	60,528
Interest receivable	(450,495)	116,683
Net cash provided by operating activities	3,234,698	1,322,982
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of affiliate loans receivable	-	(3,000,000)
Issuance of loans receivable	(12,312,897)	(18,582,719)
Principal payments of loans receivable	8,321,866	8,845,333
Net investment activity	(77,407)	(74,280)
Net cash used in investing activities	(4,068,438)	(12,811,666)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Grants for capital and investment uses	1,015	950
Proceeds from loans payable	1,302,784	11,559,437
Principal payments on loans payable	(1,233,000)	(1,136,500)
Proceeds from subordinated loans payable	-	2,000,000
Net cash provided by financing activities	70,799	12,423,887
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(762,941)	935,203
CASH AND CASH EQUIVALENTS, beginning of year	10,438,635	9,503,432
CASH AND CASH EQUIVALENTS, end of year	$ 9,675,694	$ 10,438,635
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -		
Cash paid for interest	$ 2,556,865	$ 2,255,350

The accompanying notes are an integral part of these statements.

(1) OPERATIONS

Boston Community Loan Fund, Inc. (the Loan Fund), a Massachusetts nonprofit corporation, was organized in December, 1984, to provide below market rate capital to community-based organizations for the development of affordable housing. In 1994, its Board of Directors voted to expand its corporate purposes to include broader community development lending, which directly or indirectly benefits low-income or disadvantaged people or communities.

In September, 1994, the Loan Fund formed three affiliated Massachusetts nonprofit corporations:

- **BCLF Managed Assets Corporation** d/b/a Boston Community Managed Assets (Managed Assets) was formed to manage, design, implement, and evaluate programs on behalf of third parties that provide loan underwriting, management, servicing, and financial and managerial technical assistance services.
- **BCLF Ventures, Inc.** d/b/a Boston Community Venture Fund (the Venture Fund) was formed in 1994 to assist small community-based businesses and entrepreneurs to start, grow, and expand businesses which strengthen the low-income business community.
- **Boston Community Capital, Inc.** (the Holding Company) was formed to create and preserve healthy communities where low-income people live and work.

The four affiliated nonprofit corporations are collectively referred to as the Corporation within these notes. To carry out its mission, the Corporation provides capital for sustainable community-based projects. These projects increase or preserve low-income housing or provide jobs or services for low-income or disadvantaged people or communities. The Corporation receives the money it invests in community-based projects from socially concerned investors, which include individuals, religious organizations, banks and other financial intermediaries, foundations, and corporations. A significant portion of the Corporation's projects are in Boston and surrounding areas. The four affiliated nonprofits also maintain interests in other affiliates, which include:

- **SUN Initiative Financing, LLC** (SUN Initiative), a Massachusetts limited liability company established to finance the operations of the Stabilizing Urban Neighborhoods initiative. SUN Initiative is controlled by the Holding Company by virtue of common management. The goal of this initiative is to stop the displacement of families and the neighborhood destabilizing effects of home vacancies and abandonment by enabling homeowners with overleveraged properties to stay in their homes.
- **BCC Solar Energy Advantage, Inc.** (SEA), a Massachusetts for-profit corporation - owned and controlled by the Holding Company, which facilitates the delivery of solar energy to affordable housing projects and others.

Because the affiliated nonprofit corporations are controlled by a common Board of Directors and management, the affiliated nonprofits and other controlled affiliates report their collective financial results and financial position in separately issued consolidating financial statements.

Nonprofit Status

The Loan Fund is exempt from Federal income taxes as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Loan Fund is also exempt from state income taxes. Donors may deduct contributions made to the Loan Fund within the requirements of the Internal Revenue Code.

(1) **OPERATIONS** (Continued)

Community Development Financial Institution

The Loan Fund has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury), qualifying it for certain awards and support from the Treasury. The Loan Fund received a $500,000 permanent loan capital-subordinated loan payable from the Treasury (see Note 6). In 2009, the Loan Fund received a $1,000,000 grant from the Treasury.

(2) **SIGNIFICANT ACCOUNTING POLICIES**

The Loan Fund prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U. S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Concentration of Risk

For the purpose of the statements of cash flows, cash and cash equivalents consist of all highly liquid investments purchased with a maturity of three months or less. The cash and cash equivalents of the Loan Fund are held in accounts in the name of the Holding Company, and the management of the Holding Company manages the cash resources for the affiliated nonprofits jointly. The accompanying financial statements include the allocable portion of cash and cash equivalents for the Loan Fund.

Cash and cash equivalents are maintained by the Holding Company in banks in Massachusetts and are insured within the limits of the Federal Deposit Insurance Loan Fund (FDIC). At times, cash and cash equivalents may exceed the insured limits. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to minimize potential risk.

The Loan Fund also held cash balances of $6,179,539 and $2,048,838 in escrow for outside parties as of December 31, 2009 and 2008, respectively. These amounts are escrowed for Loan Fund borrowers for various purposes, including working capital reserves, replacement reserves, and construction fund escrows.

(2) **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fair Value

The Loan Fund follows the *Fair Value Measurements and Disclosure Standards* under U.S. GAAP. These standards define fair value, describe a framework for measuring fair value, and specify required disclosures. Fair value, where applicable, is determined using a hierarchy that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments consist of a certificate of deposit (CD) held in the name of the Loan Fund. The CD bears interest at 4.4% and matures on October 28, 2012.

Net Assets

Unrestricted net assets include those net resources of the Loan Fund that bear no external restrictions. These include the Loan Fund's general net assets and net assets designated by the Board of Directors for permanent loan capital and special programs and loan loss reserves. During 2009 and 2008, the Board of Directors designated and released $256,856 and $363,625 and, respectively, of the Loan Fund's general unrestricted net assets for loan loss reserves (see Note 4).

The Board of Directors periodically authorizes transfers of the unrestricted general net assets among the related affiliates (see Note 1). Transfers from Managed Assets to the Loan Fund to support lending activities were $1,500,000 for 2009 and are shown as grants from affiliate for support of new initiatives in the accompanying statement of activities.

Temporarily restricted net assets are unexpended financial resources restricted by donors as to the purpose or timing of expenditure. Temporarily restricted net assets are purpose restricted for permanent loan capital as of December 31, 2009 and 2008.

Permanent loan capital is the term the Loan Fund uses to describe those capital resources which are intended to provide a permanent capital base for lending activities, meeting debt covenants and providing for potential loan losses. The Loan Fund has three categories of permanent loan capital: net assets temporarily restricted by donors, net assets designated by the Board of Directors, and subordinated loans payable.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

No outside donor has imposed an obligation on the Loan Fund to replenish the principal of any gift of permanent loan capital in the event such funds are needed to offset loan losses. Accordingly, donor-restricted permanent loan capital awards have been classified as temporarily restricted net assets in the accompanying statements of financial position. The Loan Fund's Board of Directors designated $1,000,000, the proceeds of two unrestricted grant awards from the Treasury (see Note 1), as permanent loan capital in unrestricted net assets. The Holding Company transferred $132,500 of donor-restricted funds for a Special Program Collaborative for use in qualifying activities in the Loan Fund. The Holding Company is a member of a collaborative with other agencies to promote ecologically efficient designs and technical assistance to community development corporations. This amount was considered released from restriction, but was added to Board designated net assets to be held and used for purposes of the Collaborative.

Uncertainty in Income Taxes

The Loan Fund adopted the new U.S. GAAP standards for *Accounting for Uncertainty in Income Taxes* which require the Loan Fund to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2009, the Loan Fund determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Loan Fund files informational returns in the United States Federal and Massachusetts state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

Revenue Recognition

Revenues from interest on loans and investments and other sources are recognized as unrestricted revenue as earned on an accrual basis. Interest on loans is presented net of interest expense of $3,254,701 and $2,822,520 to loan participants (see Notes 3 and 5) in 2009 and 2008, respectively. The Loan Fund amortizes loan origination fees over the terms of long-term loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying statements of financial position (see Note 3).

Grants and contributions with no restrictions or conditions are recognized as unrestricted revenue when received or unconditionally pledged to the Loan Fund. Donor restricted grants and contributions with time or purpose restrictions are recognized as temporarily restricted net assets when received or unconditionally pledged. Temporarily restricted net assets are transferred to unrestricted net assets when they are used in accordance with donor restrictions. Donor restricted gifts received and expended for their intended use in the same year are reflected as unrestricted net assets.

Provisions are made for estimated loan losses based on management's evaluation of each asset. Loss recoveries are recorded in the year of recovery. The allowance for loan losses is established through a provision for loan losses charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Management evaluates loan collectibility through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral and current economic conditions that may affect the borrower's ability to repay.

Expense Allocation

The affiliated companies (see Note 1) share various common expenses, including management salaries, benefits, and facility expenses. The accompanying financial statements include the share of these expenses allocable to the Loan Fund.

Subsequent Events

The preparation of financial statements in accordance with U.S. GAAP requires management to disclose the date through which subsequent events have been evaluated for possible recognition or disclosure in the accompanying financial statements. Subsequent events are transactions or events that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. The accompanying financial statements include the evaluation of subsequent events that have occurred through March 11, 2010, which is the date the financial statements were available to be issued.

(3) LOANS AND INTEREST RECEIVABLE

Portfolio Lending

The Loan Fund offers a variety of loan products of both short and long-term maturity. The Loan Fund offers term loans, as well as revolving and non-revolving lines of credit, for the following purposes:

Site acquisition: for acquisition of property for development, whether for commercial or housing developments.

Construction: for construction or rehabilitation of residential (single family and multi-family) and commercial properties.

Permanent: for long-term financing for newly constructed or rehabilitated or existing multi-family housing, community facilities or commercial real estate.

Organizational: for organizational capacity building, recapitalization and/or providing operating capital.

Predevelopment: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence.

(3) **LOANS AND INTEREST RECEIVABLE** (Continued)

Portfolio Lending (Continued)

Loans receivable bear interest at rates ranging from approximately three to ten percent (3% - 10%) and mature at various dates through 2042. Borrowers generally include nonprofit community organizations, private developers, and businesses which benefit low-income individuals and communities. Loans receivable are generally made in connection with affordable housing and community development projects and are primarily collateralized by first or second mortgages on the property of the borrower. The Loan Fund also has some loans secured through third mortgages, all assets of the borrower, cash held by the lender or other forms of collateral. There are one and two unsecured loans receivable, respectively, at December 31, 2009 and 2008, totaling $268,615 and $457,306. The Loan Fund's five largest outstanding loans receivable were approximately 33% and 36% of the portfolio as of December 31, 2009 and 2008, respectively.

	2009		2008	
Type	**Number Of Loans**	**Net Loan Amount**	**Number Of Loans**	**Net Loan Amount**
Site Acquisition	26	$20,005,718	25	$23,120,883
Construction	38	17,975,694	37	13,714,755
Permanent	21	15,299,299	19	11,778,682
Organizational	12	8,931,324	13	8,585,801
Predevelopment	7	5,601,077	9	6,597,961
	104	$67,813,112	103	$63,798,082

Loans receivable of the Loan Fund are presented net of third party loan participations of $48,915,941 and $50,574,452 as of December 31, 2009 and 2008, respectively. All loan participations qualify as loan sales in accordance with the U.S. GAAP criteria for *Accounting for Transfers of Financial Assets and Extinguishments of Liabilities.*

Scheduled repayments of principal of loans and interest receivable of $745,126 for the years ending after December 31, 2009, are as follows:

Year	
2010	$25,571,131
2011	1,688,517
2012	11,299,976
2013	3,959,905
2014	4,351,509
Thereafter	21,687,200
	68,558,238
Adjustment for deferred loan fees (see Note 2)	(267,613)
Less - allowance for loan losses (see Note 4)	(3,136,080)
	$65,154,545

The majority of the Loan Fund's loans receivable is secured by real estate holdings in Massachusetts and could be affected by adverse real estate markets in the state.

(3) LOANS AND INTEREST RECEIVABLE (Continued)

Portfolio Lending (Continued)

The Loan Fund had committed approximately $17,700,000 and $14,100,000 of current assets (cash, cash equivalents and short-term investments) for future disbursements on existing loan commitments and lines of credit to unrelated borrowers as of December 31, 2009 and 2008, respectively. The Loan Fund also committed approximately $5,000,000 and $10,000,000 of current assets for loan and line of credit commitments to SEA and SUN Initiative (see Note 1), respectively, to support their programs. The Corporation has liquidity management policies and procedures to manage the timing of expected disbursements on these loans. Among the tools available to manage liquidity are lines of credit with financial institutions (see Note 5), as well as the potential to initiate loan sales and loan participation agreements with lending partners. The actual 2010 net cash outflows were approximately $500,000 through March 11, 2010. In addition, in February, 2010, the Loan Fund loaned $2.5 million to the SUN Initiative (see Note 1).

Guarantee Agreement

The Loan Fund also has a non-expiring loan guarantee agreement with the United States Department of Agriculture (USDA). The guarantee is intended to strengthen the Loan Fund's ability to finance loans to businesses in rural areas and thus stimulate economic growth in these areas. As of December 31, 2009, there is a guarantee of $4,600,000 for one loan from the USDA under this agreement. During 2009 and 2008, the Loan Fund has not received any amounts under this agreement.

Special Tax-Credit Lending

As of December 31, 2009 and 2008, the Loan Fund entered into four and one arrangements, respectively, to act as the non-profit intermediary to improve the economic value of Massachusetts historic and state low-income tax credits of several projects in Massachusetts. The Loan Fund received a donation of tax credits from each project's sponsor and made a loan to the respective entity from the proceeds of the Loan Fund's resale of the credits to an outside investor. Each loan is a non-interest bearing note with various maturity dates through December 18, 2045. As part of the arrangement, the Loan fund received fees ranging from .4% to .5% of the total loan amount as fees. These fees are included in loan fees and other in the accompanying consolidating statements of activities. Total outstanding principal balances are $29,049,436 and $11,914,700 as of December 31, 2009 and 2008, respectively. These loans have specific restrictions surrounding their use and due to their long-term deferred nature and likelihood of collectibility, the notes are fully reserved at December 31, 2009 and 2008.

(4) ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES

Loan loss reserves is the term used by the Loan Fund and certain significant investors to refer to the balance of loan loss allowances plus otherwise unrestricted net assets which have been designated by the Board of Directors as a hedge against potential loan losses. Covenants with certain significant investors require the Loan Fund to maintain loan loss reserves equal to at least 5% of loans receivable of the Loan Fund. The Loan Fund's loan loss reserves consist of the following as of December 31:

	2009	2008
Allowance for loan losses (see below)	$3,136,080	$2,014,810
Board designated net assets for loan loss reserves (see Note 2)	2,331,898	2,075,042
	$5,467,978	$4,089,852

An allowance for loan losses is an estimate of expected loan losses expressed as a reduction of the carrying value of loans receivable (see Note 3). The loan loss allowance is based on expected losses as determined under the Loan Fund's risk rating system (see Note 2). In addition, the Loan Fund's Board of Directors designates unrestricted net assets as loan loss reserves so that the sum of the loan loss allowance and designated unrestricted net assets equals at least 5% of total loans receivable of the Loan Fund.

The loan loss allowance, which has been allocated proportionally to the long-term and current portions of the loan portfolio in the accompanying financial statements, consists of the following:

	2009	2008
Balance, beginning of year	$2,014,810	$1,038,374
Loan loss provision	1,097,271	821,378
Adjustment for non-accrual loans receivable	23,999	155,058
Balance, end of year	$3,136,080	$2,014,810

(5) LOANS PAYABLE

Loans payable of the Loan Fund represent loans by approximately 300 lenders ("investors") in principal amounts ranging from $500 to $15,000,000. Loans payable bear interest at rates ranging from 0% to 5.25%, payable at varying initial maturities of one to ten years through 2018. In the ordinary course of operations, the Loan Fund may negotiate extensions of maturity with many investors. Loans payable of the Loan Fund are unsecured with recourse to the general assets of the Loan Fund.

The Loan Fund has available three lines of credit with financial institutions. The Loan Fund has an unsecured revolving line of credit for a maximum of $50,000,000, with $38,000,000 of this amount being participated out to other financial institutions. The interest rate on this line is a 30-day London Inter-Bank Offered Rate (LIBOR), plus 2% (3.23% and 2.46% at December 31, 2009 and 2008, respectively). There were no amounts outstanding under this agreement as of December 31, 2009 and 2008. The line of credit expires in July, 2011.

(5) LOANS PAYABLE (Continued)

The Loan Fund also has a $4,000,000 unsecured revolving line of credit with the Federal National Mortgage Association (FNMA), which was renewed through June, 2010. Outstanding advances under this line of credit bear interest at FNMA's five-year cost of funds, plus 25 basis points (4.38% at December 31, 2009 and 2008). As of December 31, 2009 and 2008, $4,000,000 was outstanding under this agreement.

The Loan Fund entered into a $15,000,000 unsecured non-revolving line of credit with a financial institution, which expires in December, 2016. Outstanding advances under this line of credit bear interest at the financial institution's seven-year cost of funds, plus 125 basis points (4.12% at December 31, 2009 and 2008) on the date of the draw. Proceeds from this line of credit are to be used only to finance qualifying New Markets Tax Credit loans in certain states. During 2009 and 2008, $7,780,000 was outstanding on this line of credit. The first draw of $4,820,000 bears interest at a fixed rate of 4.26% and the second draw of $2,960,000 bears interest at a fixed rate of 4.12%. The interest rates are locked-in on the specific date of each draw. The Loan Fund also entered into a $5,000,000 unsecured revolving line of credit with the same financial institution which expires in December, 2011. Outstanding advances under this line of credit bear interest at 4% at December 31, 2009 and 2008. There was $500,000 outstanding under this agreement as of December 31, 2009. There was no outstanding balance as of December 31, 2008.

The above loans payable and lines of credit require the Loan Fund to maintain certain financial ratios and other covenants as specified in the agreements. As of December 31, 2009 and 2008, the Loan Fund was in compliance with these covenants. The balance of loans payable of the Loan Fund were as follows as of December 31:

	2009	2008
Lines of credit	$12,280,000	$11,780,000
Other loans payable	40,993,239	41,423,455
	$53,273,239	$53,203,455

Maturities of all loans payable as of December 31, 2009, are as follows:

Year	
2010	$ 9,783,408
2011	4,019,716
2012	7,350,588
2013	1,553,926
2014	8,758,000
Thereafter	21,807,601
Total loans	$53,273,239

The current maturities as of December 31, 2009 and 2008, include $342,909 and $485,285, respectively, of loan principal which has matured, but not been paid or formally extended. Management is negotiating extensions of these amounts.

(6) PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE

Permanent loan capital – subordinated loans payable consist of long-term subordinated loans payable of the Loan Fund (36 and 38 individual loans as of December 31, 2009 and 2008) from financial and other institutions bearing simple interest at rates between 2% and 4%. These loans have substantially the same terms including interest-only payments required annually until maturity. These loans are subordinate and junior to all other obligations of the Loan Fund.

Each loan was issued with an initial maturity of ten to twenty years. The initial maturity dates automatically extend by one year at the end of each of the first five years of the loans' terms. The final maturity dates may then be extended at their anniversary, indefinitely, based upon specified criteria in the loan terms and agreements of the Corporation and the lenders.

Maturity dates of principal over the next five years as of December 31, 2009, are as follows:

2010	$ 172,698
2011	$ 46,083
2012	$ 47,013
2013	$ 47,962
2014	$ 48,930
Thereafter	$14,887,314

As of December 31, 2009 and 2008, $2,300,000 of the proceeds of these loans were loaned to the Venture Fund to finance a portion of certain investments of the Venture Fund. As of December 31, 2009 and 2008, $3,000,000 of the proceeds were loaned from the Loan Fund to SEA (see Note 1), to finance a portion of certain assets of SEA. These intercompany loans bear interest at three percent, payable quarterly and are unsecured. Interest on these borrowings totaled $159,000 and $84,000 in 2009 and 2008, respectively. These borrowings are reflected as affiliate loans receivable in the accompanying statements of financial position. The remaining proceeds of $9,950,000 as of December 31, 2009 and 2008, have been held as permanent loan capital of the Loan Fund.

(7) RECLASSIFICATION

Certain amounts in the 2008 financial statements have been reclassified to conform with the 2009 presentation.

BOSTON COMMUNITY LOAN FUND, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BOSTON COMMUNITY LOAN FUND, INC.

CONTENTS
DECEMBER 31, 2008 AND 2007

Alexander Aronson Finning
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boston Community Loan Fund, Inc.:

We have audited the accompanying statements of financial position of Boston Community Loan Fund, Inc. (a Massachusetts corporation, not for profit) (the Loan Fund) as of December 31, 2008 and 2007, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Loan Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Community Loan Fund, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1 of the financial statements, Boston Community Loan Fund, Inc. is part of an affiliated group of companies and has entered into transactions with certain group members.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
April 4, 2009

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,438,635	$ 9,503,432
Cash and cash equivalents - escrow funds	2,048,838	2,487,309
Current portion of loans receivable, net of allowance for loan losses of $874,741 and $586,840 as of December 31, 2008 and 2007, respectively	21,715,690	29,773,230
Other current assets	417,115	537,677
Total current assets	34,620,278	42,301,648
INVESTMENTS	1,724,063	1,649,783
LOANS RECEIVABLE, net of current portion and allowance for loan losses of $1,140,069 and $451,534 as of December 31, 2008 and 2007, respectively	39,821,548	22,908,528
AFFILIATE LOANS RECEIVABLE	5,300,000	2,300,000
Total assets	$ 81,465,889	$ 69,159,959

LIABILITIES AND NET ASSETS	2008	2007
CURRENT LIABILITIES:		
Current portion of loans payable	$ 9,303,865	$ 3,682,723
Interest and accounts payable	318,629	324,772
Escrow funds	2,048,838	2,487,309
Total current liabilities	11,671,332	6,494,804
LOANS PAYABLE, net of current portion	43,899,590	39,104,695
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE	15,250,000	13,250,000
Total liabilities	70,820,922	58,849,499
NET ASSETS:		
Unrestricted -		
General	6,561,349	6,591,417
Board designated for permanent loan capital and special programs	1,132,500	1,132,500
Board designated for loan loss reserves	2,075,042	1,711,417
Total unrestricted	9,768,891	9,435,334
Temporarily restricted	876,076	875,126
Total net assets	10,644,967	10,310,460
Total liabilities and net assets	$ 81,465,889	$ 69,159,959

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
UNRESTRICTED NET ASSETS:		
OPERATING REVENUES:		
Financial and earned revenue -		
Interest on loans, net	$ 4,181,399	$ 3,641,794
Interest on investments and cash equivalents	296,495	34,931
Less - interest expense	(2,244,393)	(1,527,943)
Loan fees and other	539,270	311,222
Net loan loss provision	(821,378)	(720,802)
Total operating revenues	1,951,393	1,739,202
OPERATING EXPENSES:		
Personnel	1,257,699	1,289,303
Office operations	198,517	210,653
Consultants	51,057	35,665
Accounting and investment fees	48,729	44,944
Marketing	29,852	22,226
Travel	14,026	12,031
Insurance and other	13,165	13,890
Legal	7,796	14,690
Total operating expenses	1,620,841	1,643,402
Changes in unrestricted net assets from operations	330,552	95,800
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Net realized and unrealized gains on investments	3,005	4,489
Grants from affiliates for support of new initiatives	-	1,000,000
Net assets released from purpose restrictions	-	132,500
Changes in unrestricted net assets	333,557	1,232,789
TEMPORARILY RESTRICTED NET ASSETS:		
Grants and contributions	950	900
Net assets released from restrictions	-	(132,500)
Changes in temporarily restricted net assets	950	(131,600)
Changes in net assets	$ 334,507	$ 1,101,189

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	UNRESTRICTED	UNRESTRICTED - BOARD DESIGNATED		TEMPORARILY RESTRICTED		
	GENERAL	PERMANENT LOAN CAPITAL AND SPECIAL PROGRAMS	LOAN LOSS RESERVES	PERMANENT LOAN CAPITAL	SPECIAL PROGRAM COLLABORATIVE	TOTAL
NET ASSETS, December 31, 2006	$ 5,210,898	$ 1,000,000	$ 1,991,647	$ 874,226	$ 132,500	$ 9,209,271
Changes in net assets	1,100,289	132,500	-	900	(132,500)	1,101,189
Board transfers of unrestricted net assets	280,230	-	(280,230)	-	-	-
NET ASSETS, December 31, 2007	6,591,417	1,132,500	1,711,417	875,126	-	10,310,460
Changes in net assets	333,557	-	-	950	-	334,507
Board transfers of unrestricted net assets	(363,625)	-	363,625	-	-	-
NET ASSETS, December 31, 2008	$ 6,561,349	$ 1,132,500	$ 2,075,042	$ 876,076	$ -	$ 10,644,967

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 334,507	$ 1,101,189
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(3,005)	(4,489)
Net loan loss provision	976,436	720,802
Grants for capital and investment uses	(950)	(1,000,900)
Forgiven loans payable included in contributions	(6,900)	(115,648)
Changes in operating assets and liabilities -		
Other current assets	120,562	(134,298)
Interest and accounts payable	(6,143)	48,673
Deferred loan fees	60,528	(976)
Net cash provided by operating activities	1,475,035	614,353
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of affiliate loans receivable	(3,000,000)	-
Issuance of loans receivable	(18,582,719)	(19,665,089)
Principal payments of loans receivable	8,690,275	11,943,836
Net payments of investment trading activity	(71,275)	(66,400)
Net cash used in investing activities	(12,963,719)	(7,787,653)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Grants for capital and investment uses	950	1,000,900
Proceeds from loans payable	11,559,437	19,336,087
Payments on loans payable	(1,136,500)	(4,021,646)
Proceeds from subordinated loans payable	2,000,000	-
Payments on subordinated loans payable	-	(200,000)
Net cash provided by financing activities	12,423,887	16,115,341
NET INCREASE IN CASH AND CASH EQUIVALENTS	935,203	8,942,041
CASH AND CASH EQUIVALENTS, beginning of year	9,503,432	561,391
CASH AND CASH EQUIVALENTS, end of year	$ 10,438,635	$ 9,503,432
SUPPLEMENTAL DISCLOSURE -		
Cash paid for interest	$ 2,255,350	$ 1,609,080

The accompanying notes are an integral part of these statements.

(1) OPERATIONS

Boston Community Loan Fund, Inc. (the Loan Fund), a Massachusetts nonprofit corporation, was organized in December, 1984, to provide below market rate capital to community based organizations for the development of affordable housing. In 1994, its Board of Directors voted to expand its corporate purposes to include broader community development lending, which directly or indirectly benefits low-income or disadvantaged people or communities.

In September, 1994, the Loan Fund formed three affiliated Massachusetts nonprofit corporations: BCLF Managed Assets Corporation, BCLF Ventures, Inc., and BCLF, Inc. BCLF Managed Assets Corporation was formed to manage, design, implement, and evaluate programs on behalf of third parties that provide loan underwriting, management, servicing, and financial and managerial technical assistance services. BCLF Ventures, Inc. was formed to assist small community-based businesses and entrepreneurs to start, grow, and expand businesses which strengthen the low-income business community. BCLF, Inc. was formed as a holding company to manage and develop the other three nonprofit corporations and new initiatives. In 1997, to better reflect the full scope of operations of these four corporations, BCLF, Inc.'s name was changed to Boston Community Capital, Inc. (the Holding Company). Additionally, "doing business as" designations were registered for BCLF Managed Assets Corporation d/b/a Boston Community Managed Assets (Managed Assets), and for BCLF Ventures, Inc. d/b/a Boston Community Venture Fund (the Venture Fund). The Venture Fund is also the sole member of Aura Mortgage Advisors, LLC (Aura Mortgage), a Massachusetts limited liability company, which was formed in 2006. The Holding Company is the sole member of NSP Residential, LLC (NSP), a Massachusetts limited liability company, which was formed in 2008. The Holding Company is also the sole investor of Solar Energy Advantage, Inc. (SEA), a Massachusetts for-profit corporation, which was formed in 2008. The four affiliated nonprofits also maintain interests in other limited liability companies which have no direct relationships or transactions with the Loan Fund. Because the affiliated nonprofit corporations are controlled by a common Board of Directors and management, the affiliated nonprofits, and five other affiliated companies, report their collective financial results and financial position in separately issued combining and consolidating financial statements.

Nonprofit Status

The Loan Fund is exempt from Federal income taxes as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Loan Fund is also exempt from state income taxes. Donors may deduct contributions made to the Loan Fund within the requirements of the Internal Revenue Code.

Community Development Financial Institution

The Loan Fund has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury), qualifying it for certain awards and support from the Treasury. The Loan Fund received a $500,000 loan which was paid off in 2007, and a $500,000 permanent loan capital-subordinated loan payable from the Treasury.

(2) SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Concentration of Risk

For the purpose of the statements of cash flows, cash and cash equivalents consist of all highly liquid investments purchased with a maturity of three months or less. The cash and cash equivalents of the Loan Fund are held in accounts in the name of the Holding Company, and the management of the Holding Company manages the cash resources for the affiliated nonprofits jointly. The accompanying financial statements include the allocable portion of cash and cash equivalents for the Loan Fund.

Cash and cash equivalents are maintained by the Holding Company in four banks in Massachusetts and are insured within the limits of the Federal Deposit Insurance Loan Fund (FDIC). At times, cash and cash equivalents may exceed the insured limits. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to minimize potential risk.

The Loan Fund also held cash balances of $2,048,838 and $2,487,309 in escrow for outside parties as of December 31, 2008 and 2007, respectively.

Investments

The investments for the Loan Fund are also held in the name of the Holding Company, which manages the investments for the affiliated nonprofits jointly. The accompanying financial statements include the allocable portion of investments for the Loan Fund (see Note 3).

During 2008, management adopted the criteria of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under SFAS 157 are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

An investment's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Management values its investments in marketable securities using observable, or level 1, inputs. Adopting SFAS 157 did not result in any change in the measurement of the carrying value of the investments in marketable securities, as they have historically been recorded at fair market value (see Note 3).

Fixed term securities maturing in less than one year are categorized as short-term. Realized gains or losses are recognized upon sale and unrealized gains or losses are recorded based on changes in market value. Investments are not insured and are subject to market fluctuations. Investment income is recognized when earned.

Net Assets

Unrestricted net assets include those net resources of the Loan Fund that bear no external restrictions. These include the Loan Fund's general net assets and net assets designated by the Board of Directors for permanent loan capital and special programs and loan loss reserves. During 2008 and 2007, the Board of Directors designated $363,625 and released $280,230, respectively, of the Loan Fund's general unrestricted net assets for loan loss reserves (see Note 5).

The Board of Directors periodically authorizes transfers of the unrestricted general net assets among the related affiliates (see Note 1). Transfers from Managed Assets to the Loan Fund to support lending activities were $1,000,000 for 2007 and are shown as grants from affiliate for support of new initiatives in the accompanying statement of activities.

Temporarily restricted net assets are unexpended financial resources restricted by donors as to the purpose or timing of expenditure. Temporarily restricted net assets are purpose restricted for permanent loan capital as of December 31, 2008 and 2007.

Permanent loan capital is the term the Loan Fund uses to describe those capital resources which are intended to provide a permanent capital base for lending activities, meeting debt covenants and providing for potential loan losses. The Loan Fund has three categories of permanent loan capital: net assets temporarily restricted by donors, net assets designated by the Board of Directors, and subordinated loans payable.

No outside donor has imposed an obligation on the Loan Fund to replenish the principal of any gift of permanent loan capital in the event such funds are needed to offset loan losses. Accordingly, donor-restricted permanent loan capital awards have been classified as temporarily restricted net assets in the accompanying statements of financial position. The Loan Fund's Board of Directors designated $1,000,000, the proceeds of two unrestricted grant awards from the Treasury (see Note 1), as permanent loan capital in unrestricted net assets.

During 2006, the Holding Company transferred $132,500 of donor-restricted funds for a Special Program Collaborative for use in qualifying activities in the Loan Fund. The Holding Company is a member of a collaborative with other agencies to promote ecologically efficient designs and technical assistance to community development corporations. This amount was considered released from restriction in 2007, but added to Board designated net assets to be held and used for purposes of the Collaborative.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenues from interest on loans and investments, loan fees, and other sources are recognized as unrestricted revenue as earned on an accrual basis. Interest on loans is presented net of interest expense of $2,822,520 and $1,878,953 to loan participants (see Notes 4 and 6) in 2008 and 2007, respectively. The Loan Fund amortizes loan fees over the terms of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying statements of financial position (see Note 4).

Grants and contributions with no restrictions or conditions are recognized as unrestricted revenue when received or unconditionally pledged to the Loan Fund. Donor restricted grants and contributions with time or purpose restrictions are recognized as temporarily restricted net assets when received or unconditionally pledged. Temporarily restricted net assets are transferred to unrestricted net assets when they are used in accordance with donor restrictions. Donor restricted gifts received and expended for their intended use in the same year are reflected as unrestricted net assets.

Provisions are made for estimated investment and loan losses based on management's evaluation of each investment. Loss recoveries are recorded in the year of recovery.

The allowance for loan losses is established through a provision for loan losses charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectibility through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral and current economic conditions that may affect the borrower's ability to repay.

Expense Allocation

The four affiliated nonprofits (see Note 1) share various common expenses, including management salaries, benefits, and facility expenses. The accompanying financial statements include the share of these expenses allocable to the Loan Fund.

(3) INVESTMENTS

Fair market values including unrealized appreciation (depreciation) of investments at December 31, 2008 and 2007, are summarized as follows:

2008	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Certificates of deposit	$ 1,824,895	$ 1,824,895	$ -
U.S. Government securities	1,634,655	1,637,610	2,955
Corporate debt securities	110,510	100,194	(10,316)
Total investments held by the Holding Company	3,570,060	3,562,699	(7,361)
Less - amounts held allocated to the other affiliates (see Note 2)	(1,713,390)	(1,838,636)	(125,246)
Total investments of the Loan Fund	$ 1,856,670	$ 1,724,063	$(132,607)

2007	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Certificates of deposit	$ 1,750,904	$ 1,750,904	$ -
U.S. Government securities	1,714,817	1,744,142	29,325
Corporate debt securities	110,510	101,290	(9,220)
Total investments held by the Holding Company	3,576,231	3,596,336	20,105
Less - amounts held allocated to the other affiliates (see Note 2)	(1,823,940)	(1,946,553)	(122,613)
Total investments of the Loan Fund	$ 1,752,291	$ 1,649,783	$(102,508)

Net realized and unrealized gains (losses) of the Loan Fund were as follows for the years ended December 31:

	2008	2007
Net realized gains (losses)	$ 33,104	$(14,317)
Net unrealized gains (losses)	(30,099)	18,806
	$ 3,005	$ 4,489

The Loan Fund generally holds these securities from the purchase date until maturity. Realized gains (losses) on investments are due to the purchase of U.S. Government and corporate debt securities at a premium or discount and their sale at face value upon maturity.

(4) LOANS RECEIVABLE

Portfolio Lending

The Loan Fund offers a variety of loan products of both short and long-term maturity. The Loan Fund offers term loans, as well as revolving and non-revolving lines of credit, for the following purposes:

Site acquisition: for acquisition of property for development, whether for commercial or housing developments.

Construction: for construction or rehabilitation of residential (single family and multi-family) and commercial properties.

Permanent: for long-term financing for newly constructed or rehabilitated or existing multi-family housing, community facilities or commercial real estate.

Organizational: for organizational capacity building, recapitalization and/or providing operating capital.

Predevelopment: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence.

Loans receivable bear interest at rates ranging from approximately one to ten percent (1% - 10.35%) and mature at various dates through 2042. Borrowers generally include nonprofit community organizations, private developers, and businesses which benefit low-income individuals and communities. Loans receivable are generally made in connection with affordable housing and community development projects and most are collateralized by first or second mortgages on the property of the borrower. There are two and three unsecured loans receivable, respectively, at December 31, 2008 and 2007, totaling $500,000 and $783,907, respectively. The Loan Fund's five largest outstanding loans receivable were approximately 36% and 37% of the portfolio as of December 31, 2008 and 2007, respectively.

The Loan Fund's loans, as described above, are as follows at December 31:

	2008		2007	
Type	Number Of Loans	Net Loan Amount	Number Of Loans	Net Loan Amount
Site Acquisition	25	$23,120,883	22	$16,427,852
Construction	37	13,714,755	40	16,288,604
Permanent	19	11,778,682	19	6,287,174
Organizational	13	8,585,801	16	8,955,367
Predevelopment	9	6,597,961	9	5,946,641
	103	$63,798,082	106	$53,905,638

(4) LOANS RECEIVABLE (Continued)

Portfolio Lending (Continued)

Loans receivable of the Loan Fund are presented net of third party loan participations of \$50,574,452 and \$33,284,904 as of December 31, 2008 and 2007, respectively. All loan participations are accounted for in accordance with Financial Accounting Standards Board Statement No. 140, *Accounting for Transfers of Financial Assets and Extinguishments of Liabilities.*

Scheduled repayments of principal of loans receivable for the years ending after December 31, 2008, are as follows:

Year	
2009	\$22,590,431
2010	11,721,570
2011	887,589
2012	7,975,270
2013	1,910,523
Thereafter	18,712,699
	63,798,082
Adjustment for deferred loan fees (see Note 2)	(246,034)
Less - allowance for loan losses (see Note 5)	(2,014,810)
	\$61,537,238

The majority of the Loan Fund's loans receivable is secured by real estate holdings in Massachusetts and could be affected by adverse real estate markets in the state.

The Loan Fund has committed approximately \$14,100,000 and \$17,800,000 of current assets (cash, cash equivalents, and short-term investments) for future disbursements on existing loan commitments and lines of credit through the Loan Fund as of December 31, 2008 and 2007, respectively. The Loan Fund has liquidity management policies and procedures to manage the timing of expected disbursements on these loans. Among the tools available to manage liquidity are lines of credit with financial institutions (see Note 6), as well as the potential to initiate loan sales and loan participation agreements with lending partners. As of December 31, 2008, the Loan Fund had forecasted net cash outflows of approximately \$7,000,000 during the first quarter of 2009. The actual net cash outflows were approximately \$1.3 million.

Guarantee Agreement

The Loan Fund also has a non-expiring loan guarantee agreement with the United States Department of Agriculture (USDA). The guarantee is intended to strengthen the Loan Fund's ability to finance loans to businesses in rural areas and thus stimulate economic growth in these areas. As of December 31, 2008, there is a guarantee of \$4,600,000 for one loan from USDA under this agreement. During 2008 and 2007, the Loan Fund has not received any amounts under this agreement.

(4) LOANS RECEIVABLE (Continued)

Special Tax-Credit Lending

During 2008, the Loan Fund entered an arrangement to act as the non-profit intermediary to improve the economic value of Massachusetts historic and state low-income tax credits of an affordable housing development in Sharon, Massachusetts. The Loan Fund received a donation of tax credits from the project's sponsor and made a loan to a limited liability company from the proceeds of the Loan Fund's resale of the credits to an outside investor. This loan is a non-interest bearing note in the principal amount of $11,914,700 with a maturity date of 52 years (2060), at which time the loan is payable and due to the Loan Fund. As part of the arrangement, the Loan fund received .5% of the total loan amount ($59,574) as a fee. This fee is included in loan fees and other in the accompanying statement of activities. This loan has specific restrictions surrounding its use and due to the likelihood of collectibility, the note is fully reserved.

(5) ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES

Loan loss reserves is the term used by the Loan Fund and certain significant investors to refer to the balance of loan loss allowances plus otherwise unrestricted net assets designated by the Board of Directors as a hedge against potential loan losses. Covenants with certain significant investors require the Loan Fund to maintain loan loss reserves equal to at least 5% of loans receivable of the Loan Fund.

The Loan Fund's loan loss reserves consist of the following as of December 31:

	2008	2007
Board designated net assets for loan loss reserves (see Note 1)	$2,075,042	$1,711,417
Allowance for loan losses	2,014,810	1,038,374
	$4,089,852	$2,749,791

An allowance for loan losses is an estimate of expected loan losses. The loan loss allowance is based on expected losses as determined under the Loan Fund's risk rating system (see Note 2). In addition, the Loan Fund's Board of Directors designates unrestricted net assets as loan loss reserves so that the sum of the loan loss allowance and designated unrestricted net assets equals at least 5% of total loans receivable of the Loan Fund.

The loan loss allowance, which has been allocated proportionally to the long-term and current portions of the loan portfolio in the accompanying financial statements, consists of the following:

	2008	2007
Balance, beginning of year	$1,038,374	$ 317,572
Change in allowance	976,436	720,802
Balance, end of year	$2,014,810	$1,038,374

(6) LOANS PAYABLE

Loans payable of the Loan Fund represent loans by approximately 300 lenders ("investors") in principal amounts ranging from $500 to $21,025,000. Loans payable bear interest at rates ranging from 0% to 5.25%, payable at varying initial maturities of one to ten years through 2018. In the ordinary course of operations, the Loan Fund negotiates extensions of maturity with many investors. Loans payable of the Loan Fund are unsecured with recourse to the general assets of the Loan Fund.

The Loan Fund has available four lines of credit with financial institutions. The Loan Fund and the other nonprofit affiliates had an unsecured revolving line of credit agreement with a financial institution in the principal amount of $12,000,000 until May, 2007, when the Loan Fund and the financial institution signed an agreement for a syndicated line of credit for a maximum of $50,000,000, with $38,000,000 of this amount being participated out to other financial institutions. During 2007, there was a $3,000,000 participation from another financial institution, which brought the total available line of credit to $15,000,000 at December 31, 2007. The interest rate on this line is a 30-day London Inter-Bank Offered Rate (LIBOR), plus 2% (2.46% and 6.60% at December 31, 2008 and 2007, respectively). There were no amounts outstanding under this agreement as of December 31, 2008 and 2007. The line of credit expires in May, 2009, and is renewable annually thereafter.

The Loan Fund also has a $4,000,000 unsecured revolving line of credit with Fannie Mae (a government-sponsored enterprise) which expires in December, 2009. Outstanding advances under this line of credit bear interest at Fannie Mae's five-year cost of funds, plus 25 basis points (4.38% at December 31, 2008 and 2007). As of December 31, 2008 and 2007, $4,000,000 was outstanding under this agreement.

In 2007, the Loan Fund entered into a $15,000,000 unsecured non-revolving line of credit with a financial institution which expires in December, 2016. Outstanding advances under this line of credit bear interest at the financial institution's seven-year cost of funds, plus 125 basis points (4.12% and 4.94% at December 31, 2008 and 2007, respectively) on the date of the draw. This line of credit must be drawn down prior to December 31, 2009. Proceeds from this line of credit are to be used only to finance qualifying New Markets Tax Credit loans in certain states. During 2008, $7,780,000 was drawn down on this line of credit. The first draw of $4,820,000 bears interest at a fixed rate of 4.26% and the second draw of $2,960,000 bears interest at a fixed interest rate of 4.12%. The interest rates are different because as the line of credit is drawn down, the current rate is utilized and locked-in on that specific date.

In 2007, the Loan Fund also entered into a $5,000,000 unsecured revolving line of credit with the same financial institution which expires in December, 2011. Outstanding advances under this line of credit bear interest at 4%. There were no amounts outstanding under this agreement as of December 31, 2008 and 2007.

(6) **LOANS PAYABLE** (Continued)

The above loans payable and lines of credit require the Loan Fund to maintain certain financial ratios and other covenants as specified in the agreements. As of December 31, 2008 and 2007, the Loan Fund was in compliance with these covenants. The balance of loans payable of the Loan Fund were as follows as of December 31:

	2008	**2007**
Lines of credit	$11,780,000	$ 4,000,000
Other loans payable	41,423,455	38,787,418
	$53,203,455	$42,787,418

Maturities of all loans payable as of December 31, 2008, are as follows:

Year	
2009	$ 9,303,865
2010	4,074,296
2011	5,790,132
2012	6,529,797
2013	1,266,646
Thereafter	26,238,719
Total loans	$53,203,455

The current maturities as of December 31, 2008 and 2007, include $485,285 and $469,000, respectively, of loan principal which has matured, but not been paid or formally extended. Management is negotiating extensions of these amounts.

(7) **PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE**

Permanent loan capital – subordinated loans payable consist of long-term subordinated loans payable of the Loan Fund (38 and 36 individual loans as of December 31, 2008 and 2007, respectively) from financial and other institutions bearing simple interest at rates between 2% and 4%. These loans have substantially the same terms including interest-only payments required annually until maturity. These loans are subordinate and junior to all other obligations of the Loan Fund.

Each loan was issued with an initial maturity of ten to twenty years. The initial maturity dates automatically extend by one year at the end of each of the first five years of the loans' terms. The final maturity dates may then be extended at their anniversary, indefinitely, based upon specified criteria in the loan terms and agreements of the Loan Fund and the lenders.

Earliest maturity dates of principal as of December 31, 2008, are as follows:

2010	$ 650,000
2018	$14,100,000
2021	$ 500,000

(7) **PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE** (Continued)

As of December 31, 2008 and 2007, $2,300,000 of the proceeds of these loans was loaned to the Venture Fund to finance a portion of certain investments of the Venture Fund. During 2008, $3,000,000 of the proceeds were loaned to SEA to finance a portion of certain investments. These loans bear interest at three percent payable quarterly and are unsecured. These are reflected as affiliate loans receivable in the accompanying statements of financial position. The remaining proceeds of $9,950,000 and $10,950,000 as of December 31, 2008 and 2007, respectively, have been held as permanent loan capital of the Loan Fund.

(8) **FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Loan Fund discloses estimated fair values for its significant financial instruments. Because no market exists for a significant portion of the financial instruments, fair values are based on management's estimates regarding various financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following fair value estimates, methods and assumptions were used to estimate the fair value of each class of significant financial instruments, for which it is practical to estimate that value.

Cash and Cash Equivalents: The carrying amount of cash and cash equivalents approximates fair value.

Investments: The fair value of investments is based upon quoted market prices.

Loans Receivable: The fair values of loans receivable in the portfolio are determined by segregating the portfolio by type, such as loans having a fixed interest rate and loans having an adjustable interest rate. The fair values of fixed rate loans are calculated by discounting future cash flows through their weighted average months to maturity, using a weighted average interest rate for new financings within the Loan Fund's market. Loans with an adjustable interest rate tied to prime or some other floating rate move within the market and are considered by management to be at fair value.

Loans Payable: The fair values of loans payable are calculated by discounting cash flows through their weighted average months to maturity, using rates currently offered for new issuances within the Loan Fund's market.

The following table summarizes carrying amounts and fair values for financial instruments at December 31, 2008:

	Carrying Amount	Fair Value
Cash and cash equivalents	$12,487,473	$12,487,473
Investments	$ 1,724,063	$ 1,724,063
Loans receivable, net	$61,537,238	$62,341,034
Loans payable	$53,203,455	$52,790,399

Boston Community Capital, Inc. and Affiliates
Detailed Statement of Financial Position (Un-audited)

June 30, 2010	Loan Fund	Managed Assets	Venture Fund	Holding Company	Aura Mortgage	Energy Advantage	NSP Residential	Total
ASSETS								
Cash and Cash Investments								
Cash and Cash Investments	9,545,270	7,295,128	10,990	8,293	26,585	744,557	1,987,087	19,617,910
Funds held for others	5,213,126	6,019,033	0	0	43,624	0	56,188	11,331,971
Total, Cash and Cash Investments	14,758,396	13,314,161	10,990	8,293	70,209	744,557	2,043,275	30,949,881
Accounts Receivable								
Operating accounts receivable	7,883	32,175	968,334	507,500	11,282	0	61,777	1,588,951
Grants receivable	0	0	0	0	0	0	0	0
Principal and interest payments	1,074,679	0	0	5,798	0	88,638	0	1,169,116
Total, Accounts Receivable	1,082,562	32,175	968,334	513,298	11,282	88,638	61,777	2,758,067
Loans Receivable (net of participations)								
Loans Receivable	0	254,675	0	303,814	718,399	0	0	1,276,888
Loans Receivable (Solar Energy & SUN Initiative)	0	0	0	0	0	0	0	0
Loan Receivable (net of participations)	67,340,179	0	0	0	0	0	0	67,340,179
Total, Loans Receivable	67,340,179	254,675	0	303,814	718,399	0	0	68,617,066
Operating Reserve	0	0	0	0	0	0	0	0
Loan loss reserves	(3,231,822)	0	0	0	(104,850)	0	0	(3,336,672)
Total, Loans Receivable (net of reserves)	64,108,357	254,675	0	303,814	613,549	0	0	65,280,394
Other Assets								
Prepaid expenses and security deposit	85,204	0	0	47,971	7,701	18,321	9,243	168,440
Fixed assets (net of depreciation)	0	0	0	90,786	0	2,399,881	191,156	2,681,823
Intercompany Receivable/(Payable)	0	775,000	(175,000)	(600,000)	(208,956)	0	578,545	369,589
Membership in NMTC CDE I-VIII, LLC	0	35,728	0	0	0	0	0	35,728
Membership in Ventures I & II, LLC	0	0	3,495,826	0	0	0	0	3,495,826
Membership in Aura Mortgage, LLC	0	0	1,070,000	0	0	0	0	1,070,000
Membership in Energy Advantage	0	0	0	800,000	0	0	0	800,000
Membership in NSP Residential, LLC	0	0	0	3,100,000	0	0	0	3,100,000
Total Other Assets	85,204	810,728	4,390,826	3,438,757	(201,255)	2,418,202	778,944	11,721,405
TOTAL ASSETS	80,034,519	14,411,738	5,370,150	4,264,161	493,785	3,251,397	2,883,995	110,709,746
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	735,174	0	4,698	363,556	15,617	21,029	2,000	1,142,072
Deferred Revenue	264,286	6,681	0	0	0	0	0	270,966
Investor loans payable	42,276,716	0	15,000	0	0	0	0	42,291,716
Loans payable	8,280,000	0	0	0	0	0	0	8,280,000
Funds held for others	5,213,126	6,019,033	0	0	43,624	0	56,188	11,331,971
Total Liabilities	56,769,302	6,025,714	19,698	363,556	59,240	21,029	58,188	63,316,726
Permanent Capital, Subordinated Debt								
Equity equivalent investments	15,250,000	0	0	0	0	0	0	15,250,000
Members' Capital: BCVF investment in Aura Mtg.	0	0	0	0	1,070,000	0	0	1,070,000
Members' Capital: BCC investment in Energy Adv.	0	0	0	0	0	800,000	0	800,000
Members' Capital: BCC investment in NSP Resid.	0	0	0	0	0	0	3,100,000	3,100,000
Inter-Affiliate Loans	(5,300,000)	0	2,400,000	(100,000)	0	3,000,000	0	0
Total Permanent Capital, Sub debt	9,950,000	0	2,400,000	(100,000)	1,070,000	3,800,000	3,100,000	20,220,000
Net Assets and Equity								
Temporarily Restricted								
Net assets temp. rest. (perm cap/investment)	877,341	0	0	0	0	0	0	877,341
Net assets temp. rest. (other)	0	0	0	1,280,835	0	0	0	1,280,835
Total Net Assets Temporarily Restricted	877,341	0	0	1,280,835	0	0	0	2,158,176
Unrestricted								
Net Assets, Unrestricted	9,973,479	8,386,024	2,950,450	2,706,984	(635,455)	(569,630)	(274,192)	22,537,660
Net assets, unrest. Designated Loan Loss Reserve	2,331,898	0	0	0	0	0	0	2,331,898
Net assets, unrest. Designated Special Programs	132,500	0	0	0	0	0	0	132,500
Fixed Assets 12/31/09	0	0	0	12,788	0	0	0	12,788
Net Assets, Unrestricted	12,437,877	8,386,024	2,950,450	2,719,772	(635,455)	(569,630)	(274,192)	25,014,846
Total Net Assets	13,315,218	8,386,024	2,950,450	4,000,607	(635,455)	(569,630)	(274,192)	27,173,022
TOTAL LIABILITIES AND NET ASSETS	80,034,519	14,411,738	5,370,150	4,264,161	493,785	3,251,397	2,883,995	110,709,746

(UNAUDITED) June 30, 2010	Loan Fund 2010	Managed Assets 2010	Ventures Fund 2010	BCC 2010	Aura Mortgage 2010	Energy Advantage 2010	NSP Residential 2010	Admin 2010	Total 2010
Summary									
FINANCIAL INCOME									
Interest on Loans	2,214,909	9,474	0	50,077	38,586	0	0	0	2,313,047
Interest on Cash/Investments	38,765	12,226	0	3,760	0	0	1,013	0	55,763
Management Fees	0	325,462	322,950	0	0	0	0	0	648,412
NMTC Upfront Fees	0	4,250,000	0	0	0	0	0	0	4,250,000
Share of Income (Loss) {NMTC}	0	176	0	0	0	0	0	0	176
Secondary Market Servicing Fees	50,938	0	0	0	0	0	0	0	50,938
Provision for Loan Loss Recovery	0	0	0	0	0	0	0	0	0
Loan Origination Fees (Borrowers)	178,932	0	0	0	23,988	227	0	0	203,147
TOTAL FINANCIAL INCOME	2,483,543	4,597,339	322,950	53,837	62,575	227	1,013	0	7,521,483
FINANCIAL EXPENSE									
Investor Interest	1,287,094	0	35,815	44,630	0	44,630	0	0	1,412,169
Financing Fees	6,338	0	0	8,000	0	0	0	0	14,338
Line of Credit Interest	0	0	0	0	0	0	0	0	0
Provision for Loan Losses	95,742	0	0	0	0	0	0	0	95,742
TOTAL FINANCIAL EXPENSE	1,389,174	0	35,815	52,630	0	44,630	0	0	1,522,249
Net Financial Income	1,094,369	4,597,339	287,135	1,207	62,575	(44,404)	1,013	0	5,999,234
PROGRAM INCOME									
Program Services and Fees									
Program Revenue	0	0	0	0	0	198,789	33,026	0	231,815
Miscellaneous income	0	0	0	22	0	0	0	0	22
Total Program Services and Fees	0	0	0	22	0	198,789	33,026	0	231,837
Grant Income									
Individuals	0	0	0	23,371	0	0	0	0	23,371
Religious Organizations	0	0	0	0	0	0	0	0	0
Foundations	0	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	9,500	0	0	0	0	9,500
Corporations	0	0	0	500	0	0	0	0	500
Grant Released - Energy Advantage	0	0	0	0	0	0	0	0	0
Grant Released - GBPN	0	0	0	0	0	0	0	0	0
Grant Released - Operating	0	0	0	0	0	0	0	0	0
Grant Released - NSP	0	0	0	100,000	0	0	0	0	100,000
Total Grant Income	0	0	0	133,371	0	0	0	0	133,371
TOTAL PROGRAM INCOME	0	0	0	133,393	0	198,789	33,026	0	365,207
Inter-affiliate support	0	0	0	0	0	0	0	0	0
TOTAL INCOME	1,094,369	4,597,339	287,135	134,600	62,575	154,385	34,039	0	6,364,441

(UNAUDITED) June 30, 2010	Loan Fund 2010	Managed Assets 2010	Ventures Fund 2010	BCC 2010	Aura Mortgage 2010	Energy Advantage 2010	NSP Residential 2010	Admin 2010	Total 2010
PROGRAM EXPENSES									
Human Resources Expenses									
Salary Expense	430,752	234,905	227,640	169,045	48,917	53,033	95,089	73,603	1,332,985
Benefits and Payroll Taxes									
Federal payroll taxes	28,349	13,359	14,555	10,994	8,070	4,443	13,606	4,811	98,187
State Payroll taxes	0	0	0	0	0	0	0	0	0
Fringe benefits	72,289	21,843	24,757	20,912	4,509	5,757	6,446	23,572	180,086
Allocation									
Total benefits and payroll taxes	100,638	35,202	39,312	31,906	12,580	10,200	20,052	28,383	278,273
as % of Salary expense									20.9%
Total Human Resources expenses	531,390	270,107	266,952	200,951	61,497	63,234	115,141	101,986	1,611,258
Consultants/Subcontractors									
Construction Consultants	0	0	0	0	0	0	0	0	0
Temporary Help	0	0	0	0	0	0	0	0	0
Organizational/New Initiatives	0	0	0	0	0	0	0	0	0
Consulting Staffing	0	0	400	41,481	6,076	13,087	4,917	0	65,960
Total Consultant/Subcontract Expense	0	0	400	41,481	6,076	13,087	4,917	0	65,960
Other Program Expense									
Memberships	125	0	5,495	8,314	580	150	0	0	14,664
Travel	2,161	0	2,112	3,138	2,643	155	2,472	15	12,695
Legal and NMTC	373	87,108	187	4,877	267	11,699	37,695	0	142,206
Miscellaneous taxes and fees	0	0	0	0	0	456	0	0	456
Hiring	0	0	0	0	0	0	0	120	120
Staff Development	2,890	0	160	0	1,784	55	15	110	5,014
Service/Operation & Maintenance	0	0	0	0	0	21,615	0	0	21,615
Meetings	396	0	144	1,567	50	61	125	3,180	5,523
Investment Fees	1,102	0	0	0	0	3,452	0	0	4,554
Expenses related to Energy Advantage	0	0	0	80,320	0	0	0	0	80,320
Grant Expense related to GBPN	0	0	0	0	0	0	0	0	0
Grant Expense related to Operating	0	0	0	0	0	0	0	0	0
Property Operating Expense	0	0	0	0	0	0	32,385	0	32,385
Accounting and Audit	5,200	0	0	0	5,200	7,600	1,540	37,037	56,577
Total Other Program Expenses	12,248	87,108	8,098	98,216	10,524	45,242	74,231	40,462	376,129
Marketing									
Annual Report	0	0	0	48,862	0	0	0	0	48,862
Annual Meeting	0	0	0	0	0	0	0	0	0
Annual Appeal	0	0	0	0	0	0	0	0	0
Printed Marketing Materials	0	0	0	0	0	0	750	0	750
Electronic Marketing (Web Site)	0	0	20	6,511	366	672	2,499	0	10,067
Events and Community Support	0	0	0	5,890	0	0	0	0	5,890
Total Marketing	0	0	20	61,262	366	672	3,249	0	65,569

(UNAUDITED) June 30, 2010	Loan Fund 2010	Managed Assets 2010	Ventures Fund 2010	BCC 2010	Aura Mortgage 2010	Energy Advantage 2010	NSP Residential 2010	Admin 2010	Total 2010
Office Operations Expenses									
Rent	0	0	0	0	11,935	0	15,030	59,533	86,499
Software Consultant	0	0	0	0	17,940	0	0	375	18,315
Technology Consultants	0	0	0	0	0	0	0	43,824	43,824
Occupancy/Utilities	0	0	0	0	101	0	1,863	5,175	7,139
Telephone (incl. internet)	0	0	1,347	0	2,030	0	1,742	5,427	10,547
Supplies	0	0	745	0	2,542	0	5,853	7,091	16,231
Printing/Copying	0	0	0	0	0	0	0	0	0
Postage & Delivery	0	0	18	0	0	0	0	3,376	3,394
Equipment Repairs and leases	0	0	0	0	0	0	1,169	4,687	5,857
Office Equipment	0	0	0	0	992	0	1,595	6,002	8,589
Loss on Disposal of Assets	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	106,870	1,266	25,566	133,702
Less Allocation to SUN Initiative Financing	0	0	0	0	(28,242)	0	(20,511)	0	(48,753)
Total Office Operations	0	0	2,109	0	7,300	106,870	8,008	161,056	285,343
Organizational Support Expenses									
Insurance	0	0	0	0	5,657	26,852	4,614	11,186	48,309
Bank Fees	0	0	0	0	0	0	229	220	449
Filing Fees	0	996	0	0	500	109	0	0	1,605
Miscellaneous	0	0	0	0	0	0	0	0	0
Less Allocation to SUN Initiative Financing	0	0	0	0	(4,737)	0	(3,247)	0	(7,984)
Total Organizational Support	0	996	0	0	1,421	26,961	1,596	11,406	42,380
New Initiatives									
Neighborhood Sustainability	0	0	0	0	0	0	0	0	0
Total New Initiatives	0	0	0	0	0	0	0	0	0
Total Expenses	543,638	358,210	277,580	401,910	87,184	256,065	207,142	314,910	2,446,639
Staff Percentage allocation #1	126,514	2,041	40,811	12,243	6,122	4,081	12,243	(204,054)	
Staff Percentage allocation #2	66,514	5,543	5,543	11,086	5,543	5,543	11,086	(110,856)	
Allocation of Administrative Cost	193,027	7,583	46,354	23,329	11,664	9,624	23,329	(314,910)	
Less Allocation to SUN Initiative Financing					(8,840)		(14,842)		
Total Expenses After Spread Admin	736,665	365,794	323,933	425,239	90,008	265,689	215,628	0	2,422,957
Less Allocation to Capital	0	0	0	0	0	0	0	0	0
Program Surplus (Deficit) from Operations (2010)	357,704	4,231,545	(36,798)	(290,639)	(27,434)	(111,304)	(181,589)	0	3,941,485
Unrealized gain (loss) on Investments	3,442	0	0	0	0	0	0	0	3,442
Realized gain (loss) on Investments	(5,440)	0	0	0	0	0	0	0	(5,440)
Support for lending activities	0	(400,000)	0	0	100,000	0	300,000	0	0
Share of Surplus (Deficit) of Ventures I LLC	0	0	27,166	0	0	0	0	0	27,166
Share of Surplus (Deficit) of Ventures II LLC	0	0	(22,399)	0	0	0	0	0	(22,399)
Changes in Unrestricted Net Assets	355,706	3,831,545	(32,032)	(290,639)	72,566	(111,304)	118,411	0	3,944,253

	Loan Fund	Managed Assets	Ventures Fund	BCC	Aura Mortgage	Energy Advantage	NSP Residential	Admin
Staff Percentage allocation #1 (FTE based)	62%	1%	20%	6%	3.0%	2.0%	6.0%	100.0%
Staff Percentage allocation #2 (usage based)	60%	5%	5%	10%	5.0%	5.0%	10.0%	100.0%

Boston Community Loan Fund

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STATISTICAL PROFILE	Amount	Number
Loans outstanding (net of participations)	67,335,421	100
Commitments not closed (net of expected participations)	2,485,508	6
Undisbursed amounts on closed loans and undrawn LOC balances (net)	21,559,885	17

LIQUIDITY AND INTEREST RATE ANALYSIS		Cost of Funds
Investor loans payable (regular)	42,276,716	3.84%
Permanent capital (subordinated debt)	9,950,000	3.01%
Revolving Line of Credit	8,280,000	4.20%
Permanent capital (regular)	12,437,877	0.00%
Total loan capital	72,944,593	3.11%
		Interest Rate
less: loans outstanding (net loans receivable from borrowers)	(67,335,421)	6.41%
Undisbursed loan capital	5,609,172	0.17%
weighted average interest rate on cash	72,944,593	5.93%
estimated net spread		2.82%
Projected Changes in Liquidity		
less: net expected disbursements (repayments) on committed loans and lines of credit (90 days)	392,551	
less: Liquidity requirement (greater of investor loans maturing in 6 months or 10% of loans payable)	(4,227,672)	
Minimum liquidity	1,774,052	
Available on Revolving Line of Credits	26,720,000	
plus: net new loan capital committed and expected within 90 days	0	
Projected liquidity	24,945,948	

PORTFOLIO MANAGEMENT POLICIES

Loan loss reserve *Minimum* 5%		
Composite risk rating of loan portfolio	7.11%	
Reserve based on composite rating	4,787,548	
Actual reserve (greater of 5% or risk-based rating)	3,366,771	
Percentage of outstanding loan balance	5.00%	
historical total: borrower losses	108,396	
Equity *Minimum* 12%		
Permanent capital goal (not including pass-thru sub debt)	8,753,351	
Actual permanent capital (not including pass-thru sub debt)	22,387,877	
Permanent capital as % of total capital (not incl pass-thru sub debt)	30.69%	

PORTFOLIO BALANCE POLICIES

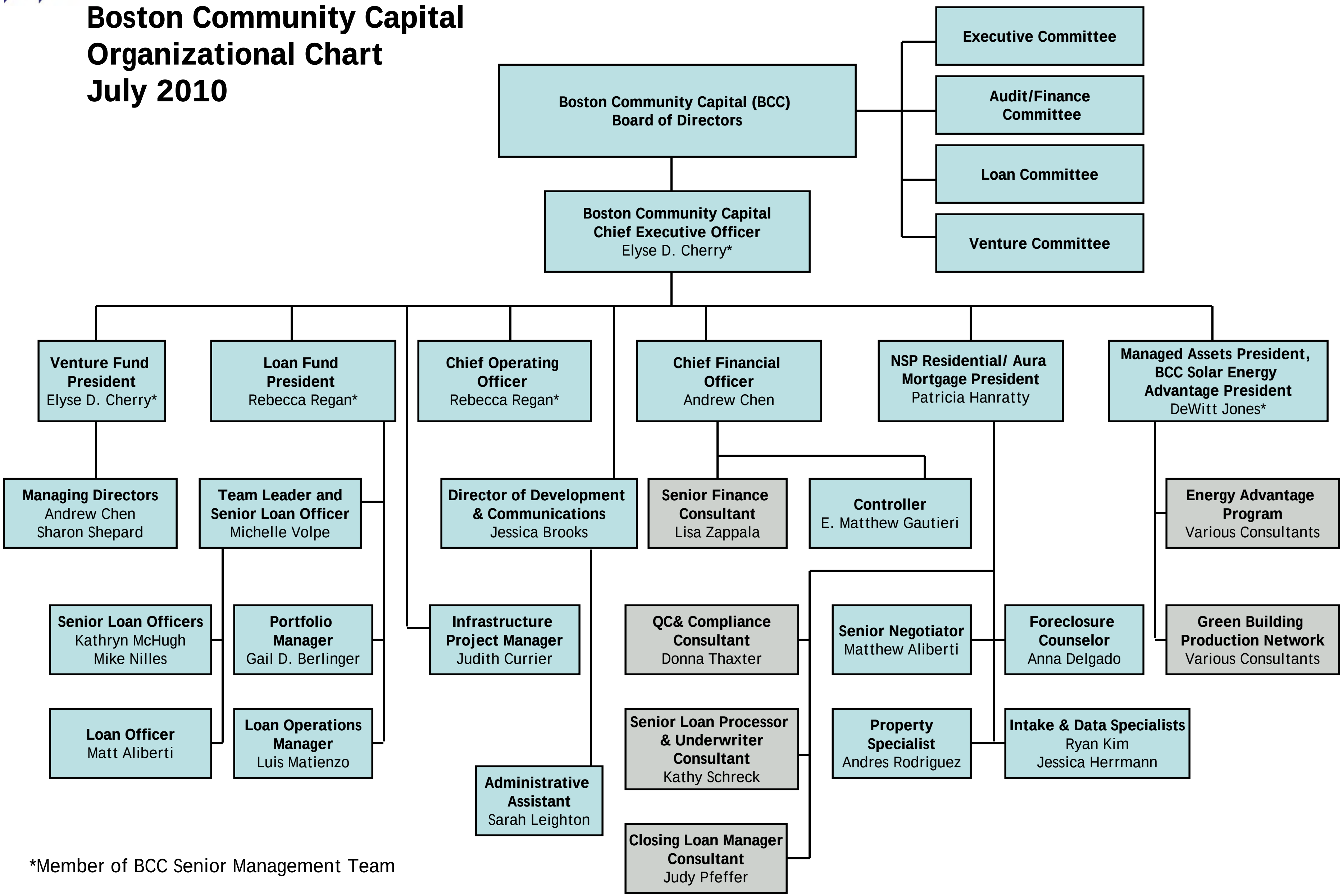
(pass-thru subordinated debt `

*Maximum loan size (10% of total capital) **(1)***	9,966,459	10%
Largest loans (net of non-recourse participations)		
MATCH School Investment Fund	6,746,525	6.8%
Headstart Facility - The Leaguers Investment Fund	4,820,000	4.8%
Renaissance Lofts - Fairbanks Development	4,067,206	4.1%
Cable Mills - 160 Water Street	3,430,707	
700 Harrison NMTC	3,400,000	3.4%
*Maximum loans outstanding to single borrower (15% of total capital) **(1)***	14,949,689	15%
Amounts reflect non-recourse participations		
Largest Borrowers (net of non-recourse participations)		
Mitchell Properties	7,532,258	7.6%
Media and Technology	6,746,525	6.8%
Beacon Communities	5,761,356	5.8%
Jamaica Plain NDC	5,343,379	5.4%
The Leaguers Investment Fund LLC	4,820,000	4.8%

COLLECTION STATUS	Number	Payments Past Due	Principal Balance (net)	% of all Oustanding
30-61 days late	1	1,247.48	139,703.05	0.2%
62-90 days late	1	6,367.42	751,564.29	1.1%
90+ days late	1	9,127.78	191,484.76	0.3%
Totals	3	16,742.68	1,082,752.10	1.6%

(1) = Includes the available balance on Revolving Line of Credits

Boston Community Capital
Organizational Chart
July 2010



*Member of BCC Senior Management Team

Boston Community Capital
Staff Bios

Elyse D. Cherry, CEO of Boston Community Capital and Venture Fund President

Elyse Cherry is Chief Executive Officer of Boston Community Capital (BCC), and the President of Boston Community Venture Fund. Ms. Cherry helped found BCC in 1984 as a member of its original Board of Directors. Since then, Ms. Cherry has been integrally involved in the development and growth of the organization from a start-up organization to what is, today, a national model for community investment. During Ms. Cherry's 12-year tenure as CEO, she has spearheaded two successful rounds of aggressively implemented strategic planning and has grown assets under management by a factor of more than thirty five. Under her leadership, BCC has grown from a single, debt-based business line to a multi-tiered organization that includes two double bottom-line venture funds, a national tax credit program, a mortgage brokerage aimed at creating transparency in the residential mortgage industry, and an alternative energy initiative focused on controlling utility costs in multi-family affordable housing developments. Among other activities, BCC now has invested more than $450 million in low-income communities, has financed more than 9,500 affordable homes and 750,000 square feet of inner city commercial real estate, has invested in more than twenty companies, and has created or preserved 1,300 jobs. Since 1992, Ms. Cherry has served on the boards of directors of more than a dozen privately held companies including Pilgrim Insurance Company, Zipcar, and Acelero Learning. In addition, Ms. Cherry is an active civic leader. She served as a member of Massachusetts Governor Deval Patrick's nineteen-member statewide transition team. She is the current Chair of the Massachusetts Cultural Council and a recent past Chair of Mass Equality, an organization dedicated to the establishment and protection of civil marriage for the GLBT community. She has also served as Vice Chair of Opportunity Finance Network, a national organization of community finance intermediaries. Among other appointments, she is a member of the Boards of Wall Street Without Walls and The Philanthropic Initiative, the Dean's Council of Northeastern University Law School, the Mission Driven Investment Committee of the Kellogg Foundation, and the external Board of the Institute for Global Leadership at Tufts University. Ms. Cherry is a frequent panelist and speaker at national conferences. She is also an avid traveler, particularly in the developing world. Ms. Cherry is an attorney and a former partner at the law firm of Hale and Dorr, now known as Wilmer Hale, where her transactional practice focused on commercial real estate finance and development. In 1992, Ms. Cherry left Hale and Dorr to become Vice President and Counsel of SRB Corporation, a wholly owned subsidiary of Plymouth Rock Assurance Corporation. She subsequently served as CEO of Earthwide Products Corporation, an investment fund targeting environmental businesses. Early in her career, Ms. Cherry served as a field examiner at the New England region of the National Labor Relations Board and as a VISTA volunteer in rural Tennessee. Ms. Cherry is a graduate of Wellesley College (1975) and the Northeastern University School of Law where she delivered the student commencement address.

DeWitt Jones, Executive Vice President, Managed Assets President, Solar Energy Advantage President

DeWitt (Dick) Jones is Executive Vice President of Boston Community Capital and President of BCC's Boston Community Managed Assets and BCC Solar Energy Advantage (SEA) affiliates. He has served as a member of BCC's leadership team since it was established in 1984 and is also a director of the Boston Community Venture Fund and Boston Community Loan Fund. Dick leads and oversees BCC's sustainable development activities, including its Energy Advantage Program, renewable energy initiatives under SEA, and the Green Building Production Network. Under his leadership, SEA has developed approximately 1.4 megawatt of PV capacity on affordable housing developments across Massachusetts, representing a 17% increase in total solar PV capacity in the state. SEA is the largest solar PV power purchase provider for affordable housing in Massachusetts. Prior to joining Boston Community Capital, Jones was Executive Director of the Massachusetts Urban Reinvestment Advisory Group and served as a VISTA volunteer from 1980-1981. A founding member of the Opportunity Finance Network (OFN), and he served on its board from 1988-1996 where he chaired its Financial Services and Public Affairs committees. From 1991-1998, Dick was co-owner and treasurer of Maria and Ricardo's Tortilla Factory, a national industry leader located in Boston's inner-city. He currently chairs the board of Boston Day and Evening Academy, a public charter high school serving over-age high school students and has served as Board president of the Penikese

Island School, a wilderness school for boys in trouble with the law. He is the former treasurer of the Center for Women and Enterprise, a regional women's business development center. He has been appointed to Boston Mayor Menino's Renew Boston Advisory Committee and the Blue Ribbon Task Force on Housing Finance. He is a graduate of Harvard College and its Kennedy School of Government. He is a resident of the Jamaica Plain neighborhood of Boston, Massachusetts. In 2008, Dick and his wife, Viki Bok, received the City of Boston's Green Residential Award.

Patricia D. Hanratty, Aura Mortgage Advisors President and NSP Residential President
Patricia Hanratty is President of Aura Mortgage Advisors, a licensed mortgage lender and broker providing mortgage loans to individuals facing eviction due to foreclosure. She also heads NSP Residential, LLC, a recently formed real estate acquisition, development and management arm of Boston Community Capital. She began working with BCC on foreclosure issues in Spring 2008 in a consulting capacity, and joined the organization as a full-time staff member in Fall 2009. Prior to joining BCC, Patricia served on BCC's board of directors from 1998-2007, and served as our treasurer. She resigned from the board in 2007 to begin the foreclosure work. Patricia has had a distinguished career encompassing three sectors of the economy: finance, the public sector and academia. She has served as an Executive Vice President and Director of the small business division of Fleet Bank, as Assistant Secretary of Economic Affairs for the Commonwealth of Massachusetts, and Professor of Political Science at the College of the Holy Cross. Patricia has a Bachelor's degree from the University of Massachusetts (Boston), and a Ph.D. in political science and public policy from the Massachusetts Institute of Technology.

Rebecca Regan, Chief Operating Officer and Loan Fund President
Rebecca Regan joined Boston Community Capital in 2005. As Chief Operating Officer for Boston Community Capital, she is responsible for the organizational management aspects of BCC's operations and provides leadership and coordination in the administrative, business planning, financial management and budgeting efforts of the organization. As President of the Loan Fund, she has overall responsibility for the Loan Fund's lending activities, including raising capital, staff training and supervision, production, financial management, building external relationships and new business lines, loan and portfolio monitoring, and social impact reporting. She directs Loan Committee meetings and reports on Loan Fund results to the BCC Board of Directors. Becky brings to her position more than 20 years of experience in commercial real estate lending, with a focus on community development. Prior to joining Boston Community Capital, she was Senior Vice President and Senior Relationship Manager for Bank of America formerly Fleet Bank (1999-2005), and prior to that she held lending and management positions in Commercial Real Estate at Bank of Boston (1996-1999), BayBank (1991-1995) and Eastland Savings Bank (1989-1991). Becky is on the Board of Directors of New Ecology, Inc., a nonprofit organization that seeks to become a catalyst for sustainable development in urban communities. She is a member of New England Women in Real Estate (NEWIRE), the Investment Committee of City Mission Society and is chair of the Finance Committee for Mother Caroline Academy and Education Center, a school for low-income girls in Dorchester. She was appointed by the Governor to MassHousing's Home Ownership Advisory Committee and is a former elected member of the Town of Wayland Planning Board. Rebecca graduated with a Masters in Business Administration from Babson College and a Bachelor of Sciences degree from the Boston University School of Management.

Matthew Aliberti, Loan Officer
Matt joined Boston Community Capital in February, 2008 as a Loan Officer. He markets Boston Community Loan Fund to potential borrowers, underwrites loan requests, and conducts ongoing portfolio management. He also underwrites and negotiates acquisitions of foreclosed homes for BCC's SUN Initiative. Previously, Matt worked for Rhode Island Housing as a Development Officer and for the City of Boston 's Department of Neighborhood Development as a Housing Development Officer. A native of Maine, he has a bachelor's degree from Harvard University and a Master's in Urban Planning from the University of Michigan

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Gail D. Berlinger, Portfolio Manager
Gail joined Boston Community Capital in January 2007. As Portfolio Manager for the Loan Fund, she monitors covenant compliance and trends within the existing loan portfolio, conducts status reviews, and develops reporting practices focusing on the social and environmental impact of Boston Community Loan Fund's holdings. Prior to joining BCLF, Gail worked in the Low Income Housing Tax Credit field, in both asset and portfolio management with Boston Capital and in property management with Federal Management Company. She began her career as a property manager with Boston Union Realty. Gail served a term as Board Treasurer for Transition House, the oldest domestic violence shelter in New England. She holds a BA from Rutgers University and a Masters in Urban Affairs from Boston University, focusing on issues affecting low-income communities.

Jessica Brooks, Director of Development & Communications
Jess Brooks joined Boston Community Capital in 2001. She works closely with our external constituents, maintaining relationships with our investors and donors, raising new funds to support our work, and organizing events that showcase our borrowers and portfolio companies and their work. Jess came to Boston Community Capital from The New York Times where she was in charge of online community development and affiliate management. Her prior experience includes positions as a securities trader on Wall Street, and at Safe Horizon, a nonprofit organization providing services to battered women and other crime victims. Jess serves on the Board of Trustees for The Food Project, a local nonprofit that serves as a national model for engaging young people in personal and social change through sustainable agriculture with locations in Dorchester, Lincoln and on the North Shore. She is a member of the Board of Directors of the Boston chapter of Social Venture Partners, and past chair of the Board of Directors for Cascap, a nonprofit organization providing affordable housing and support services for people with special needs. She serves on the Brown University President's Committee on Relations with Tougaloo College and is a 2007 alumna of the Boston Center for Community and Justice's LeadBoston program. Jess is a graduate of Brown University.

Andrew Chen, Chief Financial Officer and Managing Director, Venture Fund
Andrew joined Boston Community Venture Fund (BCVF) in 1998 as a Venture Officer to assist in the management of BCVF's initial fund. He is currently a Managing Director with continuing responsibilities for the Venture Fund's first and second funds. As Chief Financial Officer for Boston Community Capital, he is responsible for the financial management and budgeting efforts of the organization. Andrew currently serves on the Board of Directors or actively monitors several of BCVF's portfolio companies. Prior to joining BCVF, Andrew headed an investment firm specializing in start-up companies in the advanced materials industry. He was also a general partner in two real estate investment and development syndicates. Andrew has a doctorate from MIT in Technology, Management and Policy, where his research focused on materials processing and technology commercialization. He also holds S.M. and B.S. degrees in Materials Science and Engineering from MIT and The Johns Hopkins University, respectively.

Judith Currier, Infrastructure Project Manager
Judy has been consulting with Boston Community Capital on organizational infrastructure issues since October 2000. In April 2001, she joined BCC as an Infrastructure Project Manager. She is responsible for the evaluation and implementation of new systems which improve BCC's organizational efficiency, including our loan management software and our new software and hardware systems.

Anna Delgado, Foreclosure Counselor
Anna Delgado joined Boston Community Capital in 2006. As a Foreclosure Counselor, she works with clients facing foreclosure or eviction, helping them to understand their finances and make informed decisions about what they can afford to pay for a mortgage. She reviews each client's financial situation, property value, work & ownership history to determine whether or not they will qualify for our program. Before joining BCC, Anna pursued a career in the real estate and

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mortgage industry. She graduated in May 2003 from Palm Beach Atlantic University with a Bachelor of Science in International business and a concentration in Marketing and Management. Anna speaks six languages, including French, Portuguese, Spanish, Cape-Verdean Creole, and Wolof.

E. Matthew Gautieri, Controller
Matthew joined Boston Community Capital in 2001 after working in commercial banking for twenty-one years. Matt is responsible for all financial management and accounting functions, including budgeting, investments, portfolio management, and financial reporting. Prior to joining BCC, Matt worked at FleetBoston Financial or its affiliates, most recently as Manager of Planning & Analysis in Fleet's Small Business Services unit. He has also held positions in commercial real estate, financial analysis, and loan operations. Matthew attended Fisher College.

Jessica Herrmann, Data and Intake Specialist
Jessica first joined Boston Community Capital as an intern during the Summer of 2008 and returned full-time as a Data and Intake Specialist in January 2010. She works to review and process client applications to the Stabilizing Urban Neighborhoods (SUN) Initiative, collect and manage data related to the program, and maintain relationships with partner organizations. Previously, Jessica worked as a Research Associate at the Kitty and Michael Dukakis Center for Urban and Regional Policy where she co-wrote the 2009 Greater Boston Housing Report Card. Jessica graduated *summa cum laude* from Tufts University with a bachelor's degree in Economics.

Ryan Kim, Data and Intake Specialist
Ryan joined Boston Community Capital in December 2009. As Intake and Data Specialist with NSP Residential LLC, he assesses distressed residential property values, review and process client applications to the Stabilizing Urban Neighborhoods (SUN) Initiative, and underwrites mortgages. As licensed mortgage originator in Massachusetts, he prequalifies clients for mortgages and takes loan applications for Aura Mortgage Advisors. He previously worked in the field of construction management and low-income housing development in California. He has a bachelor's degree from University of California at Berkeley and a master's degree from Harvard University focusing on real estate finance.

Sarah Leighton, Administrative Assistant
Sarah Leighton joined Boston Community Capital in August 2010. She provides administrative support to staff members and serves as the first point of contact for borrowers, investors and vendors who visit or contact our offices. As Administrative Assistant, Sarah assists in creating and coordinating marketing brochures, pamphlets and mailings; invoicing and record keeping; database upkeep; copying, binding, mailing; and purchasing of copiers, phone systems, office products. She also generally answers to the call of "Help!" Before coming to BCC she interned at the grassroots political organization, Democracy for America, as a field/political intern, and at Senator Patrick Leahy's office in Burlington, Vermont. Sarah graduated *Cum Laude* from Saint Michael's College in Vermont with a bachelor's degree in Political Science.

Luis Matienzo, Operations Manager
Luis Matienzo joined Boston Community Capital in November 2005. His job has three components: Loan Administration, Information Management and Portfolio Management. Luis was most recently at Bank of America as an Information Officer for a $7 billion real estate loan portfolio and also has experience at Bank of Boston and Fleet as an Operations Manager/ Team Leader and Loan Administrator for a $200 million real estate portfolio located in low and moderate income areas in New England, and at Fleet's Community Development Bank. He brings to his position expertise in construction loan management and information management.

Kathryn McHugh, Senior Loan Officer
Kathryn McHugh joined Boston Community Capital in 2001. She markets Boston Community Loan Fund to potential borrowers, underwrites loan requests, and conducts ongoing portfolio management. Prior to joining the Loan Fund, Kathryn was a Program Officer at the Local Initiatives Support Corporation office in Providence; a housing development specialist with the Massachusetts

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Department of Mental Health and a project manager for real estate development at CASCAP. A graduate of Mount Holyoke College, she also holds a Masters degree in Public Policy from Tufts University. Kathryn is a resident of Brookline and is an active volunteer on Boston and Massachusetts housing issues, especially with homeless groups. She serves on the Board of Directors of the Somerville Homeless Coalition, and is a trustee for the Castle Square Tenants Organization's Charitable Trust and the Jamaica Plain Housing Trust. She also consults with the State of Massachusetts and various municipalities on their housing and homeless policies and programs. She is currently assisting Attleboro and Taunton with their Ten Year Plan to End Homelessness.

Michael Nilles, Senior Loan Officer
Mike Nilles worked as a full-time Senior Loan Officer at Boston Community Capital from 1996 – 2001, and rejoined us as a consultant in 2004, and full-time in 2005. He markets Boston Community Loan Fund to potential borrowers, underwrites loan requests, and conducts ongoing portfolio management. Mike has worked as a private consultant in community-based financing and real estate development. He came to Boston Community Capital in 1996 from BayBank, where he was an Assistant Vice President in a middle-market commercial lending group. A graduate of Georgetown University and the Yale School of Management, Mike previously served as a Jesuit Volunteer in Seattle. Mike is a CFA® charterholder.

Andres Rodriguez, Property Specialist
Andres Rodriguez joined Boston Community Capital in 2006 as a Mortgage Consultant for Aura Mortgage Advisors. Andres has been a licensed broker for over a decade, and has worked with many communities through the Neighborhood of Affordable Housing, Sovereign Bank, and Wells Fargo Home Mortgage. He speaks Spanish, English, and Portuguese. Andres works to educate potential homebuyers and help them make smart decisions through one-on-one counseling and Homebuyers Seminars. In addition, Andres is participating in the majority of site visits, managing small rehabilitation projects for our clients, and managing our own NSP properties.

Sharon Shepard, Managing Director, Venture Fund
Sharon Shepard joined Boston Community Venture Fund in February 2001 and is responsible for identifying, structuring, growing, monitoring and exiting investments. Shepard brings to BCV 13 years of venture capital and venture development experience as well as 16 years of broad industry operational experience, primarily in early stage and emerging growth high technology companies. In her role, Shepard has worked with numerous portfolio companies including Magellan BioSciences, Dynex Corporation, Trek Diagnostics, ESA, Eating Well Media Group, TekCel, Protedyne Corporation, geoVue, Zipcar, and CASTion Corporation among others with board/observer responsibilities for most of these companies. Prior to joining BCC, Shepard was the Senior Vice President and Managing Director of Consulting Services for Mass Ventures, a venture development company providing management and financial services to high growth early stage technology companies where she was instrumental in raising nearly $50MM of capital. In addition, she provided business coaching to entrepreneurs, recruited management talent, developed business plans and held interim senior management roles in such companies as Beliefnet and MetaEvents (acquired by Palm). As the CEO or senior manager of three technology-based start-up companies (Sensor Frame, Compunetix, Amerinex Applied Imaging), Shepard played a pivotal role in setting strategic direction, raising capital, developing new products, and designing and implementing operational plans. She was voted Woman Entrepreneur of the Year by the Pittsburgh business community. Shepard also is an active business community member. She was the founder and Chair of the MIT Enterprise Forum of Pittsburgh for many years. She has served on numerous non-profit boards including the MIT Enterprise Forum (national board), the MIT Alumni Association, the Pittsburgh High Technology Council, and the Western Mass Software Association. She also served as a Member of the MIT Corporation Visiting Committee for Student Affairs & Undergraduates. Shepard earned an S.M. degree in mechanical engineering from MIT.

Michelle Volpe, Team Leader/Senior Loan Officer, Boston Community Capital
Michelle has 18 years of experience structuring financial transactions for charter schools, social service providers, and non-profit and for-profit real estate developers across New England and

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down the East Coast. In her role as Team Leader, she manages a four person lending team, a loan portfolio of approximately 100 loans and net loan exposure of approximately $200 million. Prior to joining Boston Community Capital, she worked as an assistant vice president at Bay Bank of Boston, and before that at Management Sciences for Health, a Boston based non-profit. Michelle was a Morehead Scholar at the University of North Carolina at Chapel Hill where she received her B.A. with honors in History, and she holds a master's degree from Yale's School of Management.

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Boston Community Capital
Board of Directors Bios

Charles Clark - Chair
Vice President for Asset Development, YouthBuild USA. YouthBuild is a youth and community development program that simultaneously addresses core issues facing low-income communities—housing, education, employment, crime prevention, and leadership development. In YouthBuild programs, low-income young people ages 16-24 work full-time for 6-24 months toward their GEDs or high school diplomas while learning job skills by building affordable increasing green housing and participating in leadership development activities in their communities. Charlie oversees the organization's corporate fundraising efforts, its loan fund, and an asset building program for YouthBuild graduates. Prior to joining YouthBuild he had over 35 years of commercial banking experience. He was Senior Vice President and head of the Regional Banking Group at Citizens Bank, Boston, MA where he led Citizens Bank's small business and community nonprofit lending. Previously, he was President, Boston Region of USTrust, as well as that bank's community reinvestment loan officer and director of its minority small business lending initiative. He joined the Boston Community Capital Board in 1987, served as its Treasurer for several years, and has been its Chair since Spring 1999. Charlie is resident of Mashpee, Massachusetts. *Board term expires: 2011*

Sarah Lincoln - Treasurer
For the last two years, Sarah has been the Credit Officer for Specialized Industries in Massachusetts for Citizens Bank. This portfolio includes clients in seven industry segments including not-for-profits, publishing, security alarm businesses, fuel distribution, franchise lending, professionals and private equity. Portfolio commitments approximate $4BN and outstandings are approximately $1.9BN. From 2004-2008, Sarah was Division Executive for Massachusetts Regional Banking, Citizens Bank. This team focused on serving the banking needs of small businesses with revenues between $5MM and $25MM. Prior to joining Citizens, Sarah served as Director, Wholesale Division of the Community Banking Group at Fleet Bank (now Bank of America), where she oversaw Fleet's community development work, CDFI investing and community development venture capital, affordable housing financing and small business lending to inner city and underserved markets. Prior to Fleet's merger with BankBoston, Sarah directed the small business and C&I lending for BankBoston's First Community Bank. She was elected to the Board in 2002. Sarah is a graduate of Middlebury College and has an MBA from the University of Virginia. She is a resident of Sherborn, Massachusetts. *Board term expires:2011*

James Walsh, S.J., Esq. - Clerk
Fr. Walsh is both a Jesuit priest and an attorney and is currently President of The Metro Law Center of James F. Walsh, P.C. He was an original Board member and has served as Vice President. He now serves on the Venture Committee. He serves on the boards of the Jesuit Community at Boston College High School, Inc. and Campion Health Center, Inc. and has served on the boards of the Sojourner House, the Jesuit Volunteer Corps, and Notre Dame Mission Volunteer Corps. He is a former Director of the Center for Law and Justice. He has been a teacher, an administrator, a community organizer, pastor and an attorney with the Commonwealth's Executive Office of Energy Resources. Jim is a resident of Canton, Massachusetts. *Board term expires: 2012*

Elyse D. Cherry - Boston Community Capital CEO and Venture Fund President
Elyse Cherry is Chief Executive Officer of Boston Community Capital (BCC), and the President of Boston Community Venture Fund. Ms. Cherry helped found BCC in 1984 as a member of its original Board of Directors. Since then, Ms. Cherry has been integrally involved in the development and growth of the organization from a start-up organization to what is, today, a national model for community investment. During Ms. Cherry's eleven-year tenure as CEO, she has spearheaded two successful rounds of aggressively implemented strategic planning and has grown assets under management by a factor of more than thirty. Under her leadership, BCC has grown from a single, debt-based business line to a multi-tiered organization that includes two double bottom-line venture funds, a national tax credit program, a mortgage brokerage aimed at creating transparency in the residential mortgage industry, and an alternative energy initiative focused on controlling utility costs in multi-family affordable housing developments. Among other activities, BCC now has

invested more than $370 million in low-income communities, has financed more than 8,500 affordable homes and 500,000 square feet of inner city commercial real estate, has invested in more than twenty companies, and has created or preserved 1,300 jobs. Since 1992, Ms. Cherry has served on the boards of directors of more than a dozen privately held companies including Pilgrim Insurance Company, ZipCar, and Acelero Learning. In addition, Ms. Cherry is an active civic leader. She served as a member of Massachusetts Governor Deval Patrick's nineteen-member statewide transition team. She is the current Chair of the Massachusetts Cultural Council and a recent past Chair of Mass Equality, an organization dedicated to the establishment and protection of civil marriage for the GLBT community. She has also served as Vice Chair of Opportunity Finance Network, a national organization of community finance intermediaries. Among other appointments, she is a member of the Boards of Wall Street Without Walls and The Philanthropic Initiative, the Dean's Council of Northeastern University Law School, the Mission Driven Investment Committee of the Kellogg Foundation, and the external Board of the Institute for Global Leadership at Tufts University. Ms. Cherry is a frequent panelist and speaker at national conferences. She is also an avid traveler, particularly in the developing world. Ms. Cherry is an attorney and a former partner at the law firm of Hale and Dorr, now known as Wilmer Hale, where her transactional practice focused on commercial real estate finance and development. In 1992, Ms. Cherry left Hale and Dorr to become Vice President and Counsel of SRB Corporation, a wholly owned subsidiary of Plymouth Rock Assurance Corporation. She subsequently served as CEO of Earthwide Products Corporation, an investment fund targeting environmental businesses. Early in her career, Ms. Cherry served as a field examiner at the New England region of the National Labor Relations Board and as a VISTA volunteer in rural Tennessee. Ms. Cherry is a graduate of Wellesley College (1975) and the Northeastern University School of Law where she delivered the student commencement address. She is a resident of Brookline, MA. *Board member ex-officio*

Edward Dugger - Chair, Venture Committee
President of UNC Partners, a successful private venture capital fund focusing on minority business enterprises. Mr. Dugger's work has focused on profitable yet socially responsible investments. Specifically, his funds have sought to consciously expand business opportunities for entrepreneurs of color. He is a former director of the Federal Reserve Bank of Boston, and serves on the board of the Mass Business Roundtable as well as numerous private companies. He is former chair of the Social Venture Network and co-founder and chair of the Business Collaborative, an initiative whose mission is to improve the business links between minority business enterprises and large public companies. Mr. Dugger is a respected and nationally-recognized leader in social investing, minority-focused equity investing, and venture capital. He joined the Board in 1998. He is a resident of the Jamaica Plain neighborhood of Boston, Massachusetts. *Board term expires: 2011*

Julie Gould
Julie Gould is Senior Vice President of Community Impact and Investment at Mercy Housing, a 27-year old national nonprofit organization that works to create a more humane world where poverty is alleviated, communities are healthy and all people can develop their full potential by providing affordable, program-enriched housing to a variety of people across the country, including low-income families, seniors and people with special needs. Gould brings to her position more than 25 years of experience in the affordable housing industry. She is responsible for leading Mercy Housing's Strategic Healthcare Partnerships, a unique collaboration among nine of the largest non-profit health care systems across the nation, that provide affordable housing and health care linkages. Gould also oversees Mercy Loan Fund, a subsidiary of Mercy Housing and a national lender to nonprofit affordable housing developers, Resource Development and Marketing, and National Resident Services. From 1988 through 2008, Gould worked at Fannie Mae, where she served as vice president for community lending, developing a new line of business for lending to Community Development Financial Institutions (CDFIs), flagship affordable housing products and technology services; and director of multifamily tax credits, specializing in investing in nonprofit developers of low-income housing. At Fannie Mae, Gould led a diverse range of special assignments, including consulting to the South African Housing Ministry, leading business planning efforts in the Gulf Coast after Hurricane Katrina, and co-chairing the annual Help the Homeless campaign in Washington, D.C. Before joining Fannie Mae, Gould was budget examiner with the Office of Management and Budget, deputy staff director at the Federal Home Loan Bank Board, and vice president at the

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Federal Asset Disposition Association. She also worked for three members of Congress. Gould has a master's degree in City and Regional Planning from the University of California, Berkeley, and a Bachelor of Arts in History and Communications from Pitzer College in Claremont, Calif. She was elected to the Boston Community Capital Board of Directors in 2009. *Board term expires: 2012*

DeWitt Jones - Executive Vice President, Managed Assets President and Solar Energy Advantage President

DeWitt (Dick) Jones is Executive Vice President of Boston Community Capital and President of BCC's Boston Community Managed Assets and BCC Solar Energy Advantage (SEA) affiliates. He has served as a member of BCC's leadership team since it was established in 1984 and is also a director of the Boston Community Venture Fund and Boston Community Loan Fund. Dick leads and oversees BCC's sustainable development activities, including its Energy Advantage Program, renewable energy initiatives under SEA, and the Green Building Production Network. Under his leadership, SEA has developed approximately 1.4 megawatt of PV capacity on affordable housing developments across Massachusetts, representing a 17% increase in total solar PV capacity in the state. SEA is the largest solar PV power purchase provider for affordable housing in Massachusetts. Prior to joining Boston Community Capital, Jones was Executive Director of the Massachusetts Urban Reinvestment Advisory Group and served as a VISTA volunteer from 1980-1981. A founding member of the Opportunity Finance Network (OFN), and he served on its board from 1988-1996 where he chaired its Financial Services and Public Affairs committees. From 1991-1998, Dick was co-owner and treasurer of Maria and Ricardo's Tortilla Factory, a national industry leader located in Boston's inner-city. He currently chairs the board of Boston Day and Evening Academy, a public charter high school serving over-age high school students and has served as Board president of the Penikese Island School, a wilderness school for boys in trouble with the law. He is the former treasurer of the Center for Women and Enterprise, a regional women's business development center. He has been appointed to Boston Mayor Menino's Renew Boston Advisory Committee and the Blue Ribbon Task Force on Housing Finance. He is a graduate of Harvard College and its Kennedy School of Government. He is a resident of the Jamaica Plain neighborhood of Boston, Massachusetts. In 2008, Dick and his wife, Viki Bok, received the City of Boston's Green Residential Award.
Board member ex-officio

Maria Maffei

Independent Consultant in affordable housing finance and preservation. Maffei is former Executive Vice President of Recapitalization Advisors, a real estate advisory group specializing in increasing, preserving or realizing value in multi-family properties through financial restructuring and recapitalization. Prior to joining Recap Advisors, Ms. Maffei was a Senior Finance Specialist with the City of Boston's Public Facilities Department where she managed the city's homeless and special needs housing programs. She joined the Loan Committee in 1995 and was elected to the Board in 1998. Maria is a resident of the Jamaica Plain neighborhood of Boston, Massachusetts. *Board term expires: 2012*

Rebecca Regan, Chief Operating Officer and Loan Fund President

Rebecca Regan joined Boston Community Capital in 2005. As Chief Operating Officer for Boston Community Capital, she is responsible for the organizational management aspects of BCC's operations and provides leadership and coordination in the administrative, business planning, financial management and budgeting efforts of the organization. As President of the Loan Fund, she has overall responsibility for the Loan Fund's lending activities, including raising capital, staff training and supervision, production, financial management, building external relationships and new business lines, loan and portfolio monitoring, and social impact reporting. She directs Loan Committee meetings and reports on Loan Fund results to the BCC Board of Directors. Becky brings to her position more than 20 years of experience in commercial real estate lending, with a focus on community development. Prior to joining Boston Community Capital, she was Senior Vice President and Senior Relationship Manager for Bank of America formerly Fleet Bank (1999-2005), and prior to that she held lending and management positions in Commercial Real Estate at Bank of Boston (1996-1999), BayBank (1991-1995) and Eastland Savings Bank (1989-1991). Becky is on the Board of Directors of New Ecology, Inc., a nonprofit organization that seeks to become a catalyst for sustainable development in urban communities. She is a member of New England Women in Real

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Estate (NEWIRE), the Investment Committee of City Mission Society and is chair of the Finance Committee for Mother Caroline Academy and Education Center, a school for low-income girls in Dorchester. She was appointed by the Governor to MassHousing's Home Ownership Advisory Committee and is a former elected member of the Town of Wayland Planning Board. Rebecca graduated with a Masters in Business Administration from Babson College and a Bachelor of Sciences degree from the Boston University School of Management. *Board member ex-officio*

Victor Rivera
Victor Rivera is a Senior Vice President of Business Banking in Bank of America's Client Development Group, where he oversees three teams of client managers located throughout the US which are responsible for over 25,000 small business relationships. Previously, Victor served as Chief Operating Officer of Boston Community Loan Fund, overseeing Loan Fund's lending activities, including staff training and supervision, new business lines, portfolio monitoring, and social impact reporting. Before joining BCLF, Victor worked for FleetBoston Financial for eight years and has extensive underwriting and credit experience, both in the field and as a manager. Prior to joining Fleet, Victor was a bank examiner with the Office of Thrift Supervision. He is a graduate of the University of Puerto Rico. Victor lives in Tampa, FL. He joined BCC's Loan Committee in 2003 and was elected to the Board in 2008. *Board term expires: 2011*

Mercedes Tompkins
Chief Development Officer, Brookview House. Brookview House is a MA nonprofit dedicated to helping homeless families develop the skills necessary to break the cycle of poverty by providing transitional and rental housing, support services, job readiness, and youth development programs leading to personal and economic self-sufficiency. Prior to joining Brookview House, Tompkins was Executive Director of Sportsmen's Tennis Club -- an African-American owned and operated nonprofit organization dedicated to introducing inner-city youth to the sport -- and the Dorchester Community Roundtable, where she was responsible for developing a coordinated community response to violence. Previously, she has served as Director of National Outreach for Oxfam America; assisted in the development of the first shelter for Asian battered women and their children in New England; and as Executive Director of Casa Myrna Vazquez, Inc., the largest minority-controlled Battered Women's agency in the state. She was a founding member Jane Doe a Coalition of Battered Women's, has a background in construction and restaurants, and also produces music. She has been a member of the Board since **1992**. Mercedes is a resident of the Dorchester neighborhood of Boston, Massachusetts. *Board term expires: 2012*

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BOSTON COMMUNITY CAPITAL

STRATEGIC PLAN

FALL 2006

A PLATFORM FOR TRANSFORMATION

ACKNOWLEDGEMENTS

At Boston Community Capital, we believe that effective institutions are constantly evolving to meet the changing needs of the individuals and communities we serve. The opportunity to step back and reflect on how to increase our impact and build upon our experience depends on the support of many individuals and organizations, primarily foundations. The thinking behind this report was kicked off with support from The Boston Foundation, the Rockefeller Foundation, and the John D. and Catherine T. MacArthur Foundation. Grant support from the F.B. Heron Foundation allowed us to examine our impact and develop our ideas on measuring the effectiveness of community development finance organizations. The Herman and Frieda L. Miller Foundation provided operating support that allowed us to complete this plan and begin work on the new initiatives described here. We are grateful to these organizations—and to all of our partners—for their support.

Elyse D. Cherry; DeWitt Jones; Rebecca Regan
Charles Clark, Board Chair

Fall 2006

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BOSTON COMMUNITY CAPITAL
STRATEGIC PLAN FALL 2006

INTRODUCTION

On our cover and above: Palladio Hall, Boston Community Capital's headquarters, in Roxbury's Dudley Square neighborhood. Built in the 1870s, the historic landmark building had fallen into dismal disrepair. In 1999 Nuestra Comunidad, a Roxbury-based CDC, wanted to renovate it; Boston Community Capital's commitment as the anchor tenant for the project was a catalyst for making that renovation a reality. In addition to providing valuable new commercial space, the renovation demonstrated the financial feasibility of upper-floor office spaces in existing buildings and has helped to increase public investment in Dudley Square.

PREFACE

In 1999, Boston Community Capital developed a business plan, entitled *Growing to Scale*, intended to guide our operation through the first five years of the new millennium. The goal of the plan was to expand our ability to help build healthy communities by increasing our assets under management by 500% and by making substantial progress toward self-sustainability. As of the end of the plan period, we had exceeded each of the plan's goals. Moreover, our combination of substantial growth, increased revenue and increased internal efficiency produced not just progress toward self-sustainability, but actual financial self-sufficiency. (Please see Appendix D for an in-depth report on *Growing to Scale*.)

Past success buttresses our thinking about our future. At the same time, transformational shifts in our external environment create new challenges for Boston Community Capital, for the Community Development Financial Institutions (CDFI) industry and, most importantly, for the communities we serve. We keep both ideas firmly in mind as we chart our course for the next five years.

A SHIFTING ENVIRONMENT

Since we originally conceived the 1999 plan, the United States (indeed, the world) has stepped into a post 9/11 era. Commitment to and resources for community economic development are substantially diminished. The war in Iraq, a sluggish economy, a shift from budget surplus to the largest federal

WE BELIEVE THAT THE RIGHT QUESTIONS CAN LEAD TO A VISION FOR CHANGE THAT OFFERS REAL SOLUTIONS FOR THE FUTURE.

budget deficit in our country's history, and rising interest rates create new economic pressures. The guiding political philosophy governing our nation has shifted; and the idea of a global economy has taken on a new reality. On a more prosaic—but equally important—note, oil prices have increased five-fold, from $12.51 in January 1999 to more than $70 a barrel in August 2006.

THE PERTINENT QUESTIONS

In 1985, when Boston Community Capital began, we asked a series of questions:

- Can housing for low-income families and individuals be designed, built, and managed so as to both remain affordable and well-maintained over time, and help strengthen our communities?
- Can distressed inner-city neighborhoods be transformed into thriving and welcoming communities that are home to a diverse population of residents who live there by choice?
- Is debt a useful tool to finance the transformation of inner-city neighborhoods, and can we demonstrate that loan dollars will not only be repaid, but also recycled?

Now, twenty years later, the answer to those questions is a resounding "yes." Together with our partners, we have invested more than $250 million to build and preserve healthy communities, and we have helped finance affordable homes for more than 8,000 families and individuals. Moreover, because the homes we have financed have been carefully maintained and updated, they have helped to transform entire neighborhoods. In addition, our loans have supported the renovation of child care centers, community facilities and commercial real estate in economically distressed areas. Our investments have created quality jobs, goods and services for low-income people. Our historical loan losses continue to be less than one-tenth of one percent, and all of our lenders have been repaid on time and in full.

Yet, many people are still left out—and the divide is expanding. In today's economic and political landscape, and with our expanded capacity, we are beginning to ask a new set of questions:

- How do powerful regional, national and global trends intersect with community development strategies that are intended to create meaningful and wide-scale economic and social opportunities for low-income people?
- Can we (and should we) expand our services and financing from a focus on organizations to a focus on the unmet needs of individuals, particularly those in emerging communities?
- By building new alliances with new partners in commercial finance, organized labor, education, health and environmental services, and with partners across neighborhood, state and even national boundaries, can we magnify our impact to substantially address the housing, economic development and educational needs of a changing demographic?

We believe that the right questions are a root source of good leadership. We also believe that the right questions can lead to a vision for change that offers real solutions for the future and that can help bridge the gap between our society's wealthiest and poorest members. We use these questions to focus our work for the next five years.

THE NEXT FIVE YEARS

We've set five broad strategic goals for the next five years:

GOAL 1: BRING NEW CAPITAL TO UNDERSERVED COMMUNITIES

- Establish secondary market instruments for CDFI products, thereby increasing liquidity, reducing risk and lowering the product pricing.
- Use programs like the New Markets Tax Credit to create jobs and new development in highly distressed urban and rural areas; build organizational equity; develop secondary markets; and provide equity capital to nonprofits that share our mission of helping to build healthy communities.
- Create partnerships and tools which increase access to cost-effective, market-rate commercial capital, including lines of credit from mainstream financial institutions and investments from public sector pension funds, insurance companies and socially responsible mutual funds.

GOAL 2: EXPAND OUR LEADERSHIP ROLE IN THE EFFORT TO BUILD HEALTHY COMMUNITIES

- Participate in civic and national leadership roles that broaden our networks, allow us to bridge disparate disciplines, and shape public policy around issues that affect underserved communities.
- Build and strengthen alliances between peers and organizations that share our interest in creating healthy communities, including organized labor, public health practitioners, the arts and cultural community, the philanthropic community, supporters of a cleaner environment, and the public education system. Through these alliances, create programs and policies that will strengthen the communities we serve.
- Advocate for impact measurement tools that allow us to capture and maximize the real value created by CDFIs at the financial system, CDFI, project, community and individual levels.

TRANSFORMATIONAL SHIFTS IN OUR EXTERNAL ENVIRONMENT CREATE NEW CHALLENGES.

GOAL 3: EXPAND OUR CORE PROGRAMS TO MEET THE CHANGING NEEDS OF UNDERSERVED MARKETS

- Develop products and strategies that allow us to make loans and investments that other financial institutions are unable or unwilling to provide—and simultaneously create real value for our borrowers and investors.
- Create financing initiatives that bridge gaps between key players in the areas that affect healthy communities—housing, environment, education and employment—and reduce the silos in which these players often operate.
- Expand both the range of services we offer to underserved communities and the audiences to which we provide them.

GOAL 4: BUILD A PLATFORM THAT BOTH ENABLES BCC TO ACHIEVE OUR OBJECTIVES AND CAN BE REPLICATED AT A NATIONAL LEVEL

- Maintain self-sufficiency and sustainability of our core businesses on a permanent basis both through fee income and through growth in volume and size of our activity. Use our strengthened balance sheet to negotiate increased access to market-rate sources of capital.
- Develop industry-wide financial facilities—such as joint liquidity pools, housing trust funds, reinsurance vehicles and credit enhancers—and more effective loan-loss reserve policies.
- Continue to invest in technology, infrastructure, staffing and an internal culture that ensures efficiency and effectiveness.
- Participate in CDFI industry consolidation—assisting in mergers and acquisitions of CDFIs—with attention to the potential benefits and burdens for the merging organizations, the communities they serve and the CDFI industry.

GOAL 5: DEVELOP AN EFFECTIVE MEASUREMENT MATRIX FOR THE SOCIAL AND COMMUNITY IMPACT OF CDFIS

This matrix will:

- Measure what CDFIs do and capture all the value that CDFIs create on five levels.
- Capture innovation—the development of new markets, new networks, new instruments and new ways to connect to resources.
- Serve as a tool for expanding the capital available in low-income communities, not just a method for the re-allocation of capital.
- Serve a wide range of purposes, including evaluation, marketing, capitalization, and policy formation.

- Be consistent with the direction of the industry and avoid creating incentives to meet the measures at the expense of meeting need.
- Be practical, easy to capture without undue expense, easy to understand, cross-culturally sensitive and recognizable to a wide range of constituents, both those in our field and those we hope to attract to it.

In the rest of this report, we share in greater detail the values that underpin our vision; the results of *Growing to Scale*; the insights that inform our strategies; and our plan for the next five years.

VALUES AND IDEAS THAT SHAPE OUR VISION AND STRATEGY

When BCC considers making new loans to or investments in an organization, we carefully review the financial merits of the business plan—but we also consider the values and philosophy behind it. We seek businesses like Windale Developers, businesses that are making a difference as well as making a living. Windale founders Arnold Johnson and George Chin strive to erect solidly constructed homes that complement the neighborhood architecture. They also offer a technical training program that helps sub-contractors create professional job reports, requisitions and transmittals, thus building careers as well as neighborhoods.

"BOSTON COMMUNITY CAPITAL'S SUCCESS IS ROOTED IN A DEEP AND ABIDING COMMITMENT TO THE VALUES THAT MOLD OUR VISION. THESE VALUES ARE AT THE CORE OF EVERYTHING WE DO."

–Reverend James Walsh, S.J., Esq.
Founding and current Board Member

WE MUST BECOME THE CHANGE WE WANT TO SEE IN THE WORLD. — MAHATMA GANDHI

At the core of any organization lie critical values and ideas. They shape vision and strategy, inform daily actions and long-range planning. At Boston Community Capital the following six concepts are the platform from which we work to create and preserve healthy communities where low-income people live and work.

1. TO BE AN EFFECTIVE ORGANIZATION WE MUST RESPOND TO THE CHANGING NEEDS OF THE INDIVIDUALS AND COMMUNITIES WE SERVE AND ENHANCE THE TRAFFIC OF IDEAS AMONG MANY COMMUNITIES AND CONSTITUENCIES. Our growth and performance have been driven by our ability to recognize and respond to the evolving needs of our constituents and the changing nature of our market.

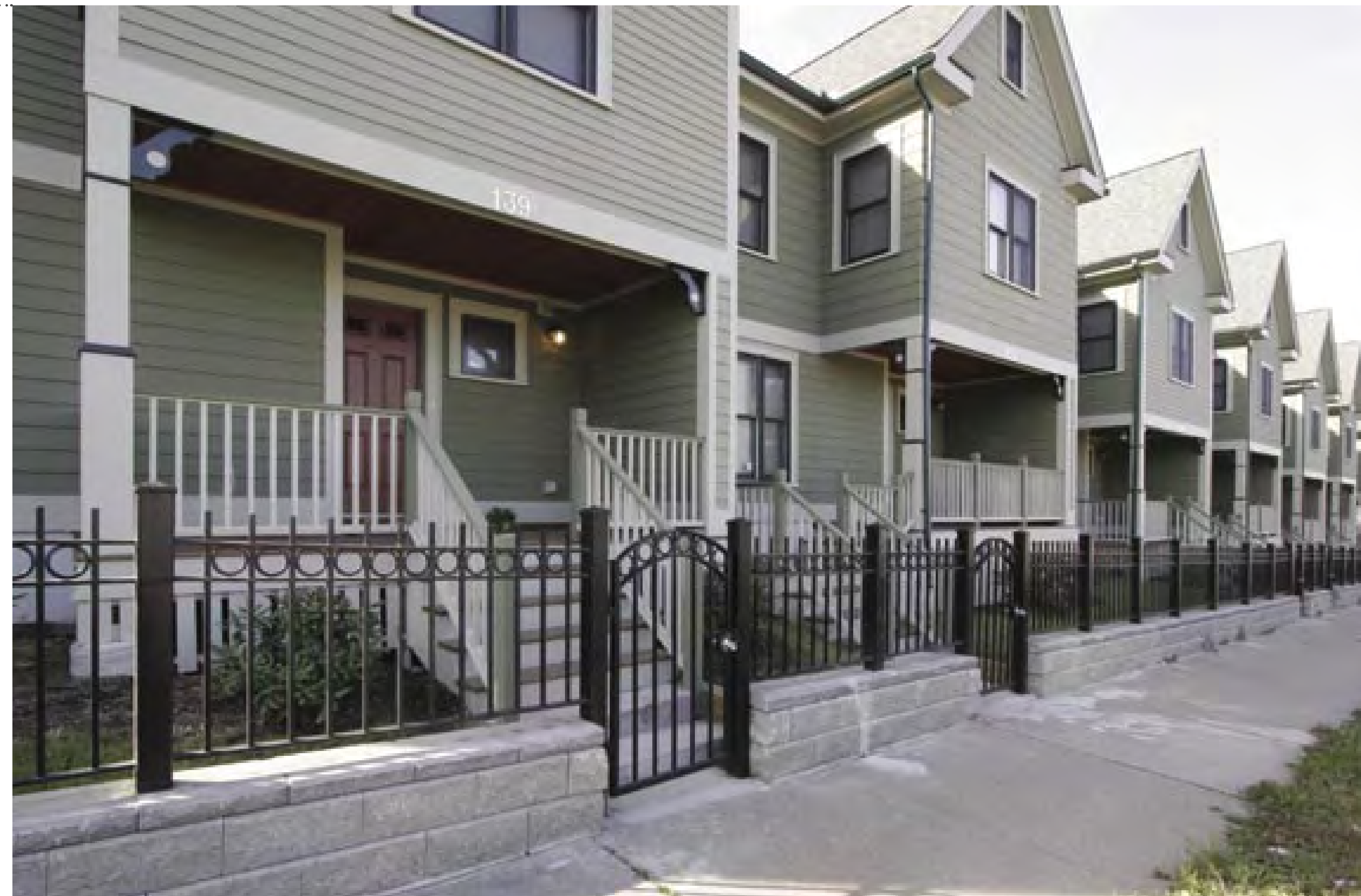
2. ISOLATION IS THE HALLMARK OF UNHEALTHY COMMUNITIES AND ORGANIZATIONS. We therefore endeavor to stand at the intersection of many communities and constituencies, to reduce silos, and to work with organizations and individuals from all perspectives who can advance our mission.

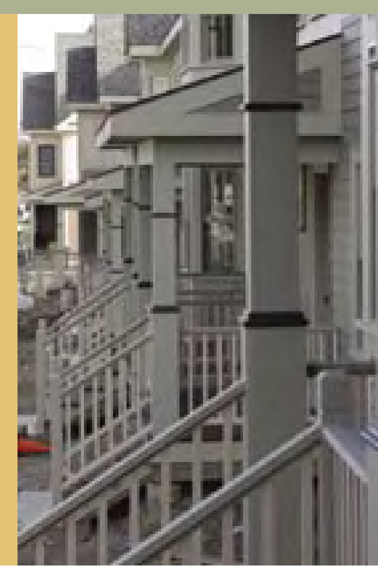
3. LOW-INCOME COMMUNITIES AND RESIDENTS NEED AND ARE ENTITLED TO THE SAME EXPERTISE AND THE SAME EXPECTATIONS OF EXCELLENCE THAT ARE AVAILABLE TO THEIR WEALTHIER NEIGHBORS. We work to deliver that excellence through staffing, technology, and infrastructure that promote efficiency and innovation.

4. THE CULTURE OF OUR ORGANIZATION SHOULD REFLECT THE VALUES WE BRING TO BEAR ON THE WORK WE DO AND THE COMMUNITIES WE SERVE. As Mahatma Gandhi said, "We must become the change we want to see in the world."

5. SYSTEMIC CHANGE ENGENDERS POWERFUL, BROAD-REACHING AND LONG-LASTING RESULTS. We seek ways to improve industry results, and to develop solutions that can be replicated on a nationwide basis.

6. ASKING THE RIGHT QUESTIONS IS A ROOT SOURCE OF GOOD LEADERSHIP. As our world evolves, our questions must evolve. We endeavor to increase our awareness of the transformational shifts that affect the environment in which we operate.





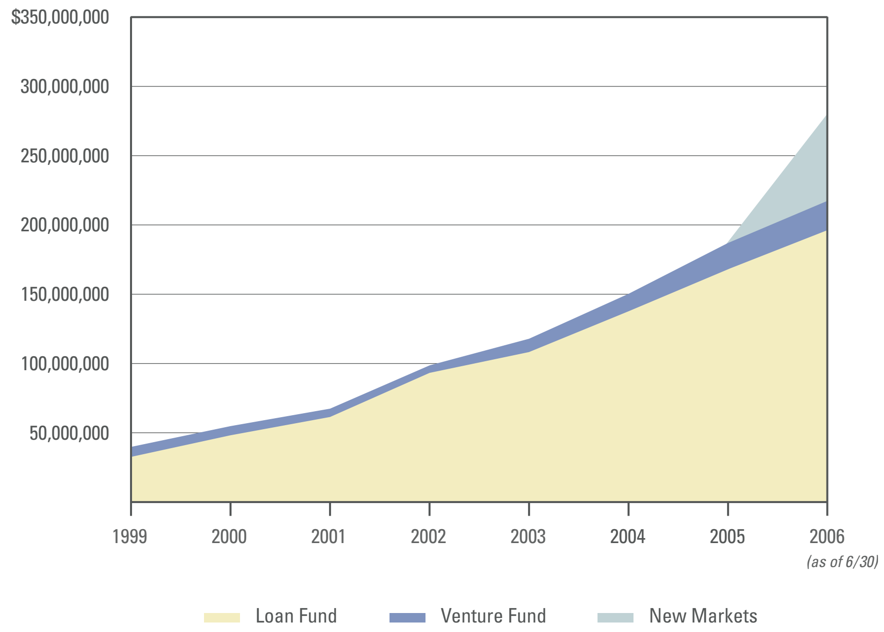
Boston Community Capital partners with businesses and organizations that share our values and our vision for building healthy communities through projects like Windale's Washington Commons, pictured during and after construction.

GROWING TO SCALE 1999—2005

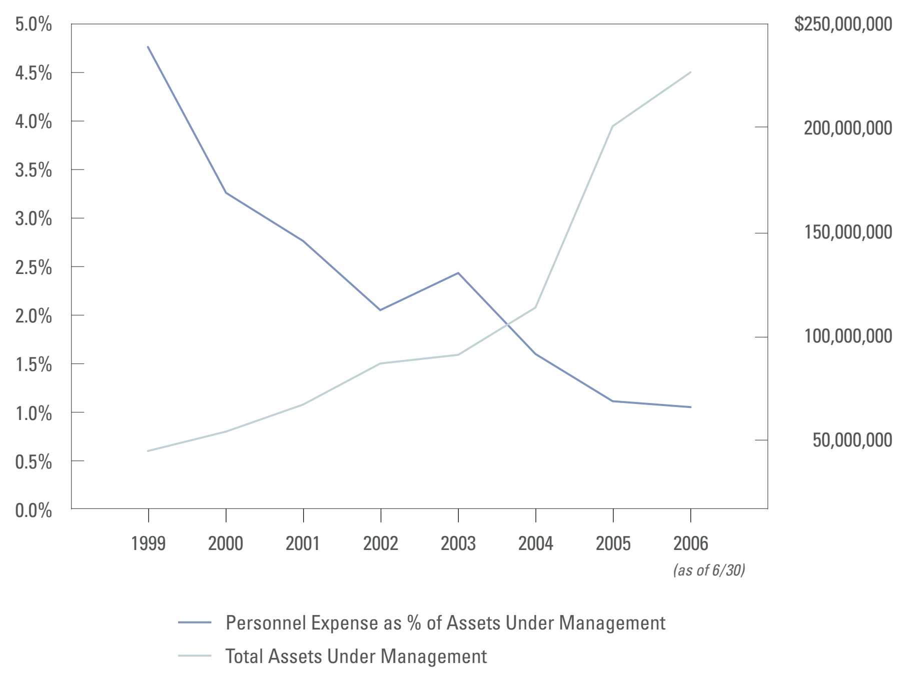
When Boston Community Venture Fund joined a group of angel investors to provide financing for Zipcar Inc., the company had 9 cars and 60 members, and operated exclusively in Cambridge and Boston. Today they boast a fleet of approximately 1,100 cars in 8 major metropolitan areas, both domestic and international, and are poised to expand to 6 new cities. Membership stands at 50,000 with 2,500 new members a month. And their most recent round of financing attracted $10 million from leading venture capital funds, including Benchmark Capital, an investor in such industry-defining technology companies as eBay and America Online. *That* is growing to scale.

In 1999, Boston Community Capital developed a five year business plan, *Growing to Scale: Creating a Comprehensive CDFI that Connects Low-Income Communities to Capital Markets.* The plan proposed a significant expansion of BCC's capital base and core businesses, along with a strengthening of our organizational infrastructure and self-sufficiency ratios. We are pleased to report that BCC accomplished each of these key goals. The highlights of our results are set out in the graphs on the next two pages. For a narrative report on these results, see Exhibit D.

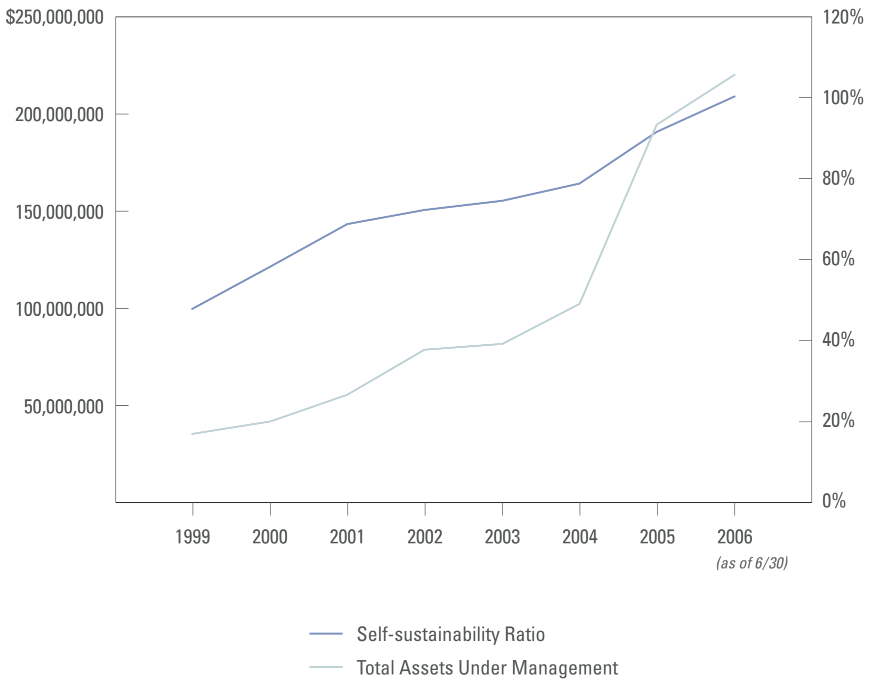
CUMULATIVE DOLLARS INVESTED



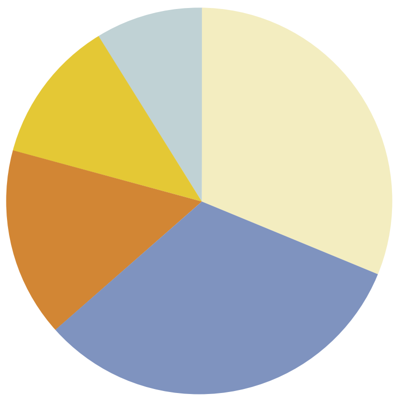
PERSONNEL EXPENSE AS PERCENTAGE OF ASSETS UNDER MANAGEMENT



SELF-SUSTAINABILITY RATIO



BOSTON COMMUNITY LOAN FUND LOANS BY TYPE 1985–2006 CUMULATIVE *(through June 2006)*



Affordable Homeownership	$ 62,526,348	33%
Affordable Rental Housing	$ 61,575,763	33%
Supportive Housing and Shelters	$ 25,307,279	14%
Child Care, Schools and Youth Programs	$ 19,896,870	11%
Community Facilities and Commercial & Industrial Real Estate	$ 16,873,198	9%
TOTAL	**$186,179,458**	**100%**

THE CHANGING WORLD IN WHICH WE OPERATE

BCC takes a comprehensive approach to defining an underserved market—and a holistic approach to building healthy communities. We invest in companies like ESA, Inc., a life sciences business dedicated to addressing public health problems such as lead testing with simple point-of-care tests that facilitate diagnosis and treatment. Our investment in ESA is one of a series of transactions designed to build on synergies in our portfolio of growing life sciences companies through strategic investment and acquisitions.

A strong organization must constantly remain aware of and responsive to shifts in its overall environment.

MAINTAINING A HEALTHY GROWTH-FOCUSED ORGANIZATION THROUGH GOOD TIMES AND BAD

In order to maintain a strong growth trajectory in any economic cycle we must be nimble, reacting to the nuances of and leveraging our relationship to the banking industry.

A COMPLEX RELATIONSHIP WITH BANKS

Traditional banking institutions are important partners both to BCC and to the community finance industry. Not surprisingly, the enthusiasm banks bring to these partnerships fluctuates with the health of the economy. In bad economic times, bank loan rates reflect higher costs of capital and less tolerance for risk, so banks welcome partnerships with community finance intermediaries. Our participation can reduce borrower costs while having an important and positive influence on project cash flow–often enough to make the difference between success and failure. In a growing economy, however, community finance intermediaries must compete with large traditional financial institutions–and are at a disadvantage due to our reliance on fixed-rate capital.

THE IMPORTANCE OF HOLDING OUR GROUND

While banks are significant collaborators, in an economic upswing banks are also powerful competitors. If, in response to

WE MUST BE ABLE TO RECOGNIZE THE NATURE OF THE CHANGING ECONOMY AND QUICKLY SHIFT STRATEGIES.

bank pressure, we shrink during good times, our ability to finance the communities we serve is substantially reduced during bad times. Effectively, shrinking would mean that low-income communities share the pain in a down economy, but lag behind when the economy recovers; shrinking would also compromise organizational viability and efficacy.

FINANCIAL PRODUCTS THAT SHIFT AS THE ECONOMY SHIFTS

In order to maintain our growth trajectory throughout the economic cycle, we must be able to recognize the nature of the changing economy and quickly shift strategies.

During low-interest-rate periods we must:

- Leverage the balance sheet of our bank partners rather than lend our own less cost-effective capital;
- Play the role of early stage, gap, bridge or subordinate lenders and assist in a large number of financings; and
- Access commercial sources of low-cost capital through lines of credit or other liquidity facilities.

During high-interest-rate periods we must:

- Become a larger (and often more critical) lender for a smaller number of projects; and
- Take advantage of our ability to reduce borrower interest rates by lending our own fixed-rate philanthropic dollars.

We must build upon our knowledge of the impact of the economic cycle on community finance intermediaries, our borrowers and our banking partners to:

- Use the countercyclical nature of our industry to access capital from public market players who are looking for off-cycle investments to balance their portfolios; and
- Create impact measurement tools that assess the true value of our work in both good and bad economies.

THE IMPACT OF SHIFTING INTEREST RATES

We must develop a deeper and more nuanced understanding of the shifting interest rate environment in which we operate, including the impact of various rates of interest, of rate compression, of a flat or reverse-yield curve, of a rising rate environment and a falling rate environment. We must understand the impact of these changes not just on ourselves, but also on our banking partners, our industry, our borrowers and our investors. For example, rate compression this year will cut into margins at our bank partners. What impact will that have on Boston Community Capital and on our

fellow community finance intermediaries? Will it mean that our regional banks are more likely to be acquisition targets? Are there opportunities in that possibility? We must also deepen our understanding of the difference between capital facilities and liquidity facilities and when one works better than the other for us.

THE CURRENT ENVIRONMENT FOR CDFIS: A TIME OF INDUSTRY TRANSFORMATION

Over the past two decades, the community development financial institution (CDFI) industry has become an important player in meeting underserved financing needs in low-income communities. Today, the United States has over 800 CDFIs which collectively manage more than $14 billion; Massachusetts alone has at least 50 CDFIs. Yet a changing economic and political environment demands an industry transformation.

SHIFTING REVENUE STREAMS

CDFIs rely, primarily, on three sources of below-market capital:

- Government funding through agencies like the US Department of Treasury's CDFI Fund;
- Major philanthropic support from foundations; and
- Investments from banks as a result of CRA requirements.

Today, support from all three sources is diminishing.

Governmental support for our work has declined, reflecting a fundamental shift in the role of government, the traumatic consequences of terrorism, and the impact of the war in Iraq. The President's budget proposal for FY2007, for example, leaves only the New Markets Tax Credit with the Treasury Department, and cuts the CDFI Fund appropriation to just $8 million (from $118 million in 2001) to administer the NMTC and its current portfolio. Similarly draconian cuts are proposed for the Department of Housing and Urban Development and other "safety net" programs.

Foundations struggle with reduced assets and income and, in many cases, are re-thinking their support of traditional CDFI activity.

CRA is under attack. The Office of Thrift Supervision (OTS), Office of the Comptroller of Currency (OCC), Federal Reserve Bank (FRB) and the Federal Deposit Insurance Corporation (FDIC) have embarked on a series of initiatives that would begin to dismantle CRA.

In addition, because CDFI revenue is primarily interest-driven rather than fee-driven, the low-interest rate environment reduces the revenue CDFIs earn from lending activities.

CLEARLY, WE, AS AN INDUSTRY, MUST RE-THINK HOW WE DO BUSINESS.

Despite this changing economic and political landscape, CDFIs must operate at a level that matches the size and scale of the challenges our communities face. Today, CDFIs confront a major increase in loan demand due to the growing gap between the wealthy and the poor, cutbacks in public funding, and the extremely high cost of housing. BCC, for example, has had a 100% increase in loan applications in just the past year.

Clearly, we, as an industry, must re-think how we do business.

STRATEGIC PLANNING

Over the past three years, BCC has worked with our peers in the National Community Capital Association—now the Opportunity Finance Network (OFN)—to shape a strategic direction for OFN and the industry. That plan—which reflects our own thinking, experience and values—provides part of the foundation for our next stage of growth: We must transform thousands of individual projects and transactions into a system for sustainable change that can attract new sources of capital and permanently link low-income communities to the mainstream economy.

To achieve this goal, we believe that consolidation—which will reduce the overall cost of operations—is both necessary and inevitable. To ensure that the critical work that CDFIs are currently doing is not lost, we believe that strong CDFIs must proactively prepare for and lead this consolidation. Three realities drive our commitment to this process.

The critical resources that CDFIs bring to our communities could be lost. Some CDFIs have already closed their doors, leaving their communities further underserved.

In order to grow and meet increasing demand, we need a strategy that allows us to attract new sources of commercial capital and to become fully sustainable without dependence on philanthropic support. That can only happen if we have an industry of strong, sizeable CDFIs capable of attracting and retaining such new sources of capital.

Because we are linked through many common investors and operate as unregulated institutions, the failure of a large CDFI could have a ripple effect that would cripple many other CDFIs.

Of course, evaluating, structuring and executing any consolidation activity will be complex and new for us. We will need to understand how we can add value and how best to keep resources available to communities. We embrace this challenge.

RISKS AND REWARDS OF INNOVATION

Innovation always contains a measure of risk, and not every new initiative comes—or should come—to fruition.

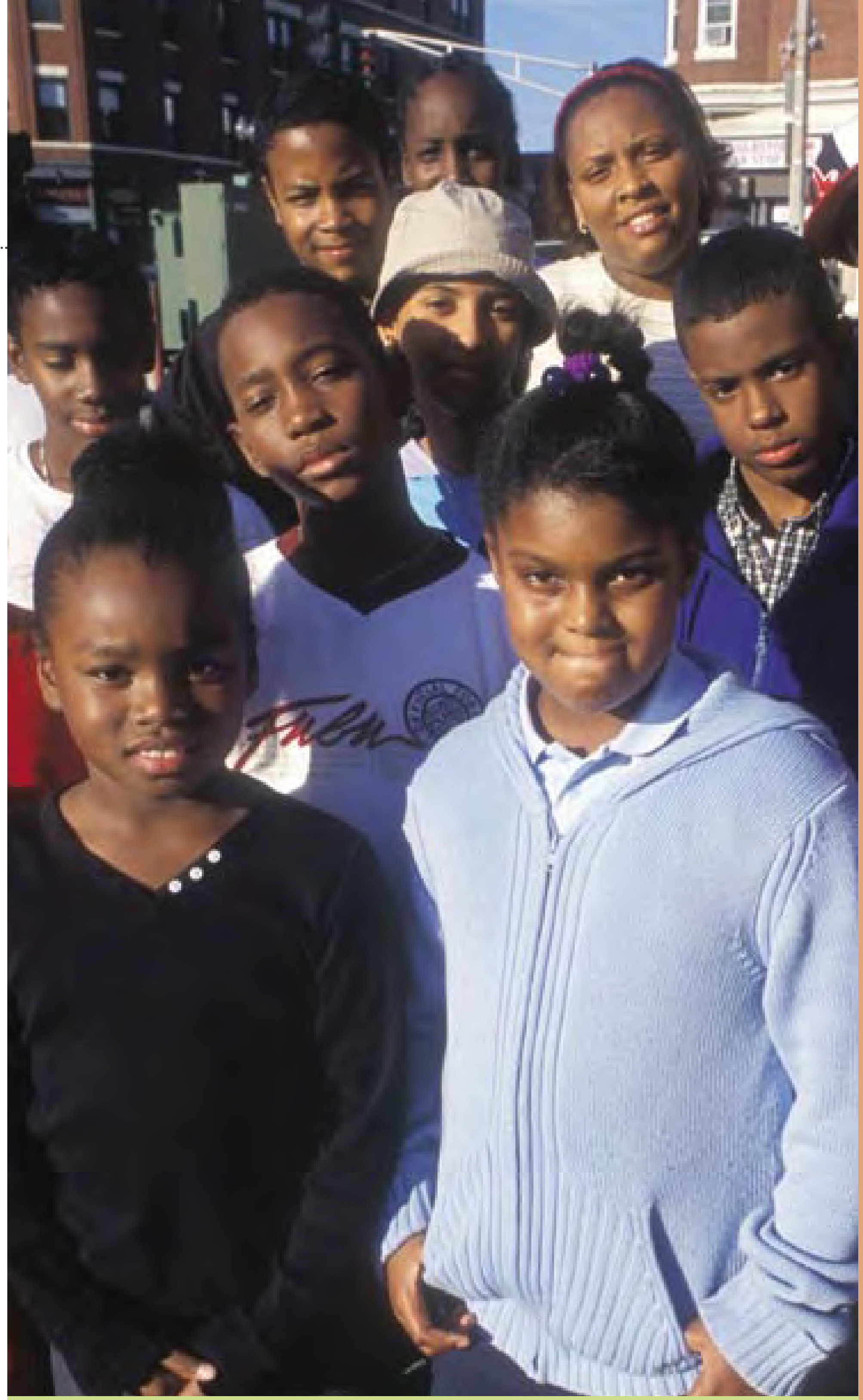
Both we and our industry peers have dedicated countless hours to considering capital market access—yet no one has been able to develop financing instruments that would allow broad access to pension fund investors. Similarly, although we have engaged in many conversations with mutual fund managers, we have not yet solved the thorny regulatory issues associated with mutual fund investment in un-rated securities, daily pricing requirements and below-market returns. A Real Estate Investment Trust for affordable housing is another potential source of capital market access which—despite substantial effort—is, as yet, unavailable for our use.

New initiatives are key to Boston Community Capital's growth and key to growth in our industry. Whether successful or not, they provide opportunities for:

- Learning, teaching, and new thinking;
- Expanding the potential universe of financial institution partners and of individuals who can assist in our efforts;
- Discovering new capital market access ideas that have the potential to connect low-income communities to capital markets; and
- Understanding the ways in which we and our industry need to change in order to achieve more effective capital market access.

Most importantly, unsuccessful initiatives often lead to ideas that we can move forward. For example, our discussions with potential pension fund investors taught us a great deal about scale and aggregation. We now understand that aggregating interests with our community finance intermediary partners around the country is a prerequisite to achieving a transaction size of interest to pension funds. That, in turn, suggests a direction for our next plan period. Similarly, our discussions with mutual fund managers and with rating agencies informed our understanding of the need for our industry to develop its own rating system, and a methodology for impact measurement that captures the full value created by CDFIs. For more information on our ideas around impact assessment, see Exhibit E.

THE NEXT FIVE YEARS



BCC makes a point of partnering with organizations that are revitalizing their local communities. Urban Edge is such an organization. Since 1974, they have been transforming abandoned buildings and building new community facilities, with an end-goal of bridging the geographic, racial and class barriers between Jamaica Plain and Roxbury. Further, they engage in Smart Growth, creating vibrant neighborhoods around existing amenities such as public transit lines. Since 1986, BCC has made 26 loans to Urban Edge for diverse projects including a wide range of affordable housing, a pilot high school for at-risk students, commercial development, and community parks.

BOSTON COMMUNITY CAPITAL'S FIVE STRATEGIC GOALS

Financial sustainability, an excellent staff, twenty years of experience, and an intentional and productive organizational culture create a sturdy platform from which to launch our work for the next five years. Our overall objective is to continue to develop Boston Community Capital in order to create a more effective and more broadly based effort to build healthy communities, and to continue our work towards the transformation of the community development finance system.

Specifically, our goals are to:

- Bring new capital to underserved communities.
- Expand our leadership role in the effort to build healthy communities.
- Expand our core programs to meet the changing needs of underserved markets.
- Build a platform that both enables BCC to achieve our objectives and can be replicated at a national level.
- Develop an effective measurement matrix for the social and community impact of CDFIs.

These goals are described in more detail on the following pages.

City Fresh Foods is an ethnic-foods business catering to community and corporate clients, schools and the Meals-on-Wheels program. They operate from a facility in the Four Corners area of Dorchester; when City Fresh opened, the neighborhood hadn't seen a new commercial business in 20 years. Employing 32 people, City Fresh hires from the community and promotes from within. Boston Community Venture Fund was an early investor—and City Fresh repaid our initial investment with a 17% annual return. The company continues to grow, reaching record levels in 2005; BCC still retains its common stock shares in the company.

GOAL 1: BRING NEW CAPITAL TO UNDERSERVED COMMUNITIES

We will seek to bring new capital to the communities we serve by:

- Establishing secondary market instruments for CDFI products, thereby increasing liquidity, reducing risk and lowering the product pricing;
- Using programs like the New Markets Tax Credit to create jobs and new development in highly distressed urban and rural areas; build organizational equity; develop secondary markets; and provide equity capital to nonprofits that share our mission of helping to build healthy communities;
- Creating partnerships and tools which increase access to cost-effective, market-rate commercial capital, including lines of credit from mainstream financial institutions and investments from public-sector pension funds, insurance companies and socially responsible mutual funds; and
- Expanding the communities to which we provide financing and services.

ESTABLISHING SECONDARY MARKET INSTRUMENTS

We recognize that the absence of well-established secondary markets for community finance intermediary products reduces liquidity, increases risk and drives up pricing for products intended to serve low-income people. Consequently, we are engaged in several undertakings intended to promote the development of secondary market instruments, including:

- A secondary market for ITIN mortgages, as noted in more detail below;
- A secondary market for New Market Tax Credit (NMTC) loans, as detailed below;
- Sales of our own loans to institutional investors; and
- Additional routes to liquidity under exploration with our peer organizations.

LEVERAGING SPECIALIZED PROGRAMS, INCLUDING NMTC

BCC will expand our use of the New Markets Tax Credit to create jobs and new development in highly distressed urban and rural areas, build organizational equity, develop secondary markets for inner-city loans, and provide additional equity capital to nonprofit organizations that share our mission of helping to build healthy communities.

In 2004, Boston Community Capital received a $70 million New Markets Tax Credit Allocation. Our goal—in addition to increasing investment in highly distressed urban and rural areas across the country—was to earn sufficient fees to build the equity base of BCC, enabling us to substantially expand our lending and become self sufficient. We believed that increased fund reserves would attract commercial capital as an additional source of liquidity for our lending and investing; allow us to invest in innovation and new initiatives; and support one-time investments in infrastructure.

The fee structure we negotiated with General Electric Capital Corporation (GECC), our investor in the NMTC, allows us to meet all of these goals without jeopardizing on-going operations and without the restrictions sometimes associated with other forms of philanthropic or public funding.

In 2006, we received a second NMTC allocation of $60 million. We anticipate negotiating a similar fee arrangement for this allocation award.

In addition, we would like to use our relationships with GECC and the investor market—along with our expertise in the NMTC arena—to manage a third allocation application on behalf of a consortium of organizations that have allied missions but are unable to pursue an independent allocation.

We anticipate four positive outcomes from such an undertaking. It would:

- Promote Boston Community Capital's mission by assisting allied organizations in acquiring fee income;

IN 2006, WE RECEIVED A SECOND NMTC ALLOCATION OF $60 MILLION.

- Strengthen our balance sheet by providing BCC with the opportunity to earn a management fee for our efforts;
- Substantially increase transaction efficiency by allowing BCC to serve as an intermediary between the consortium organizations and the investor market; and
- Increase liquidity, reduce risk and drive down pricing for investments in highly distressed urban and rural areas by allowing us to aggregate the investment income from each of these allocations and then sell interests to other investors as a way to begin a secondary market in NMTC loans. We have opened discussions with GECC on this topic.

ACCESS TO COMMERCIAL CAPITAL

Insufficient liquidity and insufficient capital are potential impediments to growth in the community finance industry. We believe these impediments can be resolved, in part, by access to cost-effective, market-rate commercial capital. Our current initiatives include a recently concluded negotiation leading to a term sheet for a $50 million line of credit at favorable terms from a consortium of financial institutions. Approximately one-quarter of the line is currently committed and closed, and negotiations are underway to close on the remaining availability.

In addition, we continue to collaborate with our peer organizations in discussions with public sector pension funds, with national insurers and with socially responsible mutual funds in an effort to more fully understand the opportunities and challenges of partnering with these substantially larger institutions. What seems clear is that the creation of peer partnerships within the community finance industry is a critical first step in developing financial facilities at a scale necessary to efficiently access pension, insurer or mutual fund investment.

NEW TARGET POPULATIONS

We will expand the audiences to which we provide financing and services, developing new business lines focused on direct-financing products for individuals, particularly those in emerging markets. We are currently examining the financial viability of a mortgage product intended to serve emerging market populations and undocumented residents who are able to obtain Individual Tax Identification Numbers (ITINs). Our goal is to create an origination and distribution network throughout the Northeast and to assist with the development of a secondary market for the eventual packaging and purchase of such loans. We have already identified a partner capable of providing the processing and servicing. We are also considering whether we can play a role in providing more cost-effective financial services for similar populations.

Founded in 1971, the Women's Center in Cambridge is the longest continually operating women's center in this country, serving approximately 700 women a week. In 2005, BCC became involved through the organization's fundraising consultant, who knew BCC CEO Elyse Cherry for her community activism work. Women's Center Board President Martina Bouey, pictured above, became involved with the organization through her work with the Center for Women and Enterprise, an organization where BCC Chief Operating Officer Dick Jones served as treasurer.

GOAL 2: EXPAND OUR LEADERSHIP ROLE IN THE EFFORT TO BUILD HEALTHY COMMUNITIES

BCC will seek to leverage the power of our ideas to promote systemic change in the communities we serve. We plan to:

- Spearhead public policy initiatives;
- Serve as active civic leaders, at a local and national level;
- Continue to play a leadership role in the CDFI industry; and
- Strengthen alliances among community economic development practitioners, organized labor, the arts and culture community, public health practitioners, the philanthropic community, supporters of a cleaner environment and the public education system.

PUBLIC POLICY INITIATIVES

Three examples of initiatives currently underway suffice to illustrate our broad approach to public policy.

- We are working with peers across the country to promote the idea of a national housing trust fund as a key component of any attempt at Government Sponsored Enterprise (GSE) reform. Representative Barney Frank (MA–Fourth Congressional District) is a leader on this effort, and we are in regular communication with his office.

WE NOTE THE AGING OF OUR POPULATION, THE NET OUTFLOW OF 25- TO 34-YEAR OLD WORKERS, AND THE INFLUX OF NEW IMMIGRANTS.

- We have spent substantial time in the last year understanding the trends underlying our regional economy, as well as the shifting regional demographic. Among other things, we note the aging of our population, the net outflow of 25- to 34-year-old workers, and the influx of new immigrants. We have also focused on understanding the relationship of that shift to the need for affordable housing, early childhood education, workforce development, and the like. As a result of this work we have developed and contributed economic development policy ideas for use in the public debate in Massachusetts.
- We have begun a series of discussions with Massachusetts residents who are independently pursuing affordable housing initiatives in their own cities and towns pursuant to the various provisions of Massachusetts General Laws c. 40. Right now, each citizens group proceeds independently; they have no discussion with—or even knowledge of—others who precede them on the learning curve. One of our goals is to work with policy makers to create linkages between these groups, improving efficiencies—and advancing the development of new affordable housing projects. In addition, we are studying ways to coordinate state and federal resources with local citizen efforts, particularly as those efforts relate to the development of affordable housing in wealthy suburban areas and in poorer urban settings.

CIVIC LEADERSHIP

Building healthy communities is not a solo task. It requires commitment and resources from the public, private and non-profit sectors; it also benefits from the contributions of many disciplines. Moreover, a substantial part of Boston Community Capital's value entails erecting bridges across seemingly unrelated disciplines. Thus, the broader our networks, the more effective we can be.

Active participation in civic leadership provides a great opportunity to build those networks. Civic leadership is generally uncompensated and, technically, outside most of our official job responsibilities. However, we intentionally encourage staff participation. Indeed, civic participation is a personal value for many staff members, as a means of furthering BCC's mission within his/her personal life. Civic leadership provides great opportunities for our staff to contribute and to learn, helps us reduce the silos that divide our natural mission allies, and becomes another intentional route to pursuing our core mission.

Thus, membership on the advisory board of Northeastern University's urban-focused School of Education, for example, offers an important window into the challenges facing public schools, pilot schools and charter schools and helps us to better underwrite loans to educational institutions. Similarly, membership on the Board of Directors of the Massachusetts Cultural Council or the Center for Women and Enterprise helps keep us apprised of opportunities to finance artists' live/work

housing or new business initiatives. Involvement in social enterprise and venture philanthropy organizations provides insight into funding trends and gaps in programming for underserved communities. And participation in town government provides an unparalleled appreciation of the benefits and challenges of building, integrating and maintaining affordable housing.

Each of these civic activities gives BCC critical insight into the issues and obstacles facing our organization's work. Each helps us to both anticipate pertinent questions and craft feasible answers. Each helps to further our mission.

LEADERSHIP ROLE IN THE CDFI INDUSTRY

BCC will continue to play a leadership role in the CDFI industry, working to expand access to capital for community development—including commercial capital, funding from GSEs, and expanded equity for nonprofit organizations that serve low-income communities through the New Markets Tax Credit. We will continue to launch new initiatives designed to be replicable across the CDFI industry.

We will continue our active participation in the leadership of the Opportunity Finance Network, as well as collaboration with national peers including the Initiative for a Competitive Inner City, the Financial Innovations Roundtable, and Wall Street Without Walls. We will also continue to represent the CDFI industry, addressing national entities such as the U.S. Conference of Mayors, members of the Federal Reserve Board, and international groups such as the Community Development Finance Association (CDFA).

Our goal is to use these leadership activities to:

- Build the performance, strength and resources of the community finance industry, so as to provide better financial access to low-income people and communities;
- Assist in the development of primary and secondary markets for financial products and services intended to assist low-income people and new immigrant populations;
- Create better access for the community finance industry to market-based, regulatory and philanthropic sources of capital;
- Develop new investment products that can attract a broader range of investors to community development;
- Help develop self-sustaining organizational models for peer organizations;
- Create measurement tools that capture the true value of community finance intermediaries; and
- Incorporate our industry's collective experience into public policy initiatives.

THE BROADER OUR NETWORKS, THE MORE EFFECTIVE WE CAN BE.

STRENGTHENING ALLIANCES

Over the last 20 years, Boston Community Capital has built strong relationships with our peers in community economic development, and with groups that share our interest in building healthy communities—including organized labor, the arts and culture community, public health practitioners, the philanthropic community, supporters of a cleaner environment, and the public education system. Over the next five years, we will seek to strengthen alliances between these constituencies—and through these alliances, to create programs and policies that will strengthen the low-income people and communities we serve.

Demographics are constantly shifting—through immigration, emigration, birthrates, and longevity. Among the changes in Massachusetts is a citizenry that is aging rapidly. Today, 13.5% of the population is over age 65; by 2025 that figure will be 18%—similar to the percentage in Florida today.* That is why BCC supports institutions like the Jewish Community Housing for the Elderly. JCHE provides nonsectarian low-income elderly housing which blends independence and interdependence—and which, above all, focuses on living.

**The Boston Indicators Project, March 2005.*

GOAL 3: EXPAND OUR CORE PROGRAMS TO MEET THE CHANGING NEEDS OF UNDERSERVED MARKETS

BCC will develop products and strategies that provide loans and investments that other financial institutions are unable or unwilling to deliver—and simultaneously create real value for our borrowers and investors. We will create financing initiatives that bridge gaps between key players in the areas that affect healthy communities—housing, environment, education and employment—and reduce the silos in which these players often operate. Concurrently, we will expand both the range of services we provide and the audiences to which we provide them.

BOSTON COMMUNITY LOAN FUND

The Loan Fund will continue the growth trajectory we have established over the last five years by:

- Expanding our geographic focus;
- Developing new, riskier loan products;
- Expanding the breadth of our reach and the depth of our impact;
- Furthering our work in Green and Sustainable Development;
- Playing an increasing role in structuring transactions; and
- Preserving the quality and health of our portfolio through first-rate underwriting, asset monitoring and risk management.

OUR FUNDING CAN CHANGE BEHAVIORS BOTH INSIDE AND OUTSIDE OF CITIES TO ENCOURAGE SUSTAINABLE AND "SMART" DEVELOPMENT.

EXPANDING OUR GEOGRAPHIC FOCUS

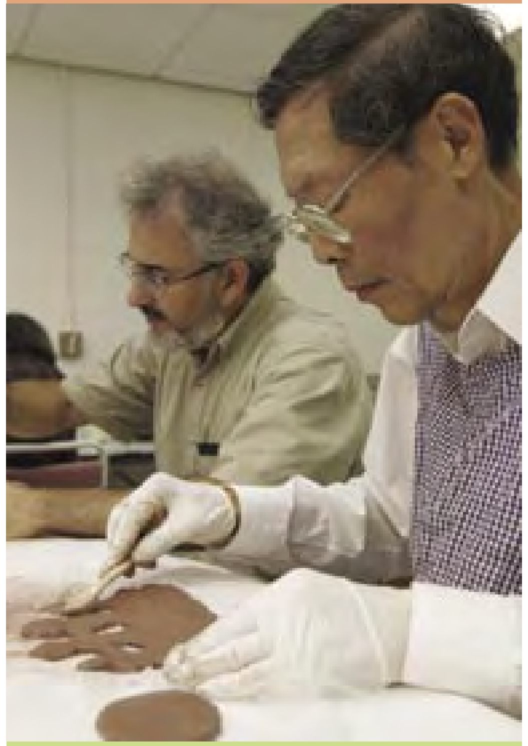
While BCLF currently serves all of Massachusetts and considers loans in other states, we will expand our geographic focus in three ways:

- Targeting outer ring cities which have lagged behind the economic growth of Greater Boston;
- Expanding relationships in suburban communities that are addressing affordable housing challenges; and
- Expanding our marketing, including efforts in partnership with sister CDFIs in neighboring states.

In Massachusetts, cities such as Fall River, Brockton, New Bedford, Lowell, Lawrence and Lynn, have lagged behind the economic growth seen in Greater Boston. These areas have mill buildings, dilapidated housing and land which are under-utilized, yet current rents may not support use-conversions or renovations. We will target cities experiencing some economic stimulus which can provide jobs to help support improvements in housing and bring together city and state resources to support projects.

We will develop a suburban affordable housing initiative to address the critical and growing need in affluent communities for affordable housing for community workers. Police officers, librarians, clergy-people, members of the fire department, and town workers cannot afford to live in the towns in which they serve. We have identified a series of towns which have taken some initiative to address affordable housing challenges—initiatives such as passing the Community Preservation Act and Inclusionary Zoning and approving a 40B project(s) which will have required vetting affordable housing issues at Town Meetings. Many of these communities have strong transportation planning and are developing smart growth policies. We will target these communities, bringing financing, expertise and—where needed—connections to strong private and nonprofit developers and consultants. Our funding can change behaviors both inside and outside of cities to encourage sustainable and "smart" development.

While cities in surrounding states, such as Providence, RI, New Haven, CT, Burlington, VT and Portsmouth, NH, have faced a resurgence in their business districts, low-income communities in surrounding cities and less prosperous communities elsewhere in Rhode Island, Connecticut, Vermont, Maine and New Hampshire are facing an increasing affordability gap. We will enter these markets in concert with sister CDFIs or on a pilot basis with known developers or lenders on a "one-off" basis until we understand the marketplace well; we will then grow our presence.



DEVELOPING NEW, RISKIER LOAN PRODUCTS

Throughout our history, the Loan Fund and our sister CDFIs across the country have pioneered new types of lending in low-income communities. Our loans have helped rebuild communities; they have also helped demonstrate that these communities can be attractive markets for more mainstream sources of private capital. We recognize an opportunity in the market to provide capital in a riskier position than commercial banks, and with our higher net asset position today and additional reserves, we can tolerate the additional risk inherent to providing this portion of debt which is critical to closing the transaction. We have found that rate sensitivity declines for this small, "mezzanine" debt and have been able to receive a higher return in exchange for this risk. This brings substantial value to the transaction. Over the next five years we will continue to expand the type and scope of our loans.

EXPANDING THE BREADTH AND DEPTH OF OUR LENDING

Expanding our work toward building healthy communities where low-income people live and work requires that we increase our products to fill the gap left by the commercial banks and foundation funding sources. In that vein, we will expand the breadth of what we do by taking advantage of our non-regulated status to provide loans which banks cannot provide due to their external regulations. The beneficiaries of our work will include not just families in need of housing but also students and child care facility operators.

We will expand the depth of our impact by squeezing out excesses in each of our transactions. By increasing the efficiency of our work and funding, we can deliver projects to the market more quickly and with less dependence on public-subsidy sources. We will measure this impact by evaluating how many transactions we have led which otherwise would not have been done. For example, we will solve timing gaps by bridging subsidy sources for projects which are otherwise well supported and ready to proceed. We will use sub-debt to fill a gap which would otherwise be filled by a commercial bank but for their institutional constraints such as FIDICIA limits (85% LTV). If BCLF provides substantial financial means to a project, the turn-around from the senior underwriter may proceed in a more efficient manner, delivering more value to the customer. BCLF has the flexibility to provide organizational debt to a project's lead sponsor that commercial banks won't. By making funds available via a line of credit, for example, BCC allows a sponsor to be more efficient with its human capital and to gain site control more quickly.

GREEN AND SUSTAINABLE DEVELOPMENT

The challenges around green and sustainable development—the risks associated with new technologies and systems, and the difficulty of finding funding for an unproven concept—get to the heart of CDFIs' role in community development finance

OUR WORK WILL SUPPORT A CONTINUING TREND OF JOINT VENTURE PARTNERSHIPS BETWEEN NON-PROFIT ENTITIES AND FOR-PROFIT ENTITIES.

and our long-term vision for BCLF. Our Sustainable Housing and Communities Initiative is designed to overcome these challenges. By demonstrating that a green and sustainable approach to community development can make communities healthier—from both economic and public health perspectives—this initiative should widen the range of financial products and tools available to finance green and sustainable development.

The particular expertise that we contribute is consistent with our ideas about reducing the barriers among disparate constituencies and areas of knowledge. Specifically, we bring a unique and recognized ability to coordinate the knowledge and activities of affordable housing providers, alternative energy experts, financiers and public policy makers.

Our work will support a continuing trend of joint venture partnerships between non-profit entities and for-profit entities, partnerships which unite the grassroots community-organizing expertise of non-profits and the development expertise and equity of for-profits.

PLAYING AN INCREASING ROLE IN STRUCTURING TRANSACTIONS

The complexity of the transactions in which the Loan Fund participates and the cross-section of borrowers we reach has given us a tremendous understanding of how to evaluate the obvious and the subtle determinants of a project's success. Our role as a debt provider for early-stage acquisitions, a construction lender and a permanent loan provider with very flexible underwriting has given us experience structuring transactions in ways in which commercial lenders are not able. Our experience on one transaction creates value for the next transaction in terms of efficiency and creative structuring which can benefit multiple projects. We bring this expertise to our borrowers, thus reducing both their consulting costs and the time required to put together a creative transaction. This in turn, creates value for our investors, as the "return" on their dollars invested increases with our ability to attract additional transactions.

PRESERVE THE QUALITY AND HEALTH OF OUR PORTFOLIO THROUGH FIRST-RATE UNDERWRITING, ASSET MONITORING AND RISK MANAGEMENT

In recent years, the Loan Fund has taken steps to build our team and strengthen our infrastructure. Our goal is to effectively support growing levels of lending, while maintaining portfolio quality. We plan to continue this trajectory.

BOSTON COMMUNITY VENTURE FUND

The Venture Fund will focus on three primary objectives:

- Maximizing returns from Fund I and Fund II by growing our portfolio companies and managing profitable exits;
- Expanding market knowledge and relationships within the investment industry; and, based on the success of our exits and market conditions,
- Potentially launching a third fund in the $100–250 million range.

MAXIMIZING RETURNS FROM FUND I AND FUND II

BCVF will continue to focus our efforts on growing our portfolio companies and exiting from the companies in both Fund I and Fund II so as to maximize our return to investors. For several of our companies this entails not only achieving profitability but positioning the company as an attractive acquisition target. For others, this requires growing profitability and developing relationships with investment bankers toward a sale or initial public offering. In many cases, we are also focused on developing specific strategic partnerships to significantly enhance the value of the business. Throughout, we will continue to work with our co-investors and our portfolio company CEOs to ensure that the companies have the necessary resources (management and capital) to achieve an attractive exit.

EXPANDING MARKET KNOWLEDGE AND RELATIONSHIPS WITHIN THE INVESTMENT INDUSTRY

Relationships with investment bankers and other venture fund investment partners are important both to the existing portfolio companies and to future funds. Preparing for a third fund, we will seek and develop new relationships with possible new limited partners; deepen our market knowledge of targeted industries and, as appropriate, cultivate high-quality deal flow to support the investment of Fund III capital.

POTENTIALLY LAUNCHING FUND III

Our successes over the next few years with Funds I and II will be a key factor in our decision to launch a third fund in the $100 million–$250 million range. We will continue to monitor the economic environment and its impact both on our portfolio companies and on our fund-raising efforts. This may delay or accelerate the timing of a portfolio company exit and/or the launching of a third fund.

BCC often invests in companies that have the potential to create industry-wide change. Acelero Learning, a Venture Fund portfolio company, is one such business. Providing Head Start program directors and managers with tools and resources to ensure they have the maximum positive impact, Acelero focuses on building effective management systems through long-term, ongoing partnerships that include on-site coaching and feedback, technology and tools, and network support In its first partner program, Acelero improved the students' average performance on child assessment measures by 30%. Those metrics could have a powerful impact nationwide.

GOAL 4: BUILD A PLATFORM THAT BOTH ENABLES BCC TO ACHIEVE OUR OBJECTIVES AND CAN BE REPLICATED AT A NATIONAL LEVEL

Over the next five years, Boston Community Capital will continue to enhance our organizational capacity in order to effectively meet the needs of our changing market. We will:

- Maintain self-sufficiency and sustainability of our core businesses on a permanent basis;
- Develop industry-wide financial facilities;
- Continue to invest in technology, infrastructure and staffing to ensure efficiency and effectiveness;
- Encourage civic leadership among employees;
- Build an organizational culture that reflects the values we bring to bear on our work;
- Expand our corporate structure; and
- Participate in CDFI industry consolidation—assisting in mergers and acquisitions of CDFIs—with attention to the potential benefits and burdens for the merging organizations, the communities they serve and the CDFI industry.

MAINTAIN SELF-SUFFICIENCY AND SUSTAINABILITY OF OUR CORE BUSINESSES

As of 2006, all of BCC's core businesses are self-sufficient. BCC intends to sustain this status permanently, through a combination of fee income and growth in our volume and activity levels. We will use our strengthened balance sheet to negotiate increased access to market-rate sources of capital.

DEVELOP INDUSTRY-WIDE FINANCIAL FACILITIES

New financial instruments—such as joint liquidity pools, housing trust funds, reinsurance vehicles and credit enhancers—can help bolster the entire CDFI industry and bring significant opportunities to low-income communities. Similarly, more effective loan-loss reserve policies can help maintain the financial strength of many of our peer organizations, ensuring their viability and ability to pursue their missions.

INVEST IN TECHNOLOGY, INFRASTRUCTURE AND STAFFING

We will continue to invest in building BCC's technology, infrastructure and staffing, maintaining an organizational culture and structure that is efficient, effective and promotes our mission and values.

- BCC will continue its efforts to improve efficiency through the effective use of technology and regular upgrades to our communication and information systems. In upcoming years, we anticipate that these efforts will include continued improvement of our loan and investor management infrastructure, upgrades to the BCC and BCVF websites, and additional investment in MIS, including hardware, software and IT consulting services.
- We will maintain our commitment to building an excellent staff, and creating policies and programs for hiring, training and compensation that allow us to retain them. While we have been able to accomplish the growth projected in *Growing to Scale* without adding FTEs, we do anticipate substantial staff growth during the next plan period. At the same time, we remain committed to ensuring we have resources in place before we commit to raising long-term expenses. We will continue to seek opportunities to leverage external consultants and to outsource work as needed to increase efficiency and maximize staff resources committed to projects and activities that benefit the low-income communities we serve.
- Boston Community Capital strives to employ and retain highly skilled, highly motivated, productive, mission-driven individuals from diverse backgrounds and income levels. We expect to accomplish that goal by continuing our existing focus on:

WE WILL USE OUR STRENGTHENED BALANCE SHEET TO NEGOTIATE INCREASED ACCESS TO MARKET-RATE SOURCES OF CAPITAL.

- Providing challenging, mission-driven work, in an organization that values innovation, good business practice, efficiency and good humor;
- Offering market-rate compensation and benefits;
- Offering flexibility in hours and in work-at-home arrangements;
- Creating a collaborative, supportive, collegial environment in which staff are encouraged to share knowledge and information;
- Investing in hardware in order to maximize the value of human time and effort;
- Maintaining regularly updated information and communication systems that substantially eliminate the frustration and inefficiency often associated with the operation of small organizations; and
- Utilizing automation to reduce time spent on rote tasks.

- Because organizations of our size cannot afford redundancy, and because we have a relatively flat management structure, we will continue to regularly update policies and procedures manuals and job descriptions so that, in the event of unanticipated staff transitions due to illness or emergency, tasks can be transferred with little down time and staff transitions can be seamless.

ENCOURAGE CIVIC LEADERSHIP

Because we believe that active participation in civic leadership is an important route to achieving our mission, a key goal of our organizational culture is to support staff members in their civic leadership efforts. We will continue to utilize three existing strategies to accomplish that goal. First, the organization's leadership actively participates in civic undertakings and reports back to staff on the personal benefit, the benefit to the organization and the benefit to the community. Second, we offer flexibility in hours so that staff can attend Board meetings and the like without undue sacrifice. Third, our charitable contribution policy supports organizations in which our staff members actively participate. Moreover, we will continue to accomplish this without adverse impact to our personnel expense ratio.

BUILDING A CULTURE THAT REFLECTS OUR VALUES

At BCC, all staff members are encouraged to consider new and better means to accomplish the tasks at hand; "we've always done it that way" is never an acceptable reason for pursuing outmoded approaches. Each staff member will continue to be responsible both for his/her own specific responsibilities and for contributing to the overall success of the organization; this policy encourages staff members to exercise initiative and offer ideas, criticisms and new approaches, notwithstanding their job descriptions.

We will also continue to promote judicious risk-taking by actively encouraging staff to self-evaluate, and to share mistakes made and lessons learned without fear of reprimand. By contrast, hiding errors, hoarding knowledge and information, and failing to take responsibility will continue to be viewed as serious failings requiring improvement.

We will continue to celebrate with each other at every opportunity, preferably by sharing (and sometimes jointly cooking) good food at the office, at the homes of senior management, at local restaurants and, on occasion, (in an effort to please our more competitive colleagues) at a bowling alley.

CORPORATE STRUCTURE

In order to pursue new initiatives over the next five years, we anticipate creating at least one more non-profit entity and, potentially, several for-profit entities. Our goal remains unchanged: to have mission and function drive structure rather than the reverse.

PARTICIPATE IN CDFI INDUSTRY CONSOLIDATION

We will assist in mergers and acquisitions of CDFIs—with attention to the potential benefits and burdens for the merging organizations, the communities they serve and the CDFI industry.

Over a century ago, health professionals recognized that "unhealthy" housing leads to physical problems for residents; today higher energy and maintenance costs add to the burden for many low-income communities. Through its Sustainable Housing and Communities Initiative, BCC is demonstrating that incorporating renewable energy, energy efficiency and green design into affordable housing creates real economic benefits—benefits that can be measured and shared by funders, developers and residents of affordable housing. This forward-thinking approach to sustainable development was part of what attracted the Architectural Heritage Foundation to work with BCC on projects like Washington Mills in downtown Lawrence.

GOAL 5: DEVELOP AN EFFECTIVE MEASUREMENT MATRIX FOR THE SOCIAL AND COMMUNITY IMPACT OF CDFIs

Our experience in tracking the social impact of our investing and lending illustrates a central challenge facing the CDFI industry and its supporters: how to capture and measure the full value that CDFIs create.

As institutions committed to achieving double-bottom-line returns—financial performance, as well as community impact—CDFIs cannot measure success in financial terms alone. We have been challenged to find social performance measures that capture the full social value we create and to provide easily-understood metrics to serve as bench-marks for performance.

Moreover, the various measures of impact and effectiveness historically relied upon by funders and others do not reflect what we have come to learn about the cyclic nature of our industry. In a high-interest-rate environment, for example, social impact measures tied to number of loans, number of housing units, or even other dollars leveraged would show a significant decrease in impact, despite the fact that CDFIs play a more critical role in community development projects during these times.

As CDFIs increase in number and scale, we have the opportunity to attract new and larger sources of capital to the industry by creating a consistent standard of measurement that helps reduce the transaction costs for investors. At the same time, any standardized system of measurement is likely to shape the industry, rewarding those institutions that most closely meet the standards. Therefore, ensuring that the system of measurement accurately captures the full value of the social impact that CDFIs create—not simply the level of activity—is critical to maintaining the mission of CDFIs.

With our peers Low Income Investment Fund and the Enterprise Corporation of the Delta, and with support from the Heron Foundation, we have developed a framework for expanding social impact accountability for the CDFI industry. Our full report, *Advancing Impact Assessment for CDFIs* is attached as Exhibit E.

Primarily, we believe that CDFIs should be held accountable for what we actually do; there should be a causal connection between the measurement and our work. We think it is equally important that the full scope of what CDFIs do be reflected in what is measured. Social impact measures should:

- Measure what CDFIs do and capture all the value that CDFIs create on five levels.
    - Financial System level: Do low-income communities have better access to capital—either from the CDFI or as a result of the CDFI's partnerships with traditional financial and governmental institutions—at a scale and with a depth and a reach that is sufficient to have a positive impact for those communities? Does the system operate efficiently? Does it leverage subsidies? Does it capture innovation in the mainstream financial system for the benefit for low-income communities?
    - CDFI level: Are CDFIs permanently, effectively, and sustainably able to deliver capital to low-income communities? Are we operating at the appropriate scale? Are we bringing new sources of capital into low-income communities? Do we respond to needs and markets not recognized by conventional institutions?
    - Borrower and Project level: How many loans have been made? What outputs (housing units, jobs, child care slots) are created?
    - Community level: Has poverty decreased? Has safety improved? Are schools getting better?
    - Individual and Family level: Do people have better or cheaper housing? Have their incomes gone up? Have their savings increased? Do they have better skills?
- Capture innovation—the development of new markets, new networks, new instruments and new ways to connect to resources;

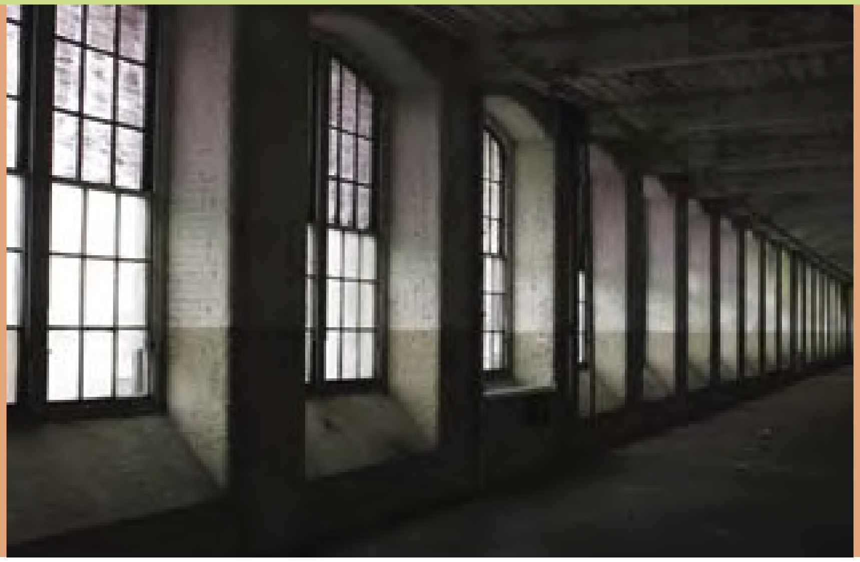
AS INSTITUTIONS COMMITTED TO ACHIEVING DOUBLE-BOTTOM-LINE RETURNS—FINANCIAL PERFORMANCE, AS WELL AS COMMUNITY IMPACT—CDIFs CANNOT MEASURE SUCCESS IN FINANCIAL TERMS ALONE.

- Serve as a tool for expanding the capital available in low-income communities, not just a method for the re-allocation of capital;
- Serve a wide range of purposes, including evaluation, marketing, capitalization, policy formation;
- Be consistent with the direction of the industry and avoid creating incentives to meet the measures at the expense of meeting need; and
- Be practical, easy to capture without undue expense, easy to understand, cross-culturally sensitive and recognizable to a wide range of constituents, both those in our field and those we hope to attract to it.

Of course, these principles and conclusions raise as many questions as they answer. Our goal over the next five years is to begin to answer some of the questions. A first step toward that goal is to test the impact measures we identified in the Heron report against the goals that we have set for ourselves.

CONCLUSION

We have always known that to be effective, Boston Community Capital must evolve to respond to the changing needs of our constituencies and to the changing world in which we operate. This plan lays out the values, ideas and top-level strategic goals that will guide us as we move forward over the next five years. As we embark on this journey, we are ever conscious that our ability to achieve these goals is made possible by the strong and constant support of our partners–our investors, our funders, our Board and committee members, our borrowers, and our portfolio companies. Together with these partners, we will continue to pursue the one constant that does not change–our mission: to build healthy communities where low-income people live and work.



EXHIBITS

EXHIBIT A: MISSION STATEMENT

The mission of Boston Community Capital is to build healthy communities where low-income people live and work. Historically, we have fulfilled that mission by:

- Financing affordable housing, child care centers, arts programs, schools, health clinics, youth programs and other community services;
- Investing equity dollars into businesses that create social and financial returns;
- Developing new financial tools that connect low-income communities to mainstream financial markets; and
- Working with our sister community finance intermediaries nationally and, on occasion, internationally to develop scaleable products and approaches to our financing goals.

We serve as an investment vehicle for a wide range of investors, including individuals, institutions and faith-based organizations. Working together, we achieve the cost-effective access to capital that is key to building healthy communities.

EXHIBIT B: HISTORY AND ACCOMPLISHMENTS

Boston Community Capital (BCC) grew out of Boston Community Loan Fund (BCLF), a non-profit organization established in 1985 to make loans to nonprofits developing affordable housing. Founded with $3500 from socially responsible investors, the organization lent to nonprofits and community groups delivering a broad array of vital services in low-income neighborhoods, and served as a vehicle to allow investors to put their investment capital to work in poor communities.

In 1994, BCLF established Boston Community Capital, a new nonprofit holding company, to respond to new credit and capital needs in low-income communities. Boston Community Loan Fund became an affiliate of Boston Community Capital. The combined entity also established two new nonprofit affiliates: Boston Community Venture Fund (BCVF), to make equity investments in both emerging and existing businesses that create jobs or provide services for low-income communities, and Boston Community Managed Assets (BCMA), which develops and manages innovative funding vehicles for low-income individuals and communities.

Originally, the organization focused its efforts on the City of Boston, with particular emphasis on Roxbury and Dorchester. Now, however, Boston Community Loan Fund lends throughout the Commonwealth of Massachusetts and is beginning to extend its reach into surrounding states; Boston Community Venture Fund claims the Northeast as its geography; and our New Markets Tax Credit allocation has a national footprint. Consequently, our deals range from Massachusetts to California and from Florida to Washington's Olympic Peninsula.

IMPACT AND ACCOMPLISHMENTS

Since 1985, Boston Community Capital has committed more than $250 million to low-income communities through more than 400 loans and equity investments, more than 80% of it in the last five years. Our loans and investments have:

- Created or preserved affordable homes for more than 8,000 families and individuals;
- Helped strengthen more than 200 community organizations, supported child care centers and schools providing slots for 1,300 children;
- Renovated over 530,000 square feet of inner-city commercial space; and
- Created more than 1,300 jobs in low-income communities.

Virtually all of the projects we have financed have been well-maintained, continue to provide quality affordable housing and community services, and have had positive impacts on their neighborhoods.

Boston Community Capital has attracted monies from a broad base of investors, including individuals, religious congregations, foundations, financial institutions, universities and community organizations—and connected these investors' capital with the low-income communities we serve. Our institutional investors include Bank of America, GE Commercial Capital, Wainwright Bank, Sovereign Bank, Citizens Bank, Harvard University, Calvert Social Investment Fund, Brown Brothers Harriman, Metropolitan Life Insurance Company, Fidelity Management Trust Company and Mellon Bank.

BCC was a founding member of the Opportunity Finance Network (formerly the National Community Capital Association), and has played an active role in the development of the CDFI industry. The organization and its affiliates were inaugural recipients of awards from the CDFI Fund of the U.S. Department of Treasury; to date, BCC and its affiliates have received seven financial assistance awards totaling $9.4 million, and two New Markets Tax Credit allocation awards totaling $130 million from the CDFI Fund.

BY 2003, WE HAD INCREASED ASSETS UNDER MANAGEMENT THREE-FOLD, TO $76 MILLION.

EXHIBIT C: ORGANIZATIONAL STRUCTURE

Boston Community Capital is comprised of:

FOUR 501 (C)(3) NON-PROFIT ORGANIZATIONS

- Boston Community Capital (BCC) is the holding company that oversees administration, finance, human resources, and investor relations for the organization and its affiliates.
- Boston Community Loan Fund (BCLF) provides a wide range of debt products to nonprofit community organizations and for-profit developers who share its mission of serving low-income people and communities. Three quarters of our lending is focused on affordable housing; we also provide loans for child care and community facilities, inner-city commercial real estate, organizational working capital, and social services. The Loan Fund has total assets of more than $50 million, with access to additional liquidity from lines of credit and participation agreements with banks and other financial institutions. The Loan Fund is primarily focused on lending in Massachusetts; however, it has made loan commitments outside the state and considers loans from throughout New England.
- Boston Community Venture Fund (BCVF) manages two for-profit venture capital funds (see below) that invest in businesses that can achieve a "double bottom line" of social and financial return. Our first $5 million fund is fully invested in eight Massachusetts companies that create jobs, needed services, and opportunities in low-income communities. Our second fund, capitalized at $16.5 million, invests in growing companies throughout the Northeast and currently holds eight investments in its emerging portfolio.
- Boston Community Managed Assets (BCMA) develops our new business initiatives and innovative funding vehicles for low-income communities.

TWO FOR-PROFIT LIMITED LIABILITY COMMUNITY DEVELOPMENT VENTURE CAPITAL FUNDS, managed by BCVF; and

NINE FOR-PROFIT LIMITED LIABILITY COMPANIES, each of which serves as an equity investment vehicle to support New Markets Tax Credit investing—managed by BCMA.

Boston Community Loan Fund, Boston Community Venture Fund, and our two limited liability venture capital funds are certified as community development financial institutions (CDFIs) by the CDFI Fund of U.S. Department of Treasury. Each member of the BCC organization is certified by the CDFI Fund of the U.S. Department of Treasury as a community development entity (CDE).

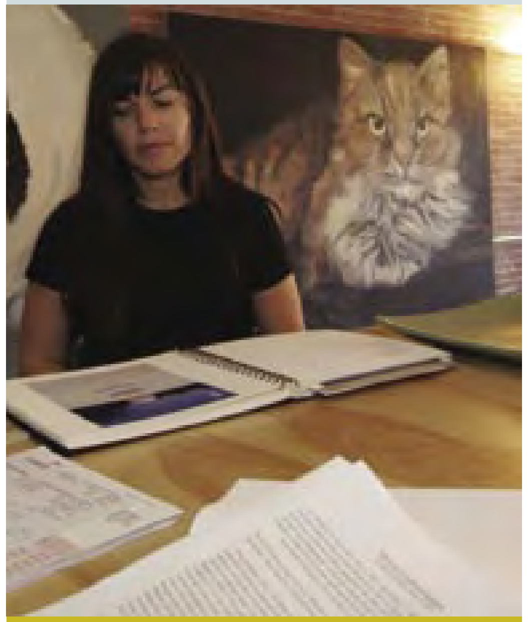


EXHIBIT D: GROWING TO SCALE 1999–2005

In 1999, Boston Community Capital developed a five-year business plan *Growing to Scale: Creating a Comprehensive CDFI that Connects Low-Income Communities to Capital Markets* in which we challenged ourselves to accomplish four goals:

- Expand our core businesses
- Establish new initiatives
- Pursue a leadership role in the CDFI industry
- Enhance our organizational capacity

We are pleased to report the following results with respect to the four key goals identified in *Growing to Scale.*

GOAL 1: EXPAND OUR CORE BUSINESSES

Growing to Scale proposed a significant expansion of BCC's core businesses, our Loan Fund and our Venture Fund. We proposed to expand BCC's overall capital base to $60.8 million, to expand the range of products and services we were able to offer, and to expand the Funds' geographic reach. By 2003, we had increased assets under management three-fold, to $76 million. Today BCC and its affiliates have more than $150 million under management (not including our recently awarded $60 million NMTC allocation). In addition, the Loan Fund and Venture Fund both experienced substantive growth in size and breadth.

LOAN FUND

When BCC launched *Growing to Scale* in 1999, the Loan Fund had $14 million under management. Since launching the plan, the Loan Fund has achieved significant growth, expanding assets under management, our range of products, and relationships with capital and secondary markets. Our accomplishments include:

- Expanded capital base: From 1999 to 2003, assets under management grew from $14 million to $41 million. Today, the Loan Fund has $70 million under management. This includes: $40 million in loans from investors, $7 million in equity, $23 million in participation agreements, and $12 million in lines of credit.
- Increased lending: BCLF closed $80 million in new loans from 1999-2003, and $146 million from 1999-2005.
- Developed new loan and investment products: The Loan Fund has expanded its lending products to include early-stage financing and development lines of credit. It has also begun to offer services to new kinds of borrowers including charter schools and for-profit developers.

BCVF PORTFOLIO COMPANIES HAVE CREATED OR PRESERVED QUALITY JOBS FOR MORE THAN 1,300 EMPLOYEES AND CREATED AN ESTIMATED 2,800 JOBS THROUGH OUTSIDE CONTRACTS.

- Expanded geographic reach: In 1999, BCLF lending was focused on the Boston neighborhoods of Roxbury, Dorchester, Jamaica Plain and East Boston. We have expanded our lending activity outside of Metro Boston, lending in western Massachusetts, on Cape Cod and Martha's Vineyard, and in communities such as Lawrence, Lowell, and Gardner. While our lending remains focused in Massachusetts, we have made loan commitments outside the state, and consider loans across the Northeast.
- Developed new sources of capital: BCLF has brought new sources of capital to the low-income communities we serve, and figured out how to use existing sources of capital in new ways. During this period, we attracted "equity equivalent" investments from banks, foundations and universities. We negotiated master participation agreements that increased the Loan Fund's lending capacity by $26 million from 1999–2003. In addition, we used our strengthened balance sheet to negotiate lines of credit totaling $16 million from Wainwright Bank and Fannie Mae.
- Established secondary market relationships with local and national investors, including The Life Initiative, PCI and several banks. We explored relationships with CDT and Community Reinvestment Fund, but determined that the pricing of these deals was not competitive.
- Maintained portfolio performance: Despite a weak economy and substantial cuts to subsidies for affordable housing and community services, BCLF maintained the quality of its loan portfolio. During this period, we have had only one write-off ($12,000), a loan that was subsequently fully repaid by the borrower.

VENTURE FUND

Boston Community Venture Fund also experienced significant growth during this period, launching our second community development venture capital fund, which expanded the Fund's reach beyond Massachusetts to include the Northeast. Among the Venture Fund's accomplishments:

- Expanded size: With the creation and capitalization of BCLF Ventures II, LLC ("Fund II"), BCVF increased assets under management from $5 million to over $21 million, with $16.5 million in Fund II.
- Expanded reach: Fund II considers investment in companies across the Northeast, and has made investments in companies in Connecticut, Vermont, Maine, and New York, as well as Massachusetts.
- Expanded products: In response to our portfolio companies' needs, we created a purchase order financing product that allows companies to better manage production and cash flows.

- Fully committed Fund I: We fully committed Fund I, investing in 8 portfolio companies each of which has the potential to create social as well as financial returns.
- Began investing Fund II: Fund II is now fully committed with investments in 9 portfolio companies.
- Managed the portfolio: BCVF has successfully completed follow-on investments, provided vital technical assistance in the economic downturn, and sought merger and acquisition opportunities for our portfolio companies.
- Created social impact: BCVF portfolio companies have created or preserved quality jobs for more than 1,300 employees; they have also had a "ripple effect," creating an estimated 2,800 jobs through outside contracts. Portfolio companies provide employees with health insurance and benefits; in 2004, they paid employees an average hourly wage of $15.27.
- Exited from investments: Since 1999, we have had six exits from our Fund I and Fund II portfolios.
  - City Fresh, a prepared foods manufacturer that provides African-American and Hispanic meals to community and corporate clients. We redeemed in full $130,000 in Preferred Stock with 18% cumulative dividends while still holding 18.47% of the Company's common stock.
  - TracRac, a manufacturer of rack systems and power-tool workstations. We invested $750,000 and received $939,553 when the company was sold.
  - The following investments returned less than our invested capital: Bari & Gail, Parker Guitar, Cerida Corporations, and Jessica's Wonders. In total, these companies created more than 100 low-to-moderate income jobs. These investments also taught us a number of very valuable lessons including:
    - The risks to a small venture fund of not having sufficient resources to reach an attractive exit, in a recapitalization situation.
    - The value of the quality and abilities of our investment partner, particularly when we are a smaller investor in a large syndicate.
    - The importance of having the right management team and making any necessary changes promptly; we are investing in people.

BCC'S LOAN FUND, VENTURE FUND, AND OVERALL OPERATIONS ARE SELF-SUFFICIENT.

SELF-SUFFICIENCY AND FINANCIAL STRENGTH

BCC's Loan Fund, Venture Fund and overall operations are self-sufficient. Fees from the placement of our NMTC allocation, together with growth in the size and volume of our activity, have largely driven this; in turn, our ability to cover our operating expenses from our operations has generated additional growth, so core operations will not need to be grant-supported.

We have had operating surpluses in 5 of the last 6 years. In 2005 we had an operating surplus of over $150,000, an overall surplus including capital grants and NMTC fees of over $5 million, and a significantly strengthened balance sheet. We increased our line of credit with Wainwright Bank in December 2005 to $12 million (and reduced the interest rate). We have also negotiated a term sheet for a $50 million bank line of credit with Wainwright acting as agent and funding at least $12 million. We are in active negotiations with several other banks to participate in this line.

GOAL 2: ESTABLISH NEW INITIATIVES BY CREATING A BROADER SET OF FINANCIAL INSTRUMENTS AND PRODUCTS TO LINK LOW-INCOME COMMUNITIES AND NATIONAL CAPITAL MARKETS

Growing to Scale argued that in order to link low-income communities with mainstream capital markets, a CDFI should establish new initiatives that create a broader set of financial instruments and products. BCC has launched several new initiatives since 1999:

- We created loan products that allow us to make early stage and higher risk loans in a declining economy, maintain extraordinarily low loan losses, and begin to develop a secondary market to recycle our funds.
- We received major grant support for new initiatives on early stage financing and establishing a strategy for CDFI collaboration and consolidation.
- We led the creation of the Green Building Production Network, a consortium of community development financing, technical assistance and policy advocacy organizations which received a $1.5 million grant to support affordable housing projects that incorporate green, healthy and integrated design.
- With our peers the Low Income Investment Fund and the Enterprise Corporation of the Delta, and funding support from the Heron Foundation, we are co-developing a framework for expanding social impact accountability for the CDFI industry.
- We are making substantial progress on completing the next phase of our Exit Strategy, with our third-round report just completed.

- We are developing an alternative approach to using NMTC that is widely replicable by the CDFI industry. Our strategy was a centerpiece for strategies to increase capital flows into low-income and urban communities for both the US Conference of Mayors and the Inner City Economic Forum (affiliated with ICIC), and we were lead presenters at several conferences hosted by each organization.

GOAL 3: PURSUE A NATIONAL LEADERSHIP ROLE IN THE DEVELOPMENT OF THE CDFI INDUSTRY

- We continued to play a leading role nationally in how CDFIs can link capital markets to low-income communities.
- Elyse Cherry serves as acting board chair and chair of the Scale Committee of the Opportunity Finance Network, formerly the National Community Capital Association; is on the advisory board of Wall Street Without Walls; served on the board of the Community Development Venture Capital Alliance (CDVCA).
- We represented BCC, Opportunity Finance Network and CDFIs in policy presentations before the Federal Reserve Bank's community investment officers, the GSE summit on inner-city investing, and a White House briefing on capital markets and low-income communities.
- Prior to the 2004 presidential election, BCC was asked to prepare a "100 Days Community Development Agenda" to be used in Senator Kerry's transition plan.

GOAL 4: ENHANCE BCC'S ORGANIZATIONAL CAPACITY TO SUPPORT OUR OPERATING UNITS

We are pleased to report the following activity with respect to this goal:

INCREASED PRODUCTIVITY WITH LEVEL STAFFING

Despite an overall growth rate of over 500% since 1999, staffing remained level, through rigorous workflow engineering, investment in MIS and commitment to staff quality.

INCREASED COMPETITIVENESS OF COMPENSATION AND BENEFITS

We have continued to increase the competitiveness of BCC's compensation and benefits package, conducting two comprehensive reviews and adjustments of salaries and compensation ranges.

- We implemented a 401(k) plan, which accepts Roth contributions; it has over $1 million in assets. We also provide life and LTD insurance to all staff.

- We have kept healthcare cost increases well below the national average (19.9% vs. 42.2% from 2001 through 2004). Today, all HR and benefits administration—including payroll, health and dental insurance, life and LTD, and 401(k)—is done via the web, processing requests in minutes.
- We finance State Unemployment Insurance through reimbursement, allowing any unclaimed funds to remain our assets.

IMPROVED INTERNAL SYSTEMS

We published a Procedures Manual, an Employee Handbook, a Business Continuity Plan, and a Records Retention Policy.

UPGRADED FACILITIES AND TECHNOLOGY:

- We became an anchor tenant for the renovation of Palladio Hall, a prominent building in the heart of Boston's African-American community.
- We upgraded our IT infrastructure, network administration, hardware and software for all employees; administration costs have decreased by 13%.
- We installed a Loan Management System that provides loan portfolio and reporting data, exports disbursements and payments to our accounting system, and includes social impact reporting data and an investor servicing module.
- We upgraded our accounting software to provide multi-affiliate accounting.
- We launched websites for BCC and BCVF.
- We switched telephone providers saving approximately $15,000 per year.

IMPROVED BANKING RELATIONSHIP

Through a series of changes we have: increased our line of credit to $12 million; reduced our interest rate by 1.25; lowered investment fees by $13,000/year and bank service fees by $7,000/year; and increased organizational efficiency through electronic banking.

EXHIBIT E: ADVANCING IMPACT ASSESSMENT FOR CDFIS

INTRODUCTION

What follows is a report on the work that Boston Community Capital (BCC), the Low Income Investment Fund (LIIF), and the Enterprise Corporation of the Delta (ECD) prepared in response to discussions with the F. B. Heron Foundation on how to advance impact assessment from the view of a CDFI practitioner team. The work on this report was done by Elyse Cherry and Dick Jones from BCC, Nancy Andrews from LIIF, and Bill Bynum and Ed Sivak from ECD.

We want to point out that we view our conversations and this report as the beginning, not the end, of a discussion. While we include a set of principles and conclusions below, they are more intended to highlight our thinking rather than to represent any final word. In any event, they raise as many questions as they answer. We look forward to continuing this discussion with others in and around the CDFI industry, and we very much hope that our work and thinking on the issue of measurement and impact are useful in moving the industry discussion forward. We want to thank the Heron Foundation, and especially Mary Jo Mullan, the Foundation's Vice President of Programs, for support of this report.

PURPOSE OF MEASUREMENT

A social impact measurement system needs to consider not only what to measure, but how to measure, why we should measure and who should measure; and these questions need to be examined together.

CDFIs regularly collect and analyze information for internal evaluation, to assess opportunities, to determine policy, and to set goals. However, much of the focus of social impact measurement is aimed at:

- holding CDFIs accountable as effective stewards of philanthropic and socially responsible capital, and
- assessing how to allocate social capital.

Since philanthropic and socially responsible funds have been a key source of capitalization, such accountability is appropriate and necessary. However, while we recognize that investors need to be able assess whether their investments into CDFIs are meeting their social and financial goals, we believe that an effective social impact measurement system must reflect a broader purpose.

Two examples illustrate the importance of broad measures. First, many CDFIs, because they are flexible and closely tied to their communities, can respond quickly to changing market conditions and needs. For example, in a growing economy with a healthy banking environment and strong public subsidies, CDFIs often play the

A SOCIAL IMPACT MEASUREMENT SYSTEM NEEDS TO CONSIDER NOT ONLY WHAT TO MEASURE, BUT HOW TO MEASURE, WHY WE SHOULD MEASURE AND WHO SHOULD MEASURE.

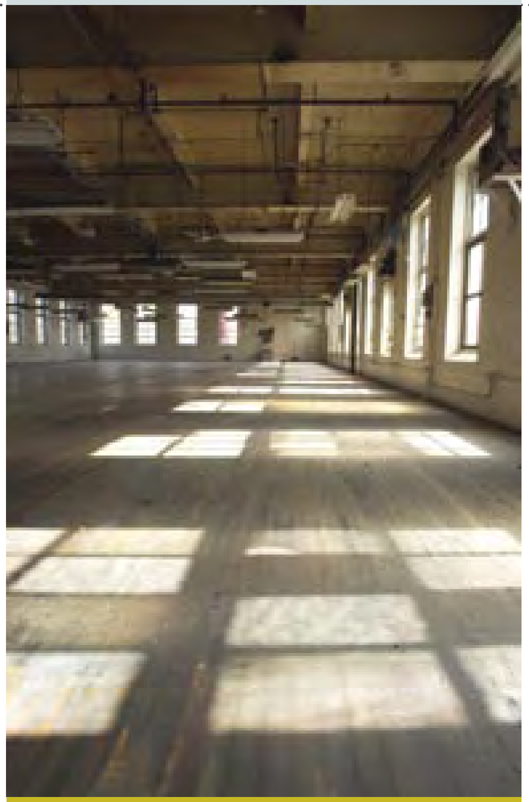
role of early stage, gap, bridge or subordinate lenders and assist in a large number of housing projects financings. However, in an adverse economy, as banks move up market and public subsidies diminish, CDFIs play a different role; namely, as a larger and often more critical lender for a smaller number of projects.

In such a scenario, social impact measures tied to number of loans, number of housing units, or even other dollars leveraged, would show a significant decrease in impact, despite the fact that the CDFI's role is more critical. Thus, social impact measures must recognize that meeting the needs of investors is not always neatly matched with meeting the needs of borrowers. In fact, since social investors are, in effect, hiring CDFIs to make investment decisions about how their funds can be best used in supporting low-income communities, social impact measures must provide accountability to our investors and funders in the context of our markets and the direction of the CDFI industry. Thus, although we are all firmly committed to the accountability that emerges from a focus on measurement, we also think that social impact measurement should avoid incentives to operate solely or primarily to meet measures. Instead, measures should capture and encourage one of the key roles of CDFIs; namely, the ability to move flexibly and quickly in response to changing market conditions.

A second issue offers a different illustration of why we need to recognize broad reasons for measuring social impact. As the CDFI industry has matured and individual CDFIs have developed extensive and impressive track records, the field is increasingly able to tap sources of capital beyond those motivated primarily by social interest or regulatory concerns. In most cases, we believe that some form of social return will be required by these newer investors—public pension funds, socially responsible mutual funds, and the like. However, the nature of what they require will be different.

Many investors may simply require an investment to meet a threshold or certification requirement—a "certified" CDFI, for example. Ironically, since these investors are likely to look at the returns, costs and sustainability of CDFIs, the costs associated with detailed tracking, measuring and reporting of social impact data may be a disincentive for investment. Thus, we need to develop a measurement system that works not only for our oldest and most closely-aligned investors, but also for newer, more commercially focused sources of capital that can help meet far more needs in low-income communities.

We also recognized that *how* we collect data, who collects it, and who pays for the cost is critical to its ultimate usefulness. On one end of the spectrum, a social investor may want to measure impact through driving tours arranged by the CDFI. At the other end of the spectrum, a public pension fund may require a recognizable, and immediately available, third-party rating or, perhaps, a simple certification of eligibility. Our challenge is to neither confuse nor ignore these needs—or the range



in between. Rather, we must organize a system for reporting on our value in a way that is aligned with the needs of constituents and with our own businesses.

We also note that the CDFI industry and our funders must align our language with the value of our work. In one small example, we noted that many industries and activities use public and philanthropic funds to support otherwise economically unsustainable activities. (Sports stadiums, as a prime example.) But such funds are generally described as incentives rather than subsidies. We believe that CDFIs pursue successful economic development strategies and create a powerful impact. Having measures that capture that impact will, in turn, generate resources for expansion. However, the language that we use to report and tell our story must illustrate, not undermine, our work.

MEASURING THE FULL RANGE OF WHAT CDFIS DO

We believe that CDFIs should be held accountable for what we actually do—i.e., there should be a causal connection between the measurement and our work. We think it is equally important that the scope of what CDFIs do be reflected in what is measured. These ideas suggest that a system of measuring social impact should assess our work at five levels:

1) **Financial System level**: Do low-income communities have better access to capital—either from the CDFI or as a result of the CDFI's partnerships with traditional financial and governmental institutions—at a scale and with a depth and a reach that is sufficient to have a positive impact for those communities? Does the system operate efficiently? Does it leverage subsidies? Does it capture innovation in the mainstream financial system for the benefit of low-income communities?

2) **CDFI level**: Are CDFIs permanently, effectively, and sustainably able to deliver capital to low-income communities? Are we operating at the appropriate scale? Are we bringing new sources of capital into low-income communities? Do we respond to needs and markets not recognized by conventional institutions?

3) **Borrower and Project level**: How many loans have been made? What outputs are created, i.e. housing units, jobs created, child care slots, etc?

4) **Community level**: Has poverty decreased? Has safety improved? Are schools getting better?

5) **Individual and Family level**: Do people have better or cheaper housing? Have their incomes gone up? Have their savings increased? Do they have better skills?

Historically, CDFIs have primarily collected and measured data on the borrower and project level, partly because such information is concrete, easy to measure and generally comparable across markets and CDFIs. Increasingly, we ask questions

MEASURES SHOULD CAPTURE AND ENCOURAGE ONE OF THE KEY ROLE'S OF CDFI'S; NAMELY, THE ABILITY TO MOVE FLEXIBLY AND QUICKLY IN RESPONSE TO CHANGING MARKET CONDITIONS.

about our impact on individuals, families and communities—although difficulties in collecting this data and difficulties in estimating the causal connection between our activity and the outcome being measured limit the usefulness of such information.

We realize, however, that we rarely include information on the financial system and CDFI levels in our reporting on social impact, so we started exploring ideas for capturing this information. For example, to measure if we are successful in using new or conventional capital for low-income communities, we could measure the percentage of local banks investing in CDFIs over time or look at the range or percentage of capital from different types of investors. To measure the outcome of our activity in organizing markets, we could track the number of first-time borrowers served by CDFIs. To capture our role as early-stage innovators—a role traditionally left to non-profits in many fields, in part, because success doesn't fit a financial return model—we could look at the financial products or services originated by CDFIs and now offered by conventional lenders, either directly or through secondary relationships.

PRINCIPLES OF MEASUREMENT

Since we believe that CDFIs are most effective when we relate appropriately to the context in which we operate, we focused on the context and role that CDFIs play to develop our principles of social measurement. An examination of what we currently track suggests that much of what CDFIs currently measure is unsatisfactory in the context of our current analysis. Many of the measures are of activity not impact. We sometimes measure broad community or even societal outcomes over which we have little control; and the measures frequently ignore the true value that CDFIs create.

While we believe that measuring the efficiency and effectiveness of individual CDFIs is important, we also believe that measurements should emerge from an agreed-upon theory of change or business under which CDFIs operate. We also believe that the set of measurements ultimately created should measure the whole output of the industry for the purpose of increasing the assets available to the industry as a whole rather than for the purpose of setting CDFIs against each other in what effectively becomes a zero sum game.

Because CDFIs are intermediary institutions—linking low-income communities and the broader economy—we play a crucial role in financing community services; but, for the most part, CDFIs do not provide those services directly. Our effectiveness as institutions—accurately reflecting and representing community interests and values; creating a collective strength or market demand to attract better and cheaper goods and services, and making it easier for external resources to identify and meet the needs and opportunities in local markets—is a measure of the health or distress of low-income communities. Social impact measures need to reflect that reality.

The CDFI industry is predicated on a broad, common understanding that the conventional finance system does not serve low-income people and communities well. What this means varies from market to market; in some markets, conventional financing is absent altogether, while in others it may be very expensive, structured inappropriately, or available only on limited terms. And while CDFIs' products, strategies, and structures vary as well, we also share a common theory of business: that low-income communities need and can use capital; that CDFIs are intermediary institutions that can deliver that capital effectively and efficiently; and that collectively we can integrate the capital needs of low-income communities into the mainstream financial system.

Since a key part of our theory of business is that sustainable, effective institutions are part of the definition of a healthy community, CDFIs' long-term impact depends on our ability to become sustainable institutions, so social impact must be integrated with financial performance and sustainability.

In addition to assuring that a system of social measurement is aligned with our theory of business, we must also look more deeply at the impacts of our individual transactions. Outputs of the financial relationships we create may include, for example, loans to build houses for home ownership, loans intended to support the development of subsidized rental housing, or loans intended to support the development of small businesses. While the ability to measure the number of housing units financed through such work (a measure used by many CDFIs) may be important, such a measure ignores:

- the importance of creating a new set of financial relationships,
- the increase in family net worth associated with the increasing value of equity in a home,
- the ability to pass assets on to the next generation as a result of the increase in family net worth,
- the ability of a family to use savings resulting from a subsidized rent to pay for food or schooling or health care, or
- the industry partnerships that prepared and allowed the family to purchase loans.

At the same time, we do not think CDFIs should be measured against societal challenges that are outside the scale and scope of our work. While virtually all CDFIs are aimed at alleviating poverty, the tools we have and the scale at which we operate both suggest that we cannot be held accountable for shifts—up or down—in broad poverty indicators. While we can help individual communities cope with the impact of an adverse economy, for example, we cannot, by ourselves, turn that economy around and should not be held accountable for doing so. Thus, outcome

CDFI'S LONG-TERM IMPACT DEPENDS ON OUR ABILITY TO BECOME SUSTAINABLE INSTITUTIONS, SO SOCIAL IMPACT MUST BE INTEGRATED WITH FINANCIAL PERFORMANCE AND SUSTAINABILITY.

and impact measures traditional to low-income communities–rates of poverty, crime, education, social mobility–measure activities or circumstances several steps removed from the actual work of CDFIs.

Rather than designing a specific set of impact measurements that may fail to take into account the strengths and focus of individual CDFIs, we propose reaching agreement on a set of principles and then requiring each CDFI to develop a set of measures consistent with those principles.

In our view, social impact measures should:

- measure what CDFIs do and capture all the value that CDFIs create;
- capture innovation–the development of new markets, new networks, new instruments and new ways to connect to resources;
- be a tool for expanding the capital available in low-income communities, not just a method for the re-allocation of capital;
- serve a wide range of purposes, including evaluation, marketing, capitalization, policy formation;
- be consistent with the direction of the industry and avoid creating incentives to meet the measures at the expense of meeting need; and
- be practical, easy to capture without undue expense, easy to understand, cross-culturally sensitive and recognizable to a wide range of constituents, both those in our field and those we hope to attract to it.

All of us have been working to create measures that capture some of these outcomes. We all think that measures should focus on the challenges our organizations are trying to address in our respective markets rather than solely focusing on a set of absolute measures. However, we acknowledge that none of us yet knows how to truly measure all of the levels described above or the real value that an intermediary brings to the table; namely the value of enhanced financial relationships.

Sarto Mandeville of Graycer Screw Products Company, a local supplier to TekCel, a company in BCC's Venture Fund portfolio. By investing in TekCel, the Venture Fund is investing in an industry infrastructure—not just creating jobs but building a network that helps support an entire community, while remaining within our traditional investment expertise.

STRATEGIC PLAN

FALL 2006

BOSTON COMMUNITY CAPITAL

56 WARREN STREET—PALLADIO HALL
BOSTON, MA 02119-3236

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Boston Community Capital Report

Boston Community Capital

February 2010

Boston Community Capital – February 2010 Report

February 16, 2010

We look forward to seeing you at our board meeting on **Tuesday, February 23 at 1:30 p.m. at the BCC office.** We are delighted that Julie Gould, our new board member, and Victor Rivera, will be joining us in person for this meeting. **We will have an informal reception for them immediately following the board meeting**. Please plan on joining us.

As is our custom for the February board meeting, we will focus the meeting on the 2010 goals and budget, including a review of our accomplishments in 2009. The Goals and Budget Memo in this packet lays out in detail our 2009 accomplishments and plans for 2010. Below is a summary excerpted from that memo.

2010 Goals and Budget

We had a very strong financial year in 2009, ending the year with a surplus of $2.5 million, increasing total resources under management from just under $300 million to $415 million, and achieving our programmatic goals—all in very challenging economic times. Our proposed 2010 budget, which was reviewed and recommended by the Finance Committee, has total revenues of $17.6 million, total operating expenses of $7.2 million, total financial expenses of $4 million and a surplus of $6.4 million. We are projecting total resources under management by the end of 2010 to be just over $500 million. As the goals and budget memo describe in more detail, our focus for 2010 will be to use our strong financial and staff capacity to maintain our core activities and to play a broader role in helping protect and strengthen low-income communities in the face of a major recession and the crises in the banking, mortgage, real estate and public sectors. To do so, we have laid out five broad goals for 2010:

- **Expand and capitalize our response to foreclosure and housing market crises—**We will complete our $50 million capital campaign for our SUN/Aura/NSP initiative, purchase, re-sell and finance at least 150 foreclosed houses to allow the families to stay in their homes, and begin to develop a secondary market for our mortgages to allow us to recycle our capital. We will also continue to work with our public and community partners to expand our pipeline and will continue to build our infrastructure, systems and staff capacity to handle this new and growing retail business. We will also continue to play an active role in local and national policy initiatives aimed at addressing these crises.

- **Build on our historic and new activities to expand our relationships with national partners and continue to rebrand BCC as a national organization to reflect how we currently operate—**We have provided financing in more than 14 states, raised investments from global financial institutions, and worked on policy activities at the national level. Over the last year, that experience and our New Markets Tax Credit and foreclosure prevention work have built new relationships with a wide range of national capital partners. For example, this year, we have begun strong relationships with ConAgra, Kimberly Clark Corp, JPMorgan Chase and Bank of Oklahoma related to our NMTC. Our foreclosure prevention work has brought new relationships with the Kresge Foundation, Strategic Grant Partners, Oak Foundation and networks of high net worth individuals. We will continue to reorient our marketing and operations to reflect the national breadth and depth of our work, including upgrading our website, hosting a 25th Anniversary event and recruiting new board members.

- **Continue our current core work—**We will continue our Loan Fund, Venture Fund and New Markets (NMTC) investment and portfolio management activities, including working with our borrowers to weather challenges and take advantage of opportunities presented by this economy. Specifically, the Loan Fund will commit $30 million in new loans, explore joining the Federal Home Loan Bank System as part of an inaugural class of CDFI members, and expand on recent new lending markets, including charter schools, NMTC leveraged loans, and community facilities. The Venture Fund will continue to assist its portfolio companies weather the recession, work with Zip Car on its planned IPO, and begin the process to raise a third fund. On NMTCs, we will close investments for all of our $85 million Round VI allocation and 70% of our $85 million Round VII allocation. We anticipate applying for additional CDFI Fund and NMTC awards once new funding rounds are announced.

- **Develop our solar and energy conservation work into on going financing programs—**To date, our solar financing has been based on a series of solar incentives which are changing or have been eliminated. We will complete a series of projects funded under the old incentive programs and evaluate the possibilities for developing an ongoing solar business under the new programs. On the conservation work, we will undertake two demonstration, deep energy retrofit programs, work with the Loan Fund to develop an energy conservation financing vehicle for multifamily properties, assist NPS/Aura in using the new utility company rebate programs for its clients, and proceed with developing Wegowise, our energy tracking tool, into a sustainable business.

- **Organizational infrastructure—**We have historically run a very lean ship, exploring and implementing ways to work more efficiently. With our growth, increased complexity, and especially the addition of our first retail business with NSP/Aura, we need to make sure that we are not stretched too thin and have the systems, capacity, infrastructure and facilities to manage our work appropriately. In particular, we will assess expanding our finance and reporting capacity, upgrading our space at Palladio Hall, and finding long term space for Aura/NSP. We are scheduled for our 3-year CARS rating review with fall, which will require significant preparation to update all our policies and procedures.

Stabilizing Urban Neighborhoods (SUN) Initiative--NSP Residential and Aura Mortgage Advisors Update

We're moving ahead on all fronts. We have, in total, about 47 units either closed or scheduled to close. On the capitalization front, we're having very good conversations with Strategic Grant Partners, a consortium of new family foundations, primarily those who made money in the hedge fund industry, and are scheduled to present to their full group on February 22. We're probably within thirty days of a closing with clients of two money managers, and we have active conversations ongoing with Boston Foundation, Kresge Foundation, Mercy Housing, Hyams

Foundation, Calvert Foundation and Jewish Funds for Justice. In addition, Melinda Marble has gotten information out to Oak Foundation.

Our conversations with Strategic Grant Partners have been about loans in the $5-10 million range. Other lenders are likely to have somewhat less capacity so, we will soon ramp up a set of conversations with other high net worth individuals. We may also have some bank prospects, but we're too early in the process to put much weight there.

We have also begun a conversation with Strategic Grant Partners about foregoing a substantial portion of their interest income in order to allow us to pursue loans from others within the CDFI industry (e.g. Mercy Housing) who need a rate higher than 4.25% in order to lend. SGP initial reaction has been quite positive because it creates additional leverage for their funds. From BCC's perspective, this approach would allow us to achieve our goal of a blended rate of no more than 4.25%, and also allow other CDFIs (who are suffering from the same negative arbitrage expense that we are) to invest their funds in a mission consistent undertaking.

Our pipeline continues to build. (Please see the Aura/NSP Report for more details on our customers and activity.) Right now, our challenge is keeping up with the transactions we have – not finding additional transactions. Boston's Department of Neighborhood Development is sending us their foreclosed but still occupied units, and Elyse's conversation with the Mayor of Revere has opened the spigot from there, as well. Notwithstanding, we have an active conversation with Fannie Mae, the largest REO property holder in the country, about accessing its REO property list in our zip codes. The people we're working with are eager to proceed, but Fannie Mae has always moved at a deliberate pace; and its uncertain future adds to the challenge.

To meet the pipeline and make sure that we have the systems and infrastructure in place to expand our scale, as planned, we've started expanding the staffing for NSP/Aura and rented additional space across the street at 57 Warren Street. We've hired two additional BCC employees: Jessica Hermann and Ryan Kim. Jess is a 2009 Tufts graduate and was with us two summers ago, when she tracked down and crunched the numbers at the start of our foreclosure research work. Since graduating she spent this past summer and fall with Barry Bluestone – Dean of the Dukakis Center for Urban Affairs at Northeastern – working on the Boston Indicators Report. She will focus on client intake and reporting as well as developing ways to track additional client and demographic information and foreclosure trends. Ryan has been working with us as a part time intern while he completed his course work at Harvard for a Masters in Real Estate Finance. Ryan worked in a number of different positions in real estate and the nonprofit sector in Boston and LA before joining BCC. He has worked with us in developing our client intake process and all of the spreadsheets and reporting involved in analyzing hundreds of properties and their owners. We're delighted to have Jess back and Ryan join us full time.

We have also contracted with SCA, a mortgage consulting and professional staffing firm for two senior residential mortgage professionals, Judy Pfifer and Kathy Schreck, who will be working with NSP and Aura on indefinite assignment from SCA. Judy will be with us full time and Kathy will work both in our offices and in the SCA offices as needed.

Judy will be taking on the "traffic cop" and property and loan closing responsibilities for us. She'll be making sure that when NSP makes an offer for a property we track the lender's response, coordinate their staff's access to the property and generally make the process from Offer to Acceptance and then Purchase as smooth and expeditious as possible. She'll work with all of us and Matt Gautieri in tracking the P&S and closing docs on both the NSP purchase and the resale of the property to the former homeowner. Judy has many years of mortgage banking experience and is also a lawyer with real estate expertise.

Kathy will be taking on the responsibility for all of Aura's loan input and system decisions, as well as producing much of the disclosures and documentation required when making a loan. Once an Offer to purchase a property has been accepted, Kathy will meet with our Foreclosure Counselors to complete the hand off from counseling to loan applicant. Kathy has many years of experience in the residential loan processing arena and has spent 20 years working in mortgage wholesaling. (An org chart for NSP/Aura is included in that sector of this packet.)

We've also had a fair amount of national interest in the SUN initiative. We've spoken at conferences in Chicago (sponsored by MacArthur Foundation and the Federal Reserve) and in Washington DC (one sponsored by Fannie Mae and one by the Fed). A regional group out of Baltimore has asked us to send a speaker, MacArthur is planning another conference, we've provided information to people in Minnesota, and Kresge is beginning to think about whether the model would be useful in Detroit.

The one disappointing, though not surprising piece of news, is that our application for HUD's NSP2 grant was not funded. There were far more applications that available funding and, for the most part, only government entities and large national consortia were funded.

<u>Finance Update</u>

The budget memo and 2009 financial narrative give a lot of detail on our financial statements for 2009. In short, on a consolidated basis, we had a surplus of just over $2.5 million for 2009, which was slightly better than budgeted. Please note that this was despite a delay in closing our $85 million NMTC transaction, which is now scheduled for mid-March. Our auditors have completed most, if not all, of the field work for our increasingly complex audits. Even with the additional complexity, we expect the audits to be completed and presented ahead of schedule.

<u>Loan Fund Update</u>

As we reported in October and December, we are starting to see positive signs for some of our for-sale affordable housing developments and several long-delayed rental projects are beginning to move forward. This triggered an increase in both our closings and our pipeline, which meant that we exceeded our goal of $30 million in new loan commitments. Our full 2009 report is included in the Loan Fund section of the packet.

Venture Fund Update

Despite the difficult economy, several of our companies--ZipCar, Accelero, Eating Well, GeoVue, and Selectech--are seeing signs of an economic recovery in their activity. A full report on the Venture Fund portfolio is included in this packet. After we completed the report, we received a revised third party valuation report from Zip Car, which was prepared in anticipation of an IPO in 2010. As a result, we increased our valuations of our investments in Zip Car in both Fund I and Fund II. Those increases are reflected in the financial statements and reports.

Energy Advantage Program and BCC Solar Energy Advantage Update

As we discussed in December, the state has redesigned its solar incentives and regulations. We are working closely with our attorneys, industry partners, and public officials to understand how this new system could work for low income communities. In the meantime, we are proceeding with three solar projects that had been in our pipeline under the prior solar incentive program. We have also begun to move ahead with out two energy conservation demonstration programs: a deep energy retrofit project for three large affordable housing developments with Beacon Communities and a energy conservation project with Champ Homes, for their supportive housing campus in Hyannis. In late January, the new utility company energy conservation and efficiency programs, as mandated by the Green Communities Act, were unveiled, and we are actively looking at how we can integrate our financing into them, both for multifamily developments and for our NSP/Aura portfolio. Finally, we have made significant progress in structuring Wegowise (formerly Energy Tracker). We expect to make decisions within the month and look forward to presenting it at the April board meeting.

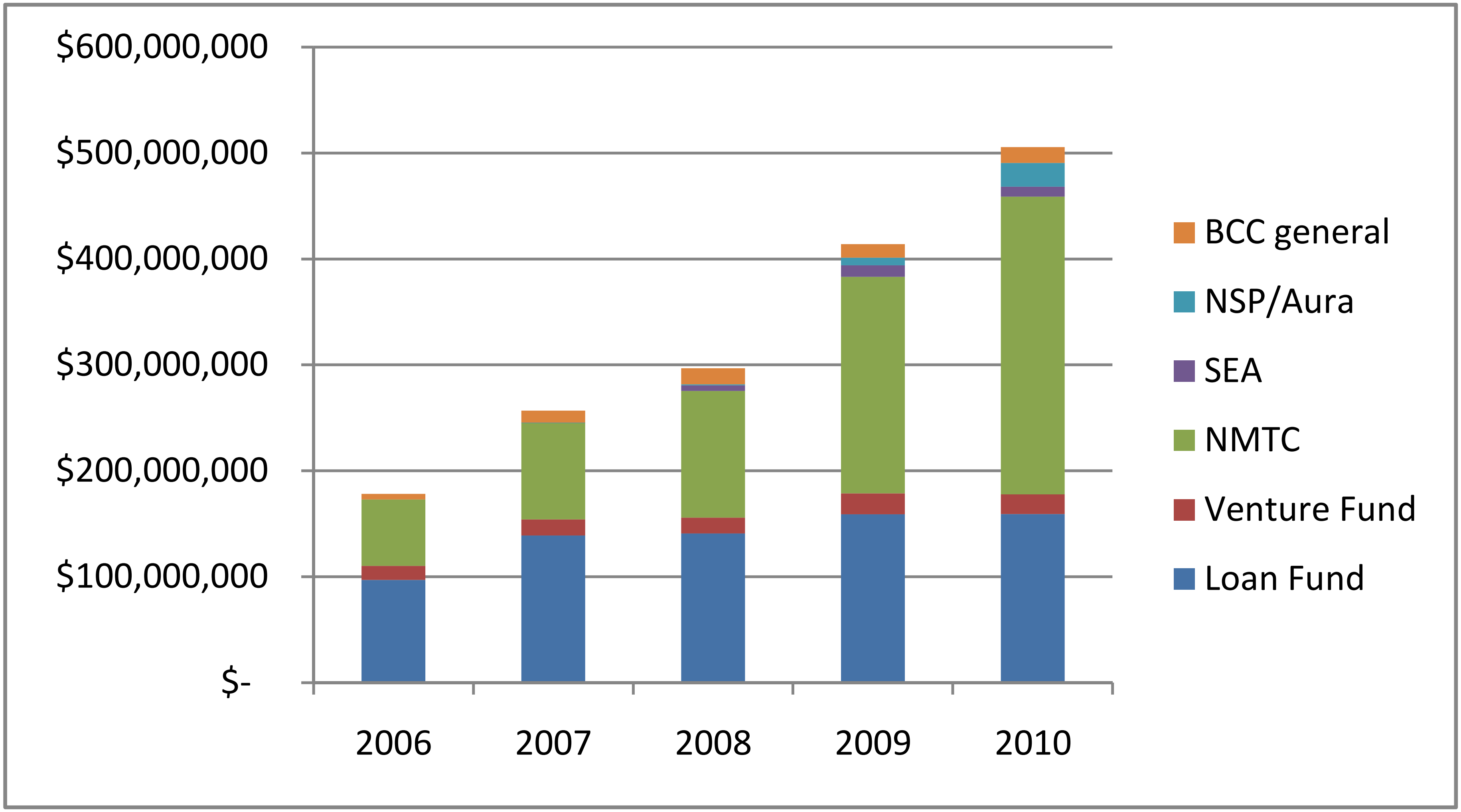
Consent Agenda

At this point, we have only one item for the consent agenda:

- Approve December board minutes

2010 Board Schedule (all meetings will be at 1:30 at the BCC office)

April 29
September 16
December 9



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BCC general
NSP/Aura
SEA
NMTC
Venture Fund
Loan Fund

BCC Budget - 2010 **2010**

	Loan Fund	Managed Assets	Venture	BCC	SEA	NSP, Aura & Sun	Total 2010	Total 2009	% Increase
FINANCIAL INCOME									
Interest on Loans	4,544,200	0	0	0	0	1,010,922	5,555,121	4,598,209	21%
Interest on Cash/Investments	60,845	54,923	1,282	1,475	12,935	24,514	155,974	201,748	-23%
Intercompany Interest Income (Expens	370,813	0	0	0	-19,833	-350,979	0	0	
Realized Invstmt Gains (Losses)	0	0	0	0	0	0	0	0	
Management Fees - Venture Fund	0	0	645,900	0	0	0	645,900	647,747	0%
Management Fees - NMTC	0	650,925	0	0	0	0	650,925	647,230	1%
NMTC Upfront Fees (A)	0	7,200,000	0	0	0	0	7,200,000	1,147,407	528%
Share of Income (Loss) {NMTC}	0	0	0	0	0	0	0	264	-100%
Secondary Market Servicing Fees	103,359	0	0	0	0	0	103,359	112,209	-8%
Legal Fees (Borrowers)	0	0	0	0	0	0	0	103,005	-100%
Loan Origination Fees (Borrowers)	290,838	0	0	0	0	432,550	723,388	266,134	172%
TOTAL FINANCIAL INCOME	5,370,055	7,905,848	647,182	1,475	-6,898	1,117,007	15,034,668	7,723,953	95%
FINANCIAL EXPENSE									
Investor Interest	2,555,100	-64,064	72,922	8,291	114,562	262,621	2,949,431	2,717,753	9%
Financing Fees	24,000	0	0	0	0	0	24,000	49,676	-52%
Line of Credit Interest	0	0	0	0	0	0	0	0	
Provision for Loan Losses (A)	999,996	0	0	0	0	0	999,996	1,200,276	-17%
TOTAL FINANCIAL EXPENSE	3,579,096	-64,064	72,922	8,291	114,562	262,621	3,973,427	3,967,705	0%
Net Financial Income	1,790,959	7,969,912	574,260	-6,816	-121,460	854,385	11,061,241	3,756,248	194%
PROGRAM INCOME									
Solar billings and other energy					351,692		351,692	164,369	114%
Deferred Grant Revenue - Solar Projects					558,662		558,662	396,299	41%
Solar Cash Subsidies					250,000		250,000	1,461,148	-83%
Rental & Other Income NSP/Aura						73,300	73,300	11,751	524%
Total Program Services and Fees	0	0	0	0	1,160,353	73,300	1,233,653	2,033,567	-39%
Grant Income									
Individuals	0	0	0	25,000	0	0	25,000	53,668	-53%
Religious Organizations	0	0	0	0	0	0	0	2,180	-100%
Foundations	0	0	0	200,000	0	0	200,000	128,300	56%
Financial Institutions	0	0	0	0	0	0	0	13,908	-100%
CDFI Grant	0	0	0	0	50,000	750,000	800,000	1,100,000	-27%
Energy Advantage Grant Release	0	0	0	164,000	0	0	164,000	0	
GBPN Released-net	0	0	0	189,714	0	0	189,714	180,680	5%
Total Grant Income	0	0	0	578,714	50,000	750,000	1,378,714	1,478,736	-7%
TOTAL PROGRAM INCOME	0	0	0	578,714	1,210,353	823,300	2,612,367	3,512,303	-26%
TOTAL INCOME	1,790,959	7,969,912	574,260	571,898	1,088,894	1,677,685	13,673,608	7,268,551	88%
PROGRAM EXPENSES									
Salaries & Benefits	1,163,505	425,993	573,921	377,786	101,907	1,051,228	3,694,340	3,152,425	17%
Consultants/Subcontractors	0	0	0	122,524	27,000	28,360	177,884	61,086	191%
Other Program Expense	51,633	8,689	13,212	258,045	98,990	198,194	628,763	341,725	84%
GBPN Expense	0	0	0	189,714	0	0	189,714	180,680	
Marketing	0	0	0	334,437	5,000	0	339,437	126,037	169%
Office Operations Expenses	387,231	14,019	91,836	44,436	42,200	134,247	713,970	589,033	21%
Organizational Support Expenses	60	8,025	0	0	56,892	18,260	83,237	97,788	-15%
Depreciation	0	0	0	-63,367	966,840	32,503	935,976	489,804	91%
Total Expenses	1,602,428	456,726	678,970	1,263,574	1,298,830	1,462,792	6,763,319	5,038,578	34%
New Initatives (A)	0	0	0	500,000	0	0	500,000	63,057	693%
Total Surplus/Deficit	188,531	7,513,186	-104,710	-1,191,676	-209,936	214,894	6,410,289	2,166,916	196%

BCLF Budget - 2010

	Q1 - 2010	Q2 - 2010	Q3 - 2010	Q4 - 2010	Total 2010	Total 2009	**% Increase**
FINANCIAL INCOME							
Interest on Loans	1,102,569	1,093,519	1,131,480	1,216,632	4,544,200	4,539,971	0%
Interest on Cash/Investments	22,236	19,798	13,793	5,019	60,845	153,543	-60%
Intercompany Interest Income (Expens(	53,833	94,563	110,854	111,563	370,813	0	
Realized Invstmt Gains (Losses)	0	0	0	0	0	0	
Management Fees - Venture Fund	0	0	0	0	0	0	
Management Fees - NMTC	0	0	0	0	0	0	
NMTC Upfront Fees (A)	0	0	0	0	0	0	
Share of Income (Loss) {NMTC}	0	0	0	0	0	0	
Secondary Market Servicing Fees	25,931	25,931	25,849	25,648	103,359	112,209	-8%
Legal Fees (Borrowers)	0	0	0	0	0	103,005	-100%
Loan Origination Fees (Borrowers)	129,727	53,784	58,316	49,011	290,838	244,441	19%
TOTAL FINANCIAL INCOME	1,334,296	1,287,594	1,340,292	1,407,873	5,370,055	5,153,169	4%
FINANCIAL EXPENSE							
Investor Interest	602,070	629,528	648,344	675,157	2,555,100	2,555,752	0%
Financing Fees	6,000	6,000	6,000	6,000	24,000	25,676	-7%
Line of Credit Interest	0	0	0	0	0	0	
Provision for Loan Losses (A)	249,999	249,999	249,999	249,999	999,996	1,200,276	-17%
TOTAL FINANCIAL EXPENSE	858,069	885,527	904,343	931,156	3,579,096	3,781,704	-5%
Net Financial Income	476,226	402,067	435,949	476,717	1,790,959	1,371,465	31%
PROGRAM INCOME							
Total Program Services and Fees	0	0	0	0	0	0	
Grant Income							
Individuals	0	0	0	0	0	0	
Religious Organizations	0	0	0	0	0	0	
Foundations	0	0	0	0	0	0	
Financial Institutions	0	0	0	0	0	0	
CDFI Grant	0	0	0	0	0	1,000,000	-100%
Energy Advantage Grant Release	0	0	0	0	0	0	
GBPN Released-net	0	0	0	0	0	0	
Total Grant Income	0	0	0	0	0	1,000,000	-100%
TOTAL PROGRAM INCOME	0	0	0	0	0	1,000,000	-100%
TOTAL INCOME	476,226	402,067	435,949	476,717	1,790,959	2,371,465	-24%
PROGRAM EXPENSES							
Salaries & Benefits	359,444	271,583	267,978	264,499	1,163,505	1,144,050	2%
Consultants/Subcontractors	0	0	0	0	0	0	
Other Program Expense	12,908	12,908	12,908	12,908	51,633	31,810	62%
GBPN Expense					0	0	
Marketing	0	0	0	0	0	0	
Office Operations Expenses	104,075	94,476	94,408	94,271	387,231	345,729	12%
Organizational Support Expenses	15	15	15	15	60	47	28%
Depreciation	0	0	0	0	0	0	
Total Expenses	476,443	378,982	375,309	371,694	1,602,428	1,521,636	5%
New Initatives (A)	0	0	0	0	0	0	
Total Surplus/Deficit	-216	23,085	60,639	105,023	188,531	849,829	-78%

SEA Budget - 2010

	Q1 - 2010	Q2 - 2010	Q3 - 2010	Q4 - 2010	Total	Total 2009	% Increase
FINANCIAL INCOME							
Interest on Loans	0	0	0	0	0	0	
Interest on Cash/Investments	893	3,263	4,770	4,009	12,935	2,786	364%
Intercompany Interest Income (Expense	-708	-6,375	-7,438	-5,313	-19,833	0	
Realized Invstmt Gains (Losses)	0	0	0	0	0	0	
Management Fees - Venture Fund	0	0	0	0	0	0	
Management Fees - NMTC	0	0	0	0	0	0	
NMTC Upfront Fees (A)	0	0	0	0	0	0	
Share of Income (Loss) {NMTC}	0	0	0	0	0	0	
Secondary Market Servicing Fees	0	0	0	0	0	0	
Legal Fees (Borrowers)	0	0	0	0	0	0	
Loan Origination Fees (Borrowers)	0	0	0	0	0	211	-100%
TOTAL FINANCIAL INCOME	184	-3,112	-2,667	-1,304	-6,898	2,997	-330%
FINANCIAL EXPENSE							
Investor Interest	28,640	28,640	28,640	28,640	114,562	0	
Financing Fees	0	0	0	0	0	22,000	-100%
Line of Credit Interest	0	0	0	0	0	0	
Provision for Loan Losses (A)	0	0	0	0	0	0	
TOTAL FINANCIAL EXPENSE	28,640	28,640	28,640	28,640	114,562	22,000	421%
Net Financial Income	-28,456	-31,752	-31,308	-29,944	-121,460	-19,003	539%
PROGRAM INCOME							
Solar billings and other energy	63,922	113,375	115,772	58,622	351,692	164,369	114%
Deferred Grant Revenue - Solar Pro	137,738	140,308	140,308	140,308	558,662	396,299	41%
Solar Cash Subsidies		250,000			250,000	1,461,148	-83%
Total Program Services and Fees	201,661	503,683	256,080	198,930	1,160,353	2,021,816	-43%
Grant Income							
Individuals	0	0	0	0	0	0	
Religious Organizations	0	0	0	0	0	0	
Foundations	0	0	0	0	0	0	
Financial Institutions	0	0	0	0	0	0	
CDFI Grant	0	50,000	0	0	50,000	0	
Energy Advantage Grant Release	0	0	0	0	0	0	
GBPN Released-net	0	0	0	0	0	0	
Total Grant Income	0	50,000	0	0	50,000	0	
TOTAL PROGRAM INCOME	201,661	553,683	256,080	198,930	1,210,353	2,021,816	-40%
TOTAL INCOME	173,205	521,931	224,772	168,986	1,088,894	2,002,813	-46%
PROGRAM EXPENSES							
Salaries & Benefits	32,200	23,965	22,871	22,871	101,907	110,726	-8%
Consultants/Subcontractors	6,750	6,750	6,750	6,750	27,000	-7,830	-445%
Other Program Expense	23,000	43,000	13,510	19,480	98,990	93,221	6%
GBPN Expense					0	0	
Marketing	1,250	1,250	1,250	1,250	5,000	1,436	248%
Office Operations Expenses	5,582	15,749	5,129	15,740	42,200	19,242	119%
Organizational Support Expenses	13,423	14,223	14,623	14,623	56,892	66,133	-14%
Depreciation	241,710	241,710	241,710	241,710	966,840	489,804	97%
Total Expenses	323,915	346,647	305,843	322,424	1,298,830	772,732	68%
New Initatives (A)	0	0	0	0	0	0	
Total Surplus/Deficit	-150,711	175,284	-81,071	-153,438	-209,936	1,230,081	-117%

Mortgage Foreclosure Business - Budget 2010

	Q1 - 2010	Q2 - 2010	Q3 - 2010	Q4 - 2010	Total	Total 2009	**% Increase**
FINANCIAL INCOME							
Interest on Loans	89,499	175,391	293,336	452,695	1,010,922	40,164	2417%
Interest on Cash/Investments	3,237	7,798	6,233	7,246	24,514	8,613	185%
Intercompany Interest Income (Expens	-53,125	-88,188	-103,417	-106,250	-350,979	0	
Realized Invstmt Gains (Losses)	0	0	0	0	0	0	
Management Fees - Venture Fund	0	0	0	0	0	0	
Management Fees - NMTC	0	0	0	0	0	0	
NMTC Upfront Fees (A)	0	0	0	0	0	0	
Share of Income (Loss) {NMTC}	0	0	0	0	0	0	
Secondary Market Servicing Fees	0	0	0	0	0	0	
Legal Fees (Borrowers)	0	0	0	0	0	0	
Loan Origination Fees (Borrowers)	60,663	87,038	126,600	158,250	432,550	21,482	1914%
TOTAL FINANCIAL INCOME	100,273	182,039	322,753	511,942	1,117,007	70,259	1490%
FINANCIAL EXPENSE							
Investor Interest	13,416	27,582	66,541	155,082	262,621	0	
Financing Fees	0	0	0	0	0	2,000	-100%
Line of Credit Interest	0	0	0	0	0	0	
Provision for Loan Losses (A)	0	0	0	0	0	0	
TOTAL FINANCIAL EXPENSE	13,416	27,582	66,541	155,082	262,621	2,000	13031%
Net Financial Income	86,857	154,457	256,212	356,859	854,385	68,259	1152%
PROGRAM INCOME							
Total Program Services and Fees	17,500	18,600	18,600	18,600	73,300	11,694	527%
Grant Income							
Individuals	0	0	0	0	0	0	
Religious Organizations	0	0	0	0	0	0	
Foundations	0	0	0	0	0	0	
Financial Institutions	0	0	0	0	0	0	
CDFI Grant	0	0	0	750,000	750,000	0	
Energy Advantage Grant Release	0	0	0	0	0	0	
GBPN Released-net	0	0	0	0	0	0	
Total Grant Income	0	0	0	750,000	750,000	0	
TOTAL PROGRAM INCOME	17,500	18,600	18,600	768,600	823,300	11,694	6940%
TOTAL INCOME	104,357	173,057	274,812	1,125,459	1,677,685	79,953	1998%
PROGRAM EXPENSES							
Salaries & Benefits	323,533	243,958	242,351	241,386	1,051,228	499,060	111%
Consultants/Subcontractors	7,090	7,090	7,090	7,090	28,360	20,402	39%
Other Program Expense	44,495	47,091	50,795	55,812	198,194	19,988	892%
GBPN Expense					0	0	
Marketing	0	0	0	0	0	360	-100%
Office Operations Expenses	34,550	33,245	33,236	33,217	134,247	85,405	57%
Organizational Support Expenses	4,565	4,565	4,565	4,565	18,260	23,965	-24%
Depreciation	8,126	8,126	8,126	8,126	32,503	0	
Total Expenses	422,359	344,075	346,162	350,196	1,462,792	649,180	125%
New Initatives (A)	0	0	0	0	0	0	
Total Surplus/Deficit	-318,002	-171,018	-71,351	775,264	214,894	-569,227	-138%

Consolidating Balance Sheet - Budget 2010

	Loan Fund	BCC, Venture & MA	SEA	NSP, Aura & Sun	Total 2010
ASSETS					
Cash and Cash Investments					
Cash and Cash Investments	1,210,382	8,137,499	1,567,119	2,033,062	12,948,063
Cash committed for loans/investments	-	77	-	-	77
Cash for Energy Investment	-	-	-	-	-
Funds held for others	6,179,539	5,645,829	-	19,763	11,845,131
Total, Cash and Cash Investments	7,389,921	13,783,405	1,567,119	2,052,825	24,793,271
Accounts Receivable	-	-	-	-	-
Operating accounts receivable	11,657	681,273	-	60,130	753,060
Grants receivable	-	-	-	-	-
Principal and interest payments	745,126	5,525	43,344	171,838	965,833
Total, Accounts Receivable	756,783	686,798	43,344	231,968	1,718,893
Loans Receivable (net of participations)					
Loans Receivable - Mortgage	-	247,618	-	1,904,421	2,152,039
Intercompany Loans	10,500,000	-	(500,000)	(10,000,000)	-
Loan Receivable (net of participations)	77,546,428	-	-	29,266,864	106,813,292
Total, Loans Receivable	88,046,428	247,618	(500,000)	21,171,285	108,965,331
Loan loss reserves	(4,136,076)	-	-	(6,097,153)	(10,233,229)
Total, Loans Receivable (net of reserves)	83,910,352	247,618	(500,000)	15,074,132	98,732,102
Other Assets					
Prepaid expenses and security deposit	91,542	62,237	40,871	18,669	213,319
Fixed assets (net of depreciation)	-	271,462	8,257,045	958,352	9,486,859
Membership in NMTC CDE - All	-	27,226	-	-	27,226
Membership in Energy Advantage	-	-	-	-	-
Membership in NMTC CDE III, LLC	-	-	-	-	-
Membership in NMTC CDE IV, LLC	-	-	-	-	-
Membership in NMTC CDE V, LLC	-	-	-	-	-
Membership in Ventures I & II, LLC	-	3,277,715	-	-	3,277,715
Membership in Ventures II, LLC	-	-	-	-	-
Membership In Aura	-	2,069,814	-	-	2,069,814
Total Other Assets	91,542	5,708,454	8,297,916	977,021	15,074,933
TOTAL ASSETS	92,148,598	20,426,275	9,408,379	18,335,947	140,319,199
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	552,408	471,813	77,914	26,947	1,129,082
Deferred Revenue	267,613	6,681	6,135,673	-	6,409,967
Investor loans payable	44,993,239	15,000	-	-	45,008,239
Line of Credit	-	-	-	-	-
Loans payable (HSBC/Sun Other Funding)	20,000,000	-	-	15,000,000	35,000,000
Funds held for others	6,179,539	5,645,829	-	19,763	11,845,131
Total Liabilities	71,992,799	6,139,323	6,213,587	15,046,710	99,392,419
Permanent Capital, Subordinated Debt	-	-	-	-	-
Equity equivalent investments	9,275,704	-	-	-	9,275,704
Members' Capital: BCVF Investment in LLC	-	-	800,000	1,780,000	2,580,000
Inter-Affiliate Loans	(2,300,000)	(700,000)	3,000,000	-	-
Total Permanent Capital, Sub debt	6,975,704	(700,000)	3,800,000	1,780,000	11,855,704
Net Assets and Equity					
Temporarily Restricted	-	-	-	-	-
Net assets temp. rest. (perm cap/investment)	877,091	-	-	-	877,091
Net assets temp. rest. (other)	-	1,380,835	-	-	1,380,835
Total Net Assets Temporarily Restricted	877,091	1,380,835	-	-	2,257,926
Unrestricted					
Net Assets, Unrestricted	9,838,606	13,593,328	(605,208)	1,509,237	24,335,963
Net assets, unrest. Designated Loan Loss Reserv	2,331,898	-	-	-	2,331,898
Fixed Assets 12/31/05	132,500	12,788	-	-	145,288
Net Assets, Unrestricted	12,303,004	13,606,116	(605,208)	1,509,237	26,813,149
Total Net Assets	13,180,095	14,986,951	(605,208)	1,509,237	29,071,075
TOTAL LIABILITIES AND NET ASSETS	92,148,598	20,426,274	9,408,379	18,335,947	140,319,198

Capital Summary

Cash Impact from Lending Activities

	Q1	Q2	Q3	Q4	Total
Cash Distributions OUT					
BCLF Current Loans	1,169,904	586,195	415,400	342,520	2,514,018
BCLF Q- 4 2009 Commited Loans	5,210,060	1,628,583	1,628,583	1,628,583	10,095,810
BCLF New 2010 Loans	-	3,875,000	4,500,000	2,125,000	10,500,000
Total Loan Fund Distributions	6,379,964	6,089,778	6,543,983	4,096,103	23,109,828
Sun Loans, net of loan reserve	3,320,625	4,764,375	6,930,000	8,662,500	23,677,500
Total Cash Distributions	9,700,589	10,854,153	13,473,983	12,758,603	46,787,328
Cash Receipts IN					
Repaymnts by BCLF & Sun Customers	7,613,668	4,197,753	776,734	788,358	13,376,513
Cash Impact - Investor Debt & LOC Borrowings					
Repayment of Investor Loans	-	4,584,296	885,000	505,000	5,974,296
Debt Draw Downs					
HBSC	1,900,000	1,900,000	1,900,000	1,520,000	7,220,000
HBSC line of credit	1,125,000	1,125,000	1,125,000	1,125,000	4,500,000
Wainwright Line	-	-	-	-	-
Other Sun Funding	-	3,000,000	4,000,000	8,000,000	15,000,000
Total	3,025,000	6,025,000	7,025,000	10,645,000	26,720,000
Net Income less cash adjustment					8,520,260
Impact on Cash					(4,144,851)

Solar Energy Combined Operating Results

			ACTUALS					BUDGET		
Revenues:	SEA 2009	BCC 2009	Combined Results	Eliminations 2009	Results after Elim 2009	SEA 2010	BCC 2010	Combined Results 2010 Budget	Eliminations 2010	Results after Elim 2010
Solar Generation - by prop										
GAHI	126,210		126,210			167,948		167,948		
Champ Homes	2,244		2,244			5,911		5,911		
Hopkington (4 properties)	4,437		4,437			45,967		45,967		
Misc	1,963		1,963			13,000		13,000		
	134,855		134,855		134,855	232,826		232,826		232,826
Grant Revenue - Amortized			-		-					
MTC - original Grant	235,938		235,938		235,938	314,583		314,583		314,583
Federal Grants	160,362		160,362		160,362	292,698		292,698		292,698
MTC Rebates	1,461,149		1,461,149		1,461,149	250,000		250,000		250,000
Recs	25,500					104,679		104,679		104,679
Forward Contract Revenue	3,916		3,916		3,916	14,187		14,187		14,187
Consulting Revenue			-				164,000	164,000		164,000
Developer Fees - BCC		1,391,978	1,391,978	(1,391,978)	-		70,000	70,000	(70,000)	-
Grant Released - GBPN		180,680	180,680		180,680		302,154	302,154		302,154
			-							
Misc Income - Interest	2,997									
Total Revenue	2,024,717	1,572,658	3,568,878	(1,391,978)	2,176,900	1,208,973	536,154	1,745,127	(70,000)	1,675,127
					-					-
Expenses:										
Investor Expense State St	45,882		45,882	(45,882)	-	76,000		76,000	(76,000)	-
Construction Loan interest	-	-	-		-	-		-		-
Loan Commitment Fees	22,000	-	22,000		22,000			-		-
Salaries (allocated)	91,075	125,000	216,075		216,075	95,629	125,000	220,629		220,629
Benefits (allocated)	19,652	27,500	47,152		47,152	20,635	27,500	48,135		48,135
Grant Expense - GBPN		180,680	180,680		180,680		302,154	302,154		302,154
Grant Expense - Energy Adv		147,164	147,164		147,164		112,000	112,000		112,000
Consultants	(7,830)		(7,830)		(7,830)	27,000		27,000		27,000
Maintenance - solar	11,000		11,000		11,000	24,086		24,086		24,086
Legal	64,009		64,009		64,009	50,000		50,000		50,000
Accounting & Audit	8,774		8,774		8,774	10,000		10,000		10,000
Investment Fees ?	7,878		7,878		7,878			-		-
Equip Repairs & main	2,177		2,177		2,177	6,990		6,990		6,990
Marketing Expenses	1,436		1,436		1,436	5,000		5,000		5,000
Other misc	1,684		1,684		1,684	2,000		2,000		2,000
Insurance	36,009		36,009		36,009	56,892		56,892		56,892
Net Metering	30,000		30,000		30,000	-		-		-
Depreciation	560,218		560,218	(70,414)	489,804	966,840		966,840	(108,538)	858,303
Alloc of Admin			-			17,691		17,691		17,691
Total Expenses	893,964	480,344	1,328,426	(70,414)	1,258,012	1,358,763	566,654	1,849,417	(108,538)	1,740,879
Program Surplus, Accrual Basis	1,130,753	1,092,314	2,240,452	(1,321,564)	918,888	(149,790)	(30,500)	(104,290)	38,538	(65,752)
Adjustments:										
Add back - Depreciation	560,218				489,804	966,840				858,303
Less - Deferred Rev - cash Grants	(396,300)				(396,300)	(607,281)				(607,281)
Program Surplus, Cash Basis	1,294,671				1,012,392	209,770				185,270

Loan Fund

	2009	2010	2011	2012	2013
Revenue					
Interest Income - Loan	4,539,971	4,915,013	5,600,000	6,350,000	6,800,000
LF - Fee Income	459,655	394,197	500,000	590,000	625,000
Grant Income	1,000,000				
SEA - kWatts Based Income					
SEA - Development Fee					
Mortgage Interest Inc					
Mortgage Appl Fee Inc					
SUN - Gain on Bulk Sale (Mortgages)					
NMTC - fee income					
Venture Fees					
Other Income					
Interest Income - Idle Cash	153,543	60,845	50,000	75,000	75,000
Total Revenue	6,153,169	5,370,055	6,150,000	7,015,000	7,500,000
Interest Expense	2,581,428	2,579,100	2,800,000	3,200,000	3,400,000
Loan Loss Provision	1,200,276	999,996	800,000	700,000	750,000
SEA - Direct Cost					
Depreciation					
Mortgage Investor Int Exp					
Mortgage Processing Exp					
NSP Reserve for Bad Debt					
Other Program expenses	31,810	34,991	38,490	42,339	46,573
Grant Expense					
Total Direct & Program Expense	3,813,514	3,614,087	3,638,490	3,942,339	4,196,573
Net Financial Income	2,339,655	1,755,968	2,511,510	3,072,661	3,303,427
Salaries & Benefits	1,144,050	1,201,253	1,361,315	1,529,381	1,605,850
Consultants/Subcontractors	0	-	-	-	-
New Initiatives					
Marketing	0	-	-	-	-
Office Operations Expenses	345,729	356,101	366,784	377,787	389,121
Organizational Support Expenses	47	48	50	51	53
Total Operating Expenses	1,489,826	1,557,402	1,728,149	1,907,220	1,995,024
Net Surplus	849,829	198,566	783,361	1,165,441	1,308,403

THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

United States Department of the Treasury

FY 2009 CDFI Program
Combined Application
Comprehensive Business Plan Narrative

Applicant Name: **Boston Community Loan Fund, Inc.**

Employer Identification Number (EIN): **22-2593378**

Instructions for Completing the CBP Template

Overview: Enter narrative in each text box provided. You should not attempt to complete this template without having a copy of the Application in front of you. The application provides a detailed list of questions to be addressed in each text box. The box will expand to fit the amount of text you put in it.

Page Limits: Each section in the Application that is scored has page limitations. You will find guidance in each section specifying the page limits. The Fund will not consider responses beyond the specified page limitation in each section – reviewers will be instructed to stop reading the narrative at the page limit. Funding applications must be single-spaced and use a 12-point font with 1 inch margins.

TA Only Applicants: An Applicant seeking TA Only is expected to provide less narrative with less detail in its responses to the CBP questions. The lengths for each response in the TA Only Application are suggestions; Applicants may utilize up to the page limits for FA Applications, if desired.

Ctrl-Tab to Indent: Each narrative box is an MS Word table entry. Pressing tab will create another row in the table. To create an indent in a table hold the Control key while pressing tab.

Identify Applicant on Each Page: Replace the red text on this cover page to reflect the Applicant Name and EIN #. Also change the footer that starts the next section to include the applicant's EIN#.

Recommended File Naming Convention: The final version of the file to be submitted through Grants.gov should follow this naming convention: EIN-CBP.doc. For example: 999999999-CBP.doc

Technical Assistance Proposal

The Technical Assistance Proposal (TAP) must be no more than four (4) pages.

Not applicable. Boston Community Loan Fund is not applying for Technical Assistance.

Executive Summary

Boston Community Loan Fund (BCLF) is pleased to submit this application for a $2 million CDFI Fund FA award to expand the financing activities of our **Energy Advantage Program** (EAP). The EAP provides financing to affordable housing developments and community organizations for energy conservation, energy efficiency and renewable energy investments to improve the buildings' energy and environmental performance, stabilize and lower the developments' operating expenses, and allow low-income residents to participate in addressing climate change. Our program has two initiatives:

1) Creating financing tools to finance environmental and energy conservation and efficiency improvements in existing multifamily buildings, for which we will use the FA award; and
2) Developing a cost effective financing vehicle for renewable energy installations.

Many existing multifamily properties have very high energy use and costs, yet have few resources to make improvements to reduce or stabilize those costs. To date, we have focused on renewable energy, which can stabilize long-term energy costs. However, the current cost of installing solar panels requires significant subsidies to make them cost-effective; affordable housing developments typically cannot take advantage of tax and other incentives that make renewable energy cost-effective. Working through our affiliate, BCC Solar Energy Advantage (SEA), we have developed a third party financing structure that captured those incentives and reduced the amortized cost of the solar panels below the current market prices for electricity. Our initial program installed over 5,000 solar panels on five large affordable housing developments and stabilized long-term utility costs for nearly 1,000 low-income families. This program, which represents approximately 15% of all the solar electric capacity in Massachusetts, received an inaugural State Leadership award from the Clean Energy States Alliance.

We will use the FA award to expand EAP financing to make energy improvements in existing multifamily housing developments serving our Target Market of low-income people in Massachusetts. We are targeting two initial types of properties: 1) properties with high energy use, where we can achieve a 30-50% reduction in utility costs with a 5-10 year payback based on current utility costs; and 2) properties requiring substantial rehab, where we believe the rehab can achieve energy reductions of up to 75%, far deeper than is standard for substantial rehab. We will create a demonstration program that shows it is possible to achieve these reductions economically in affordable housing developments.

Many of these properties have current ownership or financing structures that make it difficult to finance these improvements through additional secured debt or prepayments of existing debt. As a result, we anticipate structuring our financing as unsecured debt, energy performance contracts, or leases with payments based on projected energy savings. BCLF will use the FA award as equity or credit support in order to leverage additional debt to finance the EAP initiative. Many of these properties will also be appropriate for solar installations, which would be financed through our BCC SEA affiliate. Over the next three years, we project financing $40 million in conservation investments and an additional $36 million in renewable energy investments for over 3,200 affordable housing units.

BCLF is an affiliate of Boston Community Capital (BCC), a comprehensive CDFI whose mission is to build healthy communities where low-income people live and work. BCLF makes loans to developers of affordable housing and to community-based organizations that provide services to low-income people and communities. In our 25-year history, BCLF has lent over $283 million to serve our target market, low-income people in Massachusetts.

Community Partner Narrative

The Community Partner Narrative must be no more than one (1) page.

Not applicable. Boston Community Loan Fund is not submitting this application with a Community Partner.

Market Analysis

Up to 7 pages

1. Briefly describe the Applicant's current or proposed Target Market.

Boston Community Loan Fund (BCLF) has designated "low-income people in Massachusetts" as our target market. We serve this Low-Income Targeted Population by making loans to affordable housing developers and non-profit organizations that provide services to low-income people and communities.

BCLF has been serving low-income people in Massachusetts for 25 years. Since 1984, we have invested more than $283 million to serve low-income people and communities. During that time, we have seen a steady increase in income inequality among our wealthiest and poorest citizens.[1] The populations we serve are the last to benefit from economic boom times; they are also the first to be hurt by economic declines. From 2000-2006, while Massachusetts households in the top income quintile saw incomes decrease 6.2%, the lowest income households experienced declines of nearly 20%.[2]

Living in Massachusetts is expensive. "Out of Reach 2007-2008," the National Low-Income Housing Coalition's side by side comparison of national wages and rents for every state, MSA and county in the United States, ranks Massachusetts fourth in the nation on the list of "least affordable states" after California, Hawaii and New York. The Boston MSA is among the least affordable in the country; non-metropolitan areas in Massachusetts rank worst in the nation for affordability.[3]

Our target market – low-income families and individuals – spend a disproportionate percentage of their household incomes on housing and utilities. Nearly 42% of Massachusetts homeowners pay more than 30% of their monthly income on homeowner costs; (seventh worst ranking in the nation);[4] nearly 18% pay over 50%.[5] Nearly half of Massachusetts renters spend more than 30% of their incomes on rent and utilities (third worst in the nation);[6] more than a quarter pay over 50%.[7] Among low-income individuals, the numbers are even more alarming: 76% of homeowners (74% of renters) in the lowest income quartile pay more than 30% of their incomes for housing; 52% of homeowners (and 51% of renters) in this quartile pay more than half their incomes.[8] Experts calculate that 14% of a low-income household's budget is used for home energy costs compared to 3% for wealthier households.[9]

Low-income communities in Massachusetts shoulder a disproportionate share of environmental and environmental health burdens – and they are the population that can least afford to shoulder them. A 2005 Northeastern University study found that 9 Boston

[1] According to *The State of the Massachusetts Housing Market: A Statewide and Regional Analysis*, a report by the Univesrity of Massachusetts Donahue Institute, (November 2008), from 1979 to 2006, Massachusetts' wealthiest households saw their real median income increase by 29%; in the same time period, our poorest households saw incomes fall by nearly 10%. See http://www.mass.gov/Ehed/docs/dhcd/media/thestateofmahousingm.pdf for more details.
[2] *The Boston Indicators Project* – available online at http://www.bostonindicators.org/indicatorsproject/summaryreport.aspx?id=4668
[3] Petteire, Damilo, Keith Wardrip and Sheila Crowley, *Out of Reach 2007-2008*, a report from the National Low-Income Housing Coalition, April 2008. Available online at http://www.nlihc.org/oor/oor2008/
[4] U.S. Census Bureau, *2005-2007 American Community Survey 3-Year Estimates*, Geographic Comparison Tables.
[5] Bluestone, Barry, Chase Billingham and Tim Davis, *The Greater Boston Housing Report Card 2008*, a report by The Center for Urban and Regional Policy (CURP), Northeastern University, October 2008, p. 33.
[6] U.S. Census Bureau, *2005-2007 American Community Survey 3-Year Estimates*, Geographic Comparison Tables.
[7] *Greater Boston Housing Report Card 2008*, p. 33.
[8] *The State of the Massachusetts Housing Market.* (Nov 2008), p. 110.
[9] *Boston Indicators Project*.

neighborhoods (out of 12) were among the 20 most environmentally overburdened communities in Massachusetts.[10] Professor Daniel Faber concluded that "low-income communities in Massachusetts face a cumulative exposure rate to environmentally hazardous facilities and sites which is four times greater than high income communities…(while) high minority communities face a cumulative exposure rate to environmentally hazardous facilities and sites which is over twenty times greater than low minority communities."[11]

Environmental costs affect low-income residents' pocketbooks as well. As described above, Massachusetts low-income residents use 14% of their income to pay for utilities. Increasing energy costs force individuals to choose between paying energy bills and other expenses (including food, transportation, and medical costs). And costs have been rising with heating fuel costs more than doubling between 2003-2007.[12]

BCLF has collaborated with other funders, public policy makers and community advocates to design a program that seeks to address unmet needs of our target market by financing building improvements which stabilize energy costs and improve health conditions in existing affordable housing developments. Designed in association with the Massachusetts Renewable Energy Trust and the Massachusetts Housing Partnership, BCLF's Energy Advantage Program takes existing sources of funding to support these energy improvements and integrates them into the affordable housing finance system -- stabilizing energy costs for affordable housing developments; creating health and economic benefits for low-income residents while reducing their environmental footprints; and demonstrating that environmental improvements are economic and cost-effective. Our goal is to improve the health and financial stability of our target market, while attracting new mainstream sources of financing to support these improvements.

2. Discuss the demand for the Applicant's Financial Products, Development Services, and/or Financial Services within the Target Market.

Throughout our 25-year history, BCLF has developed new financial products and initiatives to meet the changing demand and needs in our market. Through our borrowers and close community networks, we work to recognize market need even before demand has been clearly articulated and to develop financing products and development services to meet that need. We believe that market formation is one of the key roles that CDFIs must play in linking the capital needs of low-income communities with mission and commercial capital markets.

The EAP emerged from our leadership in the Green Building Production Network (GBPN) – an initiative aimed at supporting community development corporations to develop deeply green projects at little or no cost premium – and from increasing reports from our borrowers that their affordable housing portfolios were facing financial difficulties related to rising and unpredictable energy or environmental costs. Many new construction projects we finance today feature green and high performance design, building envelope and mechanical system features. However, existing properties with high energy usage frequently have financing covenants and other barriers that make it difficult to finance capital improvements necessary to become more energy-efficient. In these properties, rising utility costs threaten the financial stability of low-income households and in some cases, their ability to remain in their housing units.

[10] "Faber, Daniel and Eric Krieg, "Unequal Exposures to Environmental Hazards 2005: Environmental InJustice in Massachusetts" Northeastern University, October 2005. Available online at http://www.socant.neu.edu/download/final_unequal_exposure_report_2005.pdf
[11] Ibid, p. 7
[12] *The State of the Massachusetts Housing Market: A Statewide and Regional Analysis*, p. 117.

Market Need and Demand for Improved Building Performance

EAP provides financing to make energy efficiency, renewable energy and environmental improvements in existing multifamily, low-income housing properties. Our primary focus is on existing properties with poor building performance – such as high energy usage, volatile energy costs and poor indoor air quality – that cannot easily access capital for building improvements from conventional sources and where energy investments can result in energy savings of 30-50%. We have identified hundreds of buildings, including thousands of units that meet those criteria, and have created an initial pipeline of approximately 25 properties including over 3,200 units. As described in detail in the Business Strategy section of this application, the primary financing we will offer for EAP, and for which we are requesting this award, will be loans and other financing to pay for these capital improvements that will be repaid from the properties' projected energy savings.

In 2007, BCC received a $5 million grant from the Massachusetts Renewable Energy Trust (MRET) to develop a pilot program to finance cost-effective renewable energy and conservation investments for affordable housing developments. Since that time, we have taken a series of steps to better understand these needs, to examine the financing and other barriers to building performance improvements, and to develop financing tools to address them. These steps include the following:

- With the Massachusetts Housing Partnership, a leading local permanent affordable housing lender, we examined financial records on properties in its loan portfolio, and identified nearly one third of its portfolio--44 buildings, with over 5,000 units of housing-- that had very high utility costs, slim or no operating margin and no recent capital or energy conservation improvements.
- We established BCC Solar Energy Advantage (SEA) to finance large-scale solar photovoltaic systems on affordable housing. In response to our solicitation for solar installations, we hired Zapotec Energy to conduct solar feasibility studies on 18 sites, with a focus on identifying sites where solar could meet at least 20% of the property's electricity load.
- BCC contracted with Brightpower, Inc. to conduct in-depth energy analyses of 27 affordable properties that had expressed interest in solar panels through our SEA program. While solar electricity can stabilize and reduce electricity prices over time, due to the high subsidy requirements for solar electricity, it is typically installed only after most cost-effective energy conservation measures have been taken. Nevertheless, almost one third of the properties we analyzed had twice the heating loads of similar multifamily buildings; less than one quarter of these properties had heating loads typically considered "efficient" for multifamily buildings.
- Working with New Ecology, Inc. (NEI) we are developing an online, real-time comparative energy tracker database for affordable housing properties. In reviewing the first 300 buildings (representing over 3,000 units) to pilot the energy tracker system, we have found very high energy use (twice the average for comparable buildings) in more than 1/3 of the properties.
- Similarly, poor environmental issues are contributing to increased operating expenses for property owners and managers. For example, many projects meet development cost constraints by using inexpensive, lower quality, harder-to-maintain materials, such as inexpensive carpeting and noisy exhaust fans. Through our GBPN work with Homeowners Rehab (HRI), a community development corporation in Cambridge, Massachusetts, we found that all of the "reasonable accommodation" requirements they needed to make to meet tenants' health needs within five years of the development or substantial rehab of the unit were related to asthma and respiratory problems; virtually all were resolved by replacing inexpensive carpet with a wipeable floor (typically hardwood). In every case, the carpet had replaced hardwood floors as part of "value engineering" during the development phase of the project. HRI estimates that it cost them $15,000 per unit to make these replacements, far

above any initial development cost savings.

- As we have explored developing our energy advantage financing program, we have developed an active pipeline of projects with the public housing division of the Massachusetts Department of Housing and Community Development, the regional office of NeighborWorks America, Beacon Communities, Winn Residential and Peabody Properties (all large affordable housing managers), and the Massachusetts ARRA Renewable Energy and Energy Efficiency Office.

Through this work, we have found numerous energy inefficient properties with high energy costs that jeopardize the stability of low-income tenants. Many of these properties have significant, cost-effective opportunities for capital improvements. However, these properties face several significant barriers to making these improvements.

First, property owners, managers and lenders lack detailed information on the energy problems in their portfolios. The owners, managers and lenders for the 300 properties we examined had very little detailed information on the energy use of the properties in their portfolios. Many owners see only aggregated utility costs. Utility usage is very rarely reported or analyzed, and there is little understanding about how individual buildings perform against comparable buildings or over time. In fact, there are few sources of useful building energy metrics for managers to use as benchmarks. Without these benchmarks, owners were unable to identify opportunities for savings.

Second, owners and managers we have surveyed and interviewed have little expertise in making energy related capital improvements; many did not understand which improvements would make the most economic sense. We saw many examples of properties considering costly window or heating system replacements without first reducing the heating load through less expensive insulation and airsealing.

Third, while there is ample information about green products, standards and technologies, there is insufficient expertise on which improvements will improve the performance of a building. Few properties set targets for improved energy use or building comfort in making investments, and consequently, we heard many complaints that “greening” and building performance measures that didn’t reduce energy use. For example, preliminary data from the City of Seattle’s City Green energy study and Enterprise Communities’ Green Communities portfolio presented at the 2008 Green Build conference and a study presented by energy expert, Henry Gifford, at the 2009 NESEA conference showed that “LEED” or “Energy Star” rated affordable housing buildings often had higher energy uses than comparable buildings.

Finally, we found a series of financing barriers to undertaking these improvements with conventional real estate debt. Many properties had financing or ownership structures that did not allow additional debt. In particular, lenders and limited partners had covenants prohibiting additional secured debt for properties or debt service covenants for properties with weak cash flows (often caused by high utility costs), which, ironically, are the properties that would benefit most from energy efficiency improvements. Moreover, in cases where subordinated debt was allowed, the terms of the debt and collateral could not attract conventional lenders. Public housing authorities are typically prohibited from taking on debt for their developments. Lenders, for the most part, have little experience or data that allows them to finance against projected energy savings, instead of collateral and demonstrated cash flow. Energy service companies and third party energy providers, which historically made capital investments in return for a share of the energy savings, have moved away from performance contracts and have focused on large commercial customers. Finally, the recession and the collapse of the credit markets have made all financing much less available. As described in the following sections, our EAP financing will be structured to overcome these barriers, first by establishing repayment from projected energy savings and second by raising capital and credit support, including from the proposed FA award, which will allow us to finance without conventional debt service or collateral requirements.

Our initial review suggested that many of these projects could use significant energy efficiency and conservation measures – costing between $5,000 and $20,000 per unit, with an economic payback of between 3 and 15 years at today's utility prices. Despite a recent dip in energy costs related to the recession, the long-term utility trends show rising and volatile costs. In Boston, for example, from 2002-2007 (before last year's spike in fossil fuel prices) electricity prices rose 57%; water and sewer 44%, natural gas rose 103%, and heating oil costs rose 235%. A typical affordable housing development might have been financed assuming utilities at 8% of net rental revenue and equal to approximately two thirds of net cash flow. For many properties, these utility cost increases have far exceeded rent and utility allowance increases, threatening their ability to meet debt service and other expense requirements. Properties with very high energy use are particularly vulnerable. The EAP program provides an opportunity to have a significant reduction in energy consumption resulting in long-term economic impacts and stabilization of low-income families.

3. Address areas needing improvement and, if applicable, justify requested TA activities that will help.

For the EAP program, we continue to need less expensive ways to determine which buildings are the best candidates for energy related improvements and what savings we can reasonably expect from those improvements. Conducting an extensive energy audit and analysis, while necessary for buildings that need improvements, are expensive and time consuming just to determine the properties to target. The "Energy Tracker" tool that we are developing will provide a much simpler and less expensive initial energy use profile.

Business Strategy

Narrative length: The Business Strategy narrative must be no more than nine (9) pages.

4. Describe the Applicant's relevant Financial Products and Financial Services.

The Energy Advantage Program provides financing to affordable housing developments and community organizations for energy conservation, energy efficiency and renewable energy investments to improve the buildings' energy and environmental performance, stabilize and lower the developments' operating expenses, and allow their residents to participate in addressing climate change. Our program has two initiatives:

1 Creating financing tools to finance environmental and energy conservation and efficiency improvements in existing multifamily buildings, for which we will use the FA award; and
2 Developing a cost effective financing vehicle for renewable energy installations.

Specifically, we will use this FA award to support EAP financial products—typically loans, energy performance contracts, or leases based on projected energy savings—to make energy conservation and environmental improvements in existing multifamily housing developments serving our Target Market of low-income people in Massachusetts.

We are focusing on two initial types of properties: 1) properties with high energy use where we can achieve a 30-50% reduction in utility costs with a 5-10 year payback based on current utility costs; and 2) properties requiring substantial rehab, where we believe the rehab can achieve energy reductions of up to 75%, far deeper than is typical for standard substantial rehab. We will create a demonstration program with the goal of showing that it is possible to achieve these reductions economically in affordable housing developments. Since many of these properties may also be appropriate for renewable energy installations, we will also provide the financing for those installations, primarily in conjunction with our BCC Solar Energy Advantage affiliate. Over the next three years, we project financing $40 million in conservation investments as well as an additional $36 million in renewable energy investments for over 3,200 affordable housing units. A full description of our anticipated projects and products is provided below.

Organizational Overview

Boston Community Loan Fund is the community development lending affiliate of Boston Community Capital (BCC), a multi-company CDFI whose mission is to build healthy communities where low-income people live and work. We pursue our mission by developing financing mechanisms that create access to capital in low-income communities; creating broad connections between those communities and mainstream sources of capital; and leveraging private sector investment for low-income communities at a scale sufficient to connect them to the economic mainstream. Since 1984, BCC has invested more than $435 million in underserved communities: building nearly 9,500 affordable homes; financing child care facilities and schools serving nearly 7,200 children; and creating more than 1,400 jobs in LICs. BCC was a founding member of the Opportunity Finance Network and plays an active leadership role in the CDFI industry. It is comprised of six affiliates:

- Boston Community Loan Fund, which lends money to community projects such as affordable housing, child care and community facilities.
- Boston Community Venture Fund, which makes equity investments in businesses that create jobs or provide services for LICs.
- Boston Community Managed Assets, which develops new funding vehicles and manages our

- $215 million national New Markets Tax Credit program
- BCC Solar Energy Advantage, which stabilizes/reduces energy costs by increasing energy efficiency and renewable energy use.
- NSP Residential, which is a development company that acquires distressed real estate and mortgage loans to stabilize communities threatened by foreclosures.
- Aura Mortgage Advisors, which is a mortgage broker and lender for low-income communities.

Financing Building Performance Improvements

The Energy Advantage Program (EAP) emerges from our early stage financing initiatives, supported by a 2005 FA award from the CDFI Fund. One aim of our early stage financing initiative was to encourage and finance the use of green, sustainable and healthy building features. In particular, we provided financing for early stage integrated design to consider and include a wide range of green elements in the design, development, construction and management of our projects. While we are still in the initial phases of this work, it is clear that a number of green elements – including elements related to siting, recycling and management of construction materials, and indoor air quality – can be included at little or no additional cost to a project if they are planned from the beginning. These elements have been shown to generate significant benefits in reducing the long-term heating and cooling costs of a building and in reducing asthma and other respiratory diseases in its occupants.

However, other green or sustainable building elements do add to the "first costs" of the development and are therefore particularly difficult to finance. While not all green elements create a direct economic benefit to the project, many of these green elements do or can create economic benefits that could be used to finance some or all of their costs. In general, these difficult-to-finance green elements share one or more of the following characteristics:

- <u>They should generate operating savings but data on the savings is limited or not recognized by owners or lenders</u>. For example, many energy conservation improvements such as air sealing, high performance windows, insulation, upgraded HVAC systems and even green roofs, can reduce heating and cooling costs. However, there is little or no generally accepted standardized data on payback periods and most owners and lenders believe individual properties are unique enough to make the rules-of-thumb too risky to finance.

- <u>They have unknown or unproven savings</u>. Many green improvements that improve indoor air quality and reduce asthma, such as replacing carpets, vinyl cove molding or low quality fans with more durable and cleanable materials, also reduce maintenance and replacement expenses. However, there is little data on these savings.

- <u>Their costs are borne by developers or public funders while savings benefit residents, owners and property managers</u>. While green elements create a better quality building – whether by generating operating savings or creating healthier homes – that increased value is rarely monetized in ways that benefit developers and funders. As a result, there is little incentive to include those elements in the costs of development.

- <u>Savings they generate are dependent on future changes in markets</u>. Until recent increases in utility costs, many renewable, on-site energy facilities were not economic compared to commercial fuel costs. While on-site generation of domestic hot water or electricity can fix utility costs – removing uncertainty and volatility from an increasing part of a project's operating expenses – the actual savings are dependent on future market fuel costs and, in most cases, increases in subsidized rents or utility allowances.

- <u>Savings they generate are dependent on future changes in regulations</u>. Regulations and standards related to sustainable development, energy use and environmental conditions are evolving and increasing. However, many developers and funders will not pay the costs of full compliance in anticipation of final, pending or potential requirements, frequently costing much more for eventual compliance. For example, de-leading standards increased several times in Massachusetts over the past decade. Even though higher standards were anticipated, many owners only de-leaded to minimum standards, requiring additional work each time the standards changed. Current developers are facing similar issues around standards for energy code and Energy Star appliances, indoor air quality and ventilation, and use of certain potentially hazardous materials, like polyvinylchloride (PVC).

- Savings can be achieved only through aggregation. The costs of many green features can be significantly reduced by sharing expertise or aggregating purchasing or ownership of green elements. For example, sophisticated energy modeling and utility-use benchmarking is expensive for individual projects but could be shared or standardized to reduce the costs. Aggregating purchases of elements like energy efficient lighting or windows may eliminate any premium costs and may even allow manufacturers and vendors to tailor products for affordable housing.

Common Challenges Lead to the Development of Energy Advantage Program (EAP)
The green elements described above share a set of common challenges. Their costs and benefits are disconnected or not currently aligned, and non-profit affordable housing developers operating on increasingly tight margins have little room or incentive to take risks with new technologies or systems. Since many of these elements appear to be economic at a system level, grant funders are wary of providing subsidies that may not be necessary; on the other hand, since little data exists to document the economics of these elements, lenders and investors are unwilling to take uncertain risks.

The conditions described here are not restricted to financing green or environmental features; they get to the heart of why CDFIs exist. Throughout our history, BCLF has identified unmet financing needs in the low-income communities we serve, developed underwriting criteria to mitigate the known and assumed risks, raised appropriate capital to meet the anticipated risk profile, and launched new financing products. As we have demonstrated that each new type of financing can be done, we have been able to attract new sources of capital to low-income markets.

While we are confident that over time many of the green and sustainable features described above will be conventionally financed—we are sharing expertise and experience with our national peers who are exploring or developing energy and green related financing tools, including Enterprise, LISC, Low Income Investment Fund, Living Cities—we recognize that at this stage any financing may carry a significantly higher risk than we can take without additional equity, reserves or high risk capital. Further, since our primary target properties are existing multifamily buildings that cannot easily secure additional debt, we anticipate that much of our financing will not be secured by real estate or other hard collateral. We will use our proposed CDFI Fund award to support this higher risk financing.

Energy Advantage Program
The energy conservation financing in EAP builds on our renewable energy experience over the past two years. In 2008, with support from the Massachusetts Renewable Energy Trust (MRET) and State Street Bank, we established BCC Solar Energy Advantage (SEA), a third party integrator of solar photovoltaic systems for affordable housing developments. SEA installs the panels, maintains ownership and servicing of the solar panels, aggregates tax and renewable energy benefits, and sells the electricity to a housing development under a long-term, fixed price contract, typically starting at or below current market electricity prices. The affordable housing development benefits from fixed price renewable electricity with no technology risk; few transaction costs; no development time or expense; and without needing to raise capital or take on additional debt. Furthermore, since this structure captures tax and environmental benefits which are not available to non-profit housing organizations, SEA reduces the amount of subsidy typically required to install solar panels in affordable housing developments by over 50%.

In early 2009, we completed our first five installations on affordable housing developments across Massachusetts serving over 900 low-income households. Those properties included public, private and resident-owned developments in both urban and suburban locations. Our projects, which include three of the largest roof-top solar installations in the state, generate between 17% and 64% of the properties' common electrical load. For our largest installation, the projected 20-year electricity savings, based on current electricity trends, will be more than $1 million. If electricity rates double over the next five years as they did in the previous five, the electricity savings will be more than the development's total resident services budget.

Since SEA provides renewable energy without economic, technology or transaction risks to affordable housing developments, we have developed a tentative pipeline of over 25 interested developments—including several from each of the property managers with developments in our initial round and six public housing developments submitted by the Massachusetts Department of Communities and Development—far exceeding the current capacity of the MA Renewable Energy Trust solar rebate program. Furthermore, the affordable housing managers we are working with have pushed us to develop similar products for solar hot water and energy efficiency and conservation investments.

Customer Profile, Financial Products and Expected Returns

Based on our experience with the initial SEA solar installations, our energy analyses (described in the Market Analysis section), discussions with leading sustainable building organizations and funders, including the Northeast Sustainable Energy Association, the Green Roundtable, New Ecology, Clean Energy Solutions, and Enterprise Community Partners, and in-depth consultations with an advisory group of respected building experts led by EAP's consulting project manager, Fred Unger, we have developed three types of financial products that target substantial energy savings in properly selected properties: 1) financing products for conservation and efficiency improvements reducing energy use by 30-50%; 2) financing products for major rehab creating 75% reduction in utilities; and 3) financing products for renewable energy generating 20-50% of common area loads.

<u>1) Financing for conservation and efficiency improvements reducing energy use by 30 to 50%</u>— More than 50% of the properties we identified have utility costs significantly higher than comparable buildings. With investments of up to $10,000 per unit in air sealing, insulation, HVAC systems, water conservation, energy monitoring systems, and appliance and lighting upgrades, many of these buildings can achieve the targeted energy reductions with a 5-10 year payback at today's energy costs.

Since we believe that most of these properties will not be able to take on additional secured debt (or change their current financing), we are developing two financing products to pay for the improvements:

a. For investments requiring a longer term payback, we will offer a 10-15 year unsecured loan, priced at 6-8%. The loan payments will be calculated to be no more than the projected utility savings at current prices.
b. For projects with shorter term paybacks, we will offer a shared savings contract, where BCLF will guarantee a minimum level of energy savings and share in savings above a target level. Contracts will be priced to give BCLF a 6-10% return and typically run for 5 years.

In both cases, we will provide incentives for the host to prepay the loan or buyout the contract if the property is refinanced or can otherwise raise capital. To mitigate the risk for these products, we have begun preliminary discussions with Mass Housing and the Mass Housing Partnership, the two primary affordable housing lenders in Massachusetts about purchasing a 75-90% senior participation in these products once energy savings targets have been met. Together, those lenders hold the senior debt on over 90% of all existing affordable housing developments in the state, and therefore have an interest in reducing and stabilizing the properties' utility costs. In addition, as the primary sources of permanent debt, they have an incentive and ability to include the energy debt in future refinancing and recapitalization.

From the properties that we have surveyed, we are projecting that we will finance, using both products, 8-10 properties with an average of 150 units for each of the next three years. To mitigate for the risks of this financing, we will establish a credit enhancement fund of at least 25% to support this activity. We will use the FA award as part of this fund and have already raised $2 million from MRET and State Street Bank.

2) Financing for major rehab with 75% utility reductions—Working with Beacon Communities and Winn Residential, two regional affordable housing managers, and Passive House consultants[13] we have identified a series of properties that are candidates for very deep energy reductions and could demonstrate that it is possible to achieve these reductions economically in affordable housing developments.

These properties are 25-50-year-old, geometric apartment buildings with appropriate solar orientation and facing the end of the useful life of their building envelope and mechanical systems. Typical rehab of these properties would only reduce energy use by 10-15% and would still leave the properties vulnerable to volatility and increases in utility prices. With an economic target of eliminating that vulnerability, we are using the Passive House design approach to create very deep energy load reductions. While we do not expect to achieve the specific Passive House standards (typically a 90% reduction over a standard property's costs) we are looking to achieve energy reductions far greater than the 25% reductions typical in other green standards, such as Energy Star or LEED.

As a demonstration, we have selected four large multi-unit developments that are scheduled for substantial physical and financial recapitalization in the next five years. In the next two years, we will finance the renovation of sample buildings at each site as models for the future redevelopment of the overall developments.

We have begun preliminary discussions with three of the country's leading building performance experts to manage the design and renovations. For this demonstration, we are projecting total financing of approximately $10 million, with between $50,000 and $100,000 per unit. We will structure our loans as construction financing converting to a mini-permanent loan priced at 6-8%.

While we will require that our loan be repaid upon the refinancing of the overall development, and will require the general partners to guarantee the debt, our target payment will be based on the revenue typically available for debt service on the project plus a percentage of the energy savings. We anticipate using a portion of the FA award along with funds we have already raised to provide credit support for this lending.

3) Financing for renewable energy generating 20-50% of common area loads—As noted above, we are expanding our BCC Solar Energy Advantage program to new affordable housing developments. We have a pipeline of 25 potential solar projects of representing more than 4 megawatts of solar capacity; we will prioritize projects that also receive our energy conservation financing. We are also beginning to underwrite our first solar domestic hot water system.

[13] Passive House is an emerging sustainable building standard that focuses on both design and long-term building energy, environmental and economic performance.

Over the next three years, we anticipate financing approximately $12 million per year in renewable energy loans. Our financing will include 3-6 month construction loans at 6-7% and 10-year permanent financing at the same rates. The permanent financing payments are typically set at or below the current market cost of the electricity. Since we anticipate providing most of the financing for the solar installations through SEA affiliate, we are not projecting using the FA award for most solar installations.

5. Describe the Applicant's Development Services.

For the last 25 years, BCLF has provided development services that allow borrowers to access and take advantage of our loan products and services – structuring transactions that are consistent with a borrower's ability to pay, assisting borrowers in the often complex negotiations necessary to close loans with multiple lenders, restructuring loans when necessary, and working with borrowers and other lenders to preserve important community projects and the economic health of our non-profit borrowers even in times of economic downturn. These financial counseling and development services help borrowers address delinquencies when they happen, and establish solid credit histories that enable them to "graduate" to more conventional lenders. Our development services are an integral part of our lending program, and are critical to understanding our success over time. All of our lending staff have expertise in providing these services and a typical loan process involves at least as much time providing development and financing assistance to the borrower as the actual loan underwriting and approval process takes. However, we do not provide stand alone development services independent of a proposed or current loan.

In addition to development services provided in-house, BCLF has developed a directory of consultants and service providers who can offer borrowers additional pre- and post-loan services when the services we provide as part of our regular lending process are not enough. Since BCLF is a lender, not a formal organizational, development, construction, or management consultant, we have found that these services can be provided better and less expensively by outside experts. These outside services providers include other funders – like the Child Care Capital Investment Fund and the Massachusetts Cultural Council, which can provide grants and technical assistance – and consultants like Accounting Management Solutions, which provides outsourced accounting and financial management for non-profits, and Pinck & Company, which provides construction management services. For our weakest borrowers or organizations for which a development services gap represents a real barrier to the organization's ability to successfully complete its project and repay our loan, BCLF will provide small, technical assistance loans specifically targeted toward helping these organizations hire outside consultants to fill these needs.

For the Energy Advantage Program, we have expanded our development services in three ways. First, while many of our borrowers are interested in energy and "green" related investments, they have routinely informed us that neither they nor their traditional architects and buildings have sufficient building performance expertise to sort through all the "green" alternatives and what improvements are appropriate for their buildings. Through our active participation in the Green Building Production Network, Green Affordable Housing Initiative, and the Northeast Sustainable Energy Association (NESEA) we have helped the local affordable housing field recognize the need for establishing an integrated design team and the beginning of the process and have developed a network of green design and building professionals, including the Green Roundtable and New Ecology, which have successful experience in leading integrated design teams for affordable housing developments. Our financing requires careful review of the design team's experience and capacity in managing the proposed improvements. This review includes an assessment not only of the design team but of the site selection, proposed investments, projected energy reductions and savings, and plan for ensuring that specified investments are installed and commissioned as designed. Fred Unger, principal of the Heartwood Group, is our lead consulting project manager for the EAP program and he has 30 years experience in the design, construction, project management, engineering, and diagnostics of green buildings.

Second, as noted above, many property managers do not know the energy use in their buildings or what benchmarks or standards are for similar buildings. We see developing an energy use profile as a requirement for determining the most appropriate and cost effective improvements. In developing our Energy Tracker tool with New Ecology, we are building a low cost way for property managers to inexpensively analyze their energy use, see benchmarks for similar properties, and track on going use to measure the performance of the improvements. We have also worked with Brightpower, Inc. and Peregrine Consulting to further assist our borrowers in developing green and capital investment plans. In commercial building management, establishing timely benchmarking and feedback systems for energy use has dramatically improved building performance and developed a wide acceptance of green and building performance investments.

Third, our third party ownership models, like BCC SEA, and energy performance loans and contracts provide development services by taking on many of the costs and risks of designing, installing and operating specialized technology or investments. While BCLF is currently providing this financing with targeted loan capital or credit support to cover our financing risks, we have developed a team of consultants to verify that the investments we are financing will achieve the projected performance. Overseen by Fred Unger, this team includes nationally-known experts such as Mark Rosenbaum on energy use, Bruce Torrey on building diagnostics, Len Loomans on solar energy design, and Leonard Morse-Fortier for structural engineering.

6. Describe the Applicant's marketing, outreach, and delivery strategy. Discuss the Applicant's collaboration, coordination, and partnerships.

Historically, Boston Community Loan Fund, like many CDFIs, has sought to recognize and provide financing for borrowers or projects whose needs are not being met by others in the market. As a result, BCLF has always had an active and growing pipeline for our loans.

Over the years, BCLF has developed a series of informal strategies to reach new and potential borrowers, including regular contact with existing borrowers for additional projects; outreach to borrower networks; and referrals from current borrowers, lending partners, foundations and government agencies. We also participate in the design of development programs, which include us as part of the financing package. Currently, we are working with state officials on financing strategies to best leverage ARRA funds for energy efficiency and renewable energy in affordable housing developments. We speak frequently at conferences and training sessions. As we have developed the EAP, we presented at both local and national green and community development events, including GreenBuild 2008, Enterprise and IPED's Green Homes and Sustainable Communities 2008, NeighborWorks America, Build Boston, and Opportunity Finance Network's annual training conference. Finally, we regularly send out marketing materials to potential borrower and referral sources.

Expanding our marketing reach

New borrowers often come to us by word-of-mouth or as a result of our outreach to them. Our board, committees and the staff all share in the task of making contacts in the community that lead to better information about our lending activity. The Loan Department sustains its marketing outreach by cultivating contacts with community groups, meeting one-on-one with individuals and interested organizations, and actively encouraging new and emerging groups to refine their plans to develop or preserve housing and other community projects or services. BCLF currently has borrower relationships with the most active community development corporations in Commonwealth. Networks, like the Massachusetts Association of CDCs (MACDC), Massachusetts Community & Banking Council (MCBC), Citizens Planning and Housing Association (CHAPA), and New England Women in Real Estate (NEWIRE) where we already have some presence, have been an effective way to expand our outreach.

BCLF's marketing, outreach and delivery strategy for our green financing to date has followed a similar path, which has been both informal and effective. For example, even as we were first considering new green loan products and just beginning our discussions with the Massachusetts Renewable Energy Trust, we were approached by one of the State's largest permanent lenders for affordable housing, the Massachusetts Housing Partnership, and a large regional affordable housing property manager, Winn Residential, about providing energy conservation financing for properties in their portfolios since neither could find lenders willing to help overcome the barriers of financing capital improvements in existing buildings. We have developed EAP as a result of our close collaboration with both and both were partners with us on our initial BCC SEA projects.

While there are hundreds of affordable and supportive housing developers in Massachusetts, the permanent financing and property management of affordable housing developments is much more concentrated. For example, many non-profit and CDC developers have contracted with regional property management firms to manage their portfolios. In EAP, we have worked closely with three management companies—WinnResidential, Beacon Communities and Peabody Properties—that have collectively assumed management of several thousand non-profit-owned low income rental developments in the state.

Since we can provide financing through energy service contracts, we are able to finance energy related capital improvements to public housing authorities, which typically cannot borrow funds for their developments. We have worked closely with the Department of Housing and Community Development's Public Housing Division, which oversees 50,000 public housing units, on its energy conservation and renewable energy initiative. Through these financing and management networks, we are able to reach a very large and diverse set of properties.

Sustaining our delivery mechanisms

With respect to our delivery strategy, BCLF works closely with borrowers and their counsel to close loans quickly, providing funding in a timely manner, and remaining available for consultation on issues pertaining to loans and the projects they support. This "all hands on deck" approach prevents bottleneck situations, and is critical to our borrowers, who often lack financial or development expertise but have an important project and/or service to provide. BCLF is staffed to sustain this delivery mechanism; our fee and income structure also supports our model.

Collaboration, coordination and partnerships

Boston Community Loan Fund has an excellent track record of leveraging our resources by coordinating with other providers in our service areas:

- Serving as a convener and central coordinator – administering programs like the Green Building Production Network, an initiative that brings together CDCs, environmental consultants, local foundations, other intermediaries, and city and state officials in a collaborative effort to create "greener" affordable housing through integrated design and sustainable development practices;
- Collaborating with public agencies in designing financing programs that build off our experience. As a result of our initial BCC SEA program, the Massachusetts Department of Energy Resources,

the Massachusetts Renewable Energy Trust and the City of Boston Environment Department asked us to help review how proposed energy and environmental financing and regulatory changes could benefit low income communities;

- Working closely with local financial intermediaries to coordinate our resources and service our target market. For example, BCLF participated with six other local community development intermediaries in a collaborative funding pool to assist CDCs and other non-profits acquire and development property that the Archdiocese of Boston is putting up for sale;
- Partnering with City and State agencies, CDCs and LISC to develop programs to facilitate the financing of projects like the One-To-Four-Family Housing Program and the Infill Project;
- Helping faith-based communities leverage their resources, launching Faith Partners, an initiative to provide technical assistance to religious organizations involved in affordable housing development and the provision of social services, and administering funding programs like the Micah Fund: The Greater Boston Jewish Fund for Community Economic Development; and
- Developing a network of outside finance and development consultants who can provide our weaker borrowers with the extra technical assistance they may need above and beyond the services the Loan Fund can provide.

7. Areas needing improvement and, if applicable, justify requested TA activities that will help.

We see three primary challenges to our Energy Advantage Program. First, while we have developed significant understanding and expertise in building performance, we are not building scientists or engineers and we need to depend on a level of design and construction expertise that is not affordable or appropriate to have in-house. Further, as many of the most experienced and successful sustainable design professionals have told us, they been reluctant to work in affordable housing, primarily because it has been difficult to attract financing based on improving the building performance. The financing products in our program are designed to overcome that barrier.

Second, the EAP financing has a series of risks, especially across a small initial portfolio, which may be higher than we are assuming: energy savings may be lower than projected, resident behavior may impact energy use more than expected, refinancing our debt may not be possible, the development's revenue may not support the debt, or a technology might not function at its projected output. While over time, we expect to develop performance and payback data to target and price these risks and to build a sufficient portfolio to diversify them, in our initial work, we will need to capitalize this program with equity or credit support. The proposed FA award and the over $8 million we have already raised from MRET, State Street Bank and the Miller Foundation provides a sufficient equity base to allow us to take on the activity projected in this plan without jeopardizing the integrity of BCLF's traditional underwriting requirements.

Finally, as noted in the Market Demand section, we believe that there is a very large need for financing these investments and few other sources of financing, especially in today's tight credit markets, and we may face a significant challenge to expand this program quickly. We have begun discussions with energy service contractors, such as Conservation Services Group, Ameresco, Johnson Controls, and SunEdison as a way to expand design and project management capacity and with Mass Housing and the Massachusetts Housing Partnership, the primary permanent lenders for affordable housing in the state as a way to tap additional capital.

Community Development Performance and Effective Use

Narrative length: No more than six (6) pages.

8. Describe the Applicant's track record in providing Financial Products, Development Services, and/or Financial Services.

Since 1984, Boston Community Loan Fund has committed over $283 million in more than 450 loans to low-income communities. BCLF has focused lending on projects serving our designated Target Market, low-income people in Massachusetts,. While geographic expansion has been an important part of our strategy to develop strong partners in our mission, our new lending initiatives (including the Energy Advantage Program) focus specifically on our Target Market.

BCLF has provided more than $206,000,000 in housing finance, supporting the development of almost 9,500 units of affordable housing. Our housing lending has helped to create over $116 million in equity for first-time homeowners and saved low-income families over $692 million in cumulative rent. Additionally, the Loan Fund's $77,158,752 in non-housing financing has served over 7,000 low-income students in schools and child care centers, housed almost 5,000 clients in shelters and supportive housing, and developed more than 750,000 square feet of commercial real estate supporting business ventures in low-income communities. In total, our lending has strengthened more than 300 community organizations.

We collect and analyze impact data across our portfolio on a regular basis – including baseline data from our initial credit analysis in our loan management system and updating these metrics during our regular loan monitoring reviews. We use this information to assess the impact of our lending in meeting our mission and to inform future lending decisions.

In conjunction with BCC's 1999-2005 Strategic Plan "Growing to Scale," BCLF expanded our annual lending dramatically, closing over $211,000,000 in new lending since 1999. Our annual lending in 2008 was over $47 million. As demonstrated in Chart E, our 2006-2008 lending represents over one third of all housing units developed from BCLF's lending. Despite the increase in lending, BCLF's loan losses over its history remain less than one twentieth of one percent; all of our investors have always been repaid on time and in full.

As described in our 2006-2011 Strategic Plan, "A Platform for Transformation," BCLF focused on adapting our loan products in response to the changing challenges facing the communities we serve. Our innovative lending products allow us to provide critical financing to answer market needs. As we expand our product line to address the volatility in the energy market through the Energy Advantage Program, we continue to focus our core lending on high impact, mission-driven lending.

9. Describe the Applicant's projected activities and how progress toward those goals is measured.

As the Activities Level Chart (Chart D) shows, we are projecting five primary products, including our traditional community development real estate lending for inner-city commercial revitalization, affordable housing development and community facilities support, the energy and environmental financing described in this application, and financing to support BCC's new Neighborhood Stabilization Program (NSP). (The NSP financing is targeted at purchasing foreclosed or distressed properties and is anticipated to involve financing provided by our affiliates, Aura Mortgage and NSP Residential. Our NSP activity assumes that real estate market conditions have improved by 2012 and most foreclosed property has been absorbed in the market.) Projections for 2009 are based on year-to-date activity and current loan applications. Our housing and commercial lending slowed significantly in 2008 with the recession but both have picked up as delayed projects are benefiting from ARRA funding and changes to the LIHTC program. Our community facilities lending has been primarily focused on leverage NMTC loans to charter schools and child care facilities. (In 2008, we closed two very large leveraged loans, which were subsequently participated.) Our projections for EAP financing are built into both the affordable housing line (for loans supported by conventional collateral and repayment) and in the first "other" line. Average lending activity is based on the per unit assumptions described in the earlier sections. We are conservatively projecting financing activity to ramp up over the next three years. Please note that while our lending has expanded outside of Massachusetts, our target market is currently low- income people in Massachusetts; this accounts for the variance between our total and target market lending percentages.

In the Community Development Impact Chart (Chart E), we are showing the following impacts: housing units developed or rehabbed (excluding those receiving financing for just energy or environmental improvements); clients served by community facilities; low-income units receiving EAP financing; and two measures showing our NSP activity: foreclosed or vacant units purchased and returned to productive use and homeowners and renters receiving restructured financing to purchase or re-purchase their homes. The large impact numbers in 2009 clients served and EAP units are based on several large projects we are currently working on. We are anticipating that real estate and credit market conditions will mean that our affordable housing financing will center on a smaller number of smaller projects than we have financed in recent years. For our EAP financing, we are expecting the average project to include 150 low-income housing units.

Measuring Our Impact

While we regularly track and report a series of conventional measures of activities, as described above and in the charts, we also look closely at how we achieve our top-level, our community development objectives:

- To provide our borrowers with the flexible financing they need to create affordable housing, child care centers, shelters, youth programs and community services for low-income people;
- To identify unmet financing needs in low-income communities and launch new products to meet those needs;
- To raise (or attract) appropriate capital to meet those needs; and
- To demonstrate that low-income communities can be sound financial investments.

s the context noted above suggests, the two key impacts we are seeking in this initiative relate to innovation and market transformation.

For EAP, beyond the dollars and units financed, we seek to:

1) help stabilize the long term financial prospects of affordable housing projects by reducing the cost, volatility and exposure to increases in utility expenses by financing utility conservation and on-site renewable energy generation finance energy, and

2) develop financing products that monetize the value of green, sustainable and high performance buildings.

As with many aspects of the work that CDFIs do, the critical measures of success and impact are whether we are able to bring new sources of capital to low-income markets. In other words, increased demand for these loan products from borrowers – either requesting funds from us or from more conventional lenders that follow us into this market -- is a key indicator of our impact. To measure the increase in demand for these loans, we will track our lending volume (and the percentage of "green" loans in our portfolio); we will also track demand via our loan pipeline of deals we know about in our marketplace.

While we routinely track, assess and report more transactional levels of impact, we believe that the unique role of CDFIs as financial intermediaries bringing capital into low-income communities requires a broader framework for evaluating impact and performance.

We recognize that the measurement of our progress must also be designed to capture and encourage one of the key roles of CDFIs – namely, the ability to move flexibly and quickly in response to changing market conditions. For example, in a growing economy with a healthy banking environment and strong public subsidies, our lending goals may be focused on playing the role of early stage, gap, bridge or subordinate lenders and assisting in a large number of housing projects financings. However, in an adverse economy as we have today, as banks move up market (or stop lending entirely) and public subsidies diminish, we must be prepared to play a different role; namely, as a larger and often more critical lender for a smaller number of projects. In such a scenario, progress measures tied to number of loans, number of housing units, or even other dollars leveraged, would show a significant decrease in progress, despite the fact that the our role is more critical.

Since our investors are, in effect, hiring BCLF to make investment decisions about how their funds can be best used in supporting low-income communities, we have worked to develop a set of measures that provide accountability to our investors and funders in the context of our markets and the direction of the CDFI industry. As a result, we seek to measure progress toward our community development objectives on five levels:

1) **Financial System level:** Do the low-income people and communities we serve have better access to capital – either from us or as a result of our partnerships with traditional financial and governmental institutions -- at a scale and with a depth and a reach that is sufficient to have a positive impact for those communities? Does the system operate efficiently? Does it leverage subsidies? Does it capture innovation in the mainstream financial system for the benefit for low-income communities? Have we helped insulate our communities from the impacts of broader market conditions?
2) **CDFI level:** Are we permanently, effectively, and sustainably able to deliver capital to low-income communities? Since a key part of our theory of business is that sustainable, effective institutions are part of the definition of a healthy community, our long-term impact depends on our ability to become a sustainable institution, so social impact must be integrated with our financial performance and sustainability. Are we operating at the appropriate scale? Are we bringing new sources of capital into low communities? Do we respond to needs and markets not recognized by conventional institutions?
3) **Borrower and Project level:** How many loans have been made? What outputs are created i.e. housing units, jobs created, child care slots, etc? Do we provide a diverse set of lending products to ensure overall sustainability?
4) **Community level:** Has poverty decreased? Has safety improved? Are schools getting better?
5) **Individual and Family level:** Do people have better or cheaper housing? Have their incomes gone up? Have their savings increased? Have they built equity in their homes? Do they have better skills?

Collecting and assessing data on impact at each of these levels raises challenges, limiting impact measures only to the borrower and project level, where data is often easiest to collect, leaves an incomplete picture of our work. Nevertheless, like other CDFIs, we use these metrics regularly both internally and externally. On an annual basis, the Loan Fund sets lending goals and objectives for production: dollar volume of loans committed; number of affordable housing units financed; loan participations and secondary market loan sales; number of borrowers served, etc. We are firmly committed to accountability on these measures, and we regularly collect and analyze information for internal evaluation, to assess opportunities, to determine policy, and to set goals. Baseline data from credit memos is captured in our loan management system; this information is updated by loan officers and our operations manager during our regular loan monitoring reviews.

10. Discuss why the Applicant should receive a government subsidy in the form of a CDFI Fund award given the Fund's limited resources.

The CDFI industry is predicated on a broad, common understanding that the conventional finance system does not serve low-income people and communities well. What this means varies from market to market; in some markets, conventional financing is absent altogether, while in others it may be very expensive, structured inappropriately, or available only on limited terms. And while CDFIs' products, strategies, and structures vary as well, we also share a common theory of business: that low-income communities need and can use capital; that CDFIs are intermediary institutions that can deliver that capital effectively and efficiently; and that collectively we can integrate the capital needs of low-income communities into the mainstream financial system.

Since a key part of our theory of business is that sustainable, effective institutions are part of the definition of a healthy community, CDFIs' long-term impact depends on our ability to become sustainable institutions, so measure of our progress toward our community development objectives must also focus on our organizations' financial performance and sustainability. BCLF seeks to operate at a self-sufficient level, so that grant support can be used to fund innovative new financing products that have not been demonstrated or shown to be economic. In 2005, the Loan Fund achieved full operational self-sufficiency, and has continued to operate on a self-sufficient basis in each year since then. Furthermore, we have built a balance sheet for BCC that is sufficient to allow the entire organization to operate on a self-sufficient basis and to have the flexible capital to explore new initiatives in response to emerging or rapidly changing market conditions.

Awards from the CDFI Fund have played a key role in helping BCLF become self-sufficient. They have provided equity that allows us to leverage additional funding from institutional investors. The New Markets Tax Credit program has allowed us to generate fee income which has allowed us to strengthen our balance sheet, and negotiate new lines of credit with our bank partners. In addition, support from the CDFI Fund has provided us with capital to launch new and unproven loan products, such as our early stage lending initiative – providing higher loan loss reserves and equity needed to support these riskier loans.

Prior awards from the CDFI Fund have served as the critical initial funding that has allowed Boston Community Loan Fund to successfully launch new initiatives and kick off major growth. For example, our initial CDFI Fund award in 1996 was the equity that allowed us to undertake our first major growth planning, doubling our assets over the next two years. Subsequent awards to the Loan Fund in 1999 and 2001 again doubled our assets and built the financial and operating platform that allowed us to develop secondary market, loan participation and other off-balance sheet resources. Our 2005 award allowed us to expand our early stage financing and set the stage for the green development lending that led to the launch of our Energy Advantage program.

Funding from the CDFI Fund through the Supplemental FY 2009 Funding Rund will allow BCLF to support key elements of our comprehensive Energy Advantage Strategy: developing new financing products that allowing affordable housing developers to implement energy-saving technologies and systems for which financing is uanavailable through traditional financing channels. By piloting these financing products and collecting data that demonstrates their economics (e.g. how long it takes for energy savings from PV systems to pay for the systems themselves), BCLF seeks to create a new market for these products – creating demand from a whole new crop of borrowers interested in implementing these energy saving technologies and bringing together mainstream lenders who will be willing to provide financing for them.

A last note on this topic: While funding from the CDFI Fund has been important in supporting BCLF's growth and new initiatives over the years, it is the flexibility of CDFI Fund that has helped ensure their success. While the CDFI Fund requires performance goals and rigorous reporting—and we are committed to high standards of accountability—the use of the funds requires far less micro-management than most comparable funding sources. For example, while we have made projections about the volume and type of lending we expect to do with this award, many other funds require us to identify specific projects and loans and restrict funds to those projects. The reality of our market is much more fluid; individual projects, not to mention markets, change regularly as they move forward and as external conditions change. The consequence of inflexible financing – or funds designed to meet the funding parameters of the funder without full account of the market realities – is too often that funds are under-utilized. BCLF has consistently resisted soliticiting or accepting funds with restrictions that do not recognize the flexibility required in financing community development and affordable housing projects.

A primary role for BCLF and other CDFIs as intermediaries is to make the lending, investing and structuring decisions that best match the needs of community borrowers and sources of capital interested in supporting those projects. The CDFI Fund's funding has been critical in allowing us to develop new initiatives with the flexibility to adjust requirements, products or expectations as we learn what works and as market conditions change. As a result, we are both far more likely to develop successful programs and to raise subsequent funds with similar flexibility.

11. Prior Awardees.

Boston Community Loan Fund and its affiliates have received 7 prior CDFI Program Awards totaling $9.4 million; and three NMTC allocation awards totaling $215 million. We have successfully used our prior awards to build capacity, launch new loan products, mitigate risks associated with new types of financing, and leverage additional funds to support our borrowers. We have been successful in meeting the performance goals and reporting requirements associated with all of these awards (details listed below).

Previous Awards				
Name of Awardee	**EIN of Awardee**	**Award Control #**	**Total Award / Allocation Amount**	**Award Type**
Boston Community Loan Fund, Inc.(Applicant)	22-2593378	961CD002546	$1,000,000	CORE
BCLF Ventures, Inc. (Affiliate)	04-3246552	971CD001025	$1,000,000	CORE
BCLF Ventures, Inc.(Affiliate)	04-3246552	991CD001352	$1,000,000	CORE
Boston Community Loan	22-2593378	991CD001361	$1,000,000	CORE

Fund, Inc.(Applicant)				
BCLF Ventures II, LLC (Affiliate)	04-3541544	011CD00393	$3,000,000	CORE
Boston Community Loan Fund, Inc.(Applicant)	22-2593378	021CD003301	$1,000,000	CORE
Boston Community Loan Fund, Inc.(Applicant)	22-2593378	51FA005882	$1,000,000	CDFI Program -FA
Boston Community Capital, Inc. (Affiliate)	04-3246555	03NMA000478	$70,000,000	NMTC
Boston Community Capital, Inc. (Affiliate)	04-3246555	06NMA000478	$60,000,000	NMTC
Boston Community Capital, Inc. (Affiliate)	04-3246555	08NMA000478	$85,000,000	NMTC

12. Address areas needing improvement and, if applicable, justify requested TA activities that will help.

Although BCLF has received high marks for our community development impact on the low-income communities we serve -- including an AAA rating from OFN's CDFI Assessment and Ratings System (CARS) – we continue to look for ways to improve our systems for social impact measurement, and to tie those tracking systems into our decision-making processes. This summer, BCLF expects to undertake a survey of peer CDFIs across the country to determine best practices for social impact measurement, and will look for ways to integrate those practices, if applicable, into the Loan Fund's daily work.

Management

13. Describe the capacity, skills, size and experience of the Governing Board.

The BCLF Board consists of 11 civic, community and business leaders who reflect the diversity of the communities we serve. They bring experience and expertise in finance, community development, affordable housing, real estate development, and green and sustainable building practices. The Board is responsible for broad strategic direction and has overall fiduciary responsibility. The Board is accountable to our Target Market through low-income representatives who serve as board members.

Charles Clark (Board Chair) is VP of Asset Development, Youth Build, USA, an urban initiative that teaches the building trades to disadvantaged youth from LICs. Previously served as head of the Regional Banking Group at Citizens Bank and Boston Region President and Community Reinvestment Officer of USTrust. Low-income community representative. Board member since 1987.

Sarah Lincoln (Treasurer; Finance Committee Chair) is Division Executive at Citizens Bank, where she oversees the Massachusetts Regional Banking unit, managing a senior debt portfolio valued at $700MM. Former Director of the Wholesale Division at Fleet Bank, overseeing community development work and CDFI investing; portfolio valued at $1.3 billion. Board member since 2002.

Evelyn Friedman (Clerk) is the City of Boston's Housing Chief and Director of Department of Neighborhood Development (DND), overseeing a $100 million annual budget for programs including affordable housing development; homeowners assistance, foreclosure prevention, home repair programs; management and disposition of City-owned properties; and neighborhood business development. Low-income community resident and representative. Board member since 1994.

Elyse D. Cherry (CEO of Boston Community Capital) is a leader in the community development finance industry. See full bio under Question 14. Board member ex-officio.

Edward Dugger (Venture Committee Chair) is President of UNC Partners, a private venture capital fund focusing on minority business enterprises, expanding opportunities for entrepreneurs of color. He is a former director of the Federal Reserve Bank of Boston. Dugger is a nationally-recognized leader in social and minority-focused equity investing, and venture capital. Board member since 1998.

DeWitt Jones (EVP and BCC Solar Energy Advantage President) oversees the Energy Advantage Program. See full bio under Question 14. Board member ex-officio.

Maria Maffei (Member, Loan Committee) is an independent consultant in affordable housing finance. Former VP of Recap Advisors, specializing in recapitalization of multi-family properties; Senior Finance Specialist with the City of Boston's Public Facilities Dept where she managed affordable and special needs housing programs. Joined Loan Committee, 1995; board, 1998.

Rebecca L. Regan (COO and Loan Fund President) has 17 years of commercial real estate and community development lending experience. See full bio under Q. 14. Board member ex-officio.

Victor Rivera (Loan Committee Chair) is SVP of Small Business Banking at Bank of America. Served as COO of BCLF from 2001-2003; eight years at FleetBoston Financial; extensive underwriting and credit experience. Former bank examiner with the Office of Thrift Supervision. (Loan Committee member since 2003; Board member since 2007.)

Mercedes Tompkins – Low-income resident and representative. Chief Development Officer for Brookview House, a nonprofit dedicated to helping homeless families develop the skills necessary to break the cycle of poverty. Board member since 1992.

James Walsh, S.J., Esq. (Member, Venture Committee) is both a Jesuit priest and an attorney who provides legal services to low-income elders. He has served on the boards of the Jesuit

Volunteer Corps, and Notre Dame Mission Volunteer Corps. Former attorney with Massachusetts Executive Office of Energy Resources. Low-income community representative. Board member since 1985.

BCLF'S LOAN COMMITTEE plays a key role in governance, reviewing and approving lending policy and loan decisions, and monitoring BCLF's portfolio. Members profiled elsewhere include Victor Rivera (Chair), DeWitt Jones, Maria Maffei and Rebecca Regan. Other members include:

Meg Bennett, VP, Deutsche Bank. Prior experience includes 13 years lending to public and private corporations and non-profit organizations.

Eva Clarke, AVP, MMA Financial. Former executive director of the Mattapan Community Development Corporation and former COO/loan officer of BCLF (1991-2001). LIC representative.

Laura Hackell, independent consultant, is a real estate development project manager who joined the Loan Committee in 2001.

Glenn Morgan, COO at iFactory, a web design agency. Former Managing Director of GE Capital Consulting's Boston Office; has worked as a commercial loan officer. Committee member since 1999.

Linnie McLean is a senior operations officer at Trillium Asset Management, a social investing money management firm and industry leader in environmentally responsible investment. Member since 1997.

Jennifer Pinck, is a licensed contractor and construction manager whose clients include many non-profit organizations that are undertaking real estate or expansion projects. Significant experience directly overseeing/managing construction (including green affordable housing). Member since 1998.

Steven Tromp – Chief Credit Officer and Chief Risk Officer at Wainwright Bank, a socially responsible bank based in Boston. He lives in Dorchester and joined the Loan Committee in 2001.

14. Describe the capacity, skills, and experience of the Applicant's management team and key staff.

BCLF is led by a management team of Elyse Cherry, DeWitt Jones, and Rebecca Regan, who together bring more than five decades of community development and real estate lending experience to BCLF. See detailed resumes and bios for management, key staff and consultants, attached.

MANAGEMENT: Elyse D. Cherry, CEO, leads the organization's strategy, manages key problems and challenges, and coordinates organizational performance. She is a leader in the CDFI industry; has served as Vice Chair of Opportunity Finance Network; serves on the Advisory Board of Wall Street Without Walls. Elyse is an attorney whose practice focused on large commercial real estate transactions, affordable housing development and open space. Chairs the Board of the Massachusetts Cultural Council; past chair of Mass Equality. Graduate of Wellesley College and Northeastern University School of Law.
DeWitt Jones, SVP and BCC Solar Energy Advantage President, a member of the BCLF leadership team since 1985, oversees BCC Solar Energy Advantage and also serves as President of Boston Community Managed Assets, where he is responsible for strategy, direction, and leadership of several of the organization's new initiatives. Dick has chaired OFN's Financial Services and Public Affairs committees; served on Boston Mayor Menino's Blue Ribbon Task Force on Housing Finance. B.A. Harvard College, Master of City and Regional Planning (M.C.R.P.), JFK School of Government.
Rebecca L. Regan, COO and Loan Fund President, has overall responsibility for BCLF's lending activities, including staff training and supervision, production, financial management, building external relationships and new business lines, loan and portfolio monitoring, and social impact reporting. She has over 17 years of experience in commercial real estate lending, with a focus on community

development. Former SVP/Senior Relationship Manager for Bank of America. Board member of New Ecology, Inc. a nonprofit working with CDCs, developers, and public policy groups on green and sustainable development. M.B.A. from Babson College; B.S. from Boston University.

KEY STAFF AND CONSULTANTS
CORE LENDING: Michelle Volpe, Team Leader/Senior Loan Officer has over 17 years of experience providing capital, financial counseling and services to LICs; prior experience includes Bay Bank and Self-Help Credit Union. As Team Leader/Senior Loan Officer, she oversees staff credit approvals. Loan officers **Kathryn McHugh**, **Mike Nilles** and **Matt Aliberti** join Volpe in marketing BCLF to potential borrowers, underwriting loan requests, and conducting ongoing portfolio management. **McHugh** has over 22 years of experience working with low-income residents of MA and RI, including experience at LISC; the MA Dept of Mental Health; and at the Citizens' Housing and Planning Association (CHAPA). **Nilles**, a CFA® charterholder, has worked as a private consultant in community-based financing and real estate development; and as a middle-market commercial lender at Bay Bank. **Aliberti** has also worked for RI Housing and the City of Boston's Dept of Neighborhood Development.

OPERATIONS/SUPPORT: E. Matthew Gautieri, Controller, has over two decades experience in asset management at Fleet and Shawmut Banks and BCC. He is responsible for financial management and administration, including portfolio, treasury, risk management, budgeting, financial planning and accounting. **Luis Matienzo, Operations Manager,** oversees loan administration, information and portfolio management; has worked at Bank of America as an Information Officer for a $7 billion real estate loan portfolio; and at Bank of Boston as an Operations Manager/Team Leader for a $200 million portfolio located in low-moderate income areas. **Gail D. Berlinger, Portfolio Manager,** monitors covenant compliance and loan portfolio trends, conducts status reviews, and develops reporting focused on the social and environmental impact of BCLF's holdings; has worked in asset and portfolio management and property management. **Jessica Brooks, Director of Development and Communications,** works with senior management to meet the organization's capitalization and communications needs. She has worked at The New York Times, on Wall Street and in nonprofits.

ENERGY ADVANTAGE INITIATIVE: Fred Unger, Consultant, works as a project manager for the Energy Advantage Initiative. He brings extensive project management, strategic planning, marketing, sales and design experience in the fields of environmentally responsible building and real estate development and renewable energy industry.

15. Describe the Applicant's underwriting policies and procedures.

BCLF has written underwriting policies ("Loan Policies and Guidelines") that are drafted and regularly reviewed by the Loan Fund President and Staff, and approved by the Loan Committee and BCC Board. Underwriting for each loan product involves: (1) applicant submission of organizational and project-specific information; (2) staff evaluation of borrower and project soundness based on BCLF underwriting criteria, including social mission fit, financial feasibility and loan product suitability; (3) iterative analysis in which some elements (e.g., pro forma budgets) are resubmitted based on our analysis and feedback; (4) preparation of credit/risk analysis and recommendation memo; (5) staff level and, as appropriate, Loan Committee review and approval; and (6) commitment. Critical characteristics of project soundness include: (i) borrower capacity; (ii) target market; (iii) project financial structure; (iv) security/collateral; (v) repayment sources; (vi) operating cash flow.

Affordable housing and community facilities loan products: focus on strength of project, sponsor and repayment sources; for housing – rental income or for-sale proceeds; for facilities (e.g., charter schools) – operating capacity, strength of management team, and public/private support.

Foreclosure related products: focus on strength of property within its market; and financial means and "character" of the potential tenant or homeowner. Credit reports do not provide meaningful information if a homeowner was placed into a predatory loan at an unsupportable amount and was unable to pay. We underwrite ability to pay on debt originated using traditional lending standards.
Solar energy related products: focus on strength of counter-party to power purchase agreement; the cushion provided by the production of energy; reserves available to maintain solar equipment; and the incentives for the counter-party to purchase the solar equipment at the end of the seven years.
Energy efficiency loans: focus on ability of the property to operate at current market terms, and also at the reduced costs projected to result from the energy efficiency repairs/retrofits. We will lend against a conservative estimate of those savings.

Our underwriting procedures provide strong lending guidelines within which we emphasize flexibility to ensure responsiveness to target markets. We focus on properly identifying risks, and then mitigate those risks with conventional or more creative structures as dictated by the needs of the transaction. For example, we underwrite energy efficiency loans against projected cash flow savings rather than demonstrated cash flow, in some cases without traditional real estate collateral. Mitigants to these risks include the strength of our independently verified energy modeling; alternative forms of security, such as general partner guaranties and project reserves; deal structuring to facilitate refinancing; and our ability to allocate higher risk capital and/or additional loan loss reserves to support a transaction.

Loan officers handle due diligence, negotiate and recommend loan structures, including interest rates, loan duration, credit terms, risk rating, reporting requirements and key covenants. The approving authority – either staff or Loan Committee, depending on type and size of loan – can require changes as part of the final approval process. Interest rates are determined using a pricing model to ensure consistency in pricing and proper consideration of risk ratings and loan complexity.

16. Describe the Applicant's portfolio management policies and procedures.

Portfolio management policies are contained in BCLF's "Loan Policies and Guidelines" manual, which has been approved by Loan Committee and BCC Board. Portfolio monitoring meetings are held quarterly by BCLF staff and Loan Committee to review and discuss a monitoring report (charts and narrative) that covers topics including Relationship by Risk Rating, Priority Monitoring, Loans Rated Five or Worse, Top Ten Borrowers over $1MM, and One Obligor Exposure.

Between quarterly reviews, ongoing portfolio monitoring is conducted by BCLF staff, which meets weekly to review delinquency and maturity reports, and to discuss loan performance, potential weaknesses and portfolio issues, market trends and new requests. Staff assign, confirm and change loan risk ratings as appropriate. The Portfolio Manager is responsible for asset management, which includes financial statement analysis, site visits, and detailed monthly reporting to BCLF President regarding asset type, risk rating and borrower concentrations to facilitate portfolio evaluation and informed decision-making on accepting new loans. In addition, senior management and BCC Board review the quarterly report and Loan Fund President's report; our auditor annually reviews portfolio, lending, monitoring, and reserve procedures; we regularly communicate with industry peers on best practices, lessons learned, and staff training; and we submit to CARS assessment, requiring annual review and a detailed, on-site analysis of the Loan Fund portfolio and procedures every three years.

Charge-Off Procedures: BCLF has a written "Risk Rating & Allowance for Loan Loss Policy" that is approved by the Loan Committee and BCC Board. The policy identifies the characteristics of loans in each rating category based on borrower strength, management capacity, earnings and operating cash flow, collateral structure, debt capacity, and the general economy and operating environment. As loans are downgraded in risk rating, loan loss reserves are increased; a loan rated "9" would be charged-off. By that time, Loan Fund staff would have exhausted all repayment strategies and the President, finance group and auditor would have determined that the loan was unrecoverable. A charge-off would impact BCLF's income statement through a charge against Loan Loss Reserves, which would already include a 100% reserve for any loan rated "9." BCLF does not automatically charge-off a loan due to a 120-day delinquency. We analyze collateral value to establish reserves in accordance with our risk rating policy, and evaluate the cash flow potential of the subject loan and any sponsor or guarantor support. We are unlikely to have a 120-day delinquency without taking some action – such as a restructuring – that would consider the existing financial weaknesses and strengths.

Addressing Delinquencies: Section 5.4 of BCLF's "Loan Policies and Guidelines" contains procedures for delinquencies and defaults. The primary goal of portfolio monitoring and review is to identify and, working with the borrower, resolve problems before they result in default. However, in the event of default, BCLF will take the steps necessary to protect its capital. If significant problems emerge in the cash flow and management of a project, even prior to default, BCLF will consider a temporary adjustment of payment schedule or other restructuring of a project's debt, including the possibility of lending additional funds to replace higher-cost debt. In the event of a late payment, BCLF will work with the borrower to resolve minor problems. If nonpayment indicates a major problem or continues for 30 days, BCLF will take one or more of the following actions: send a formal default letter; develop a workout plan, including specific actions the borrower must take and report on; and/or restructure the BCLF loan or possibly all project debt. BCLF has taken these steps with more than one borrower to achieve performing loans based on reliable cash flow and provide patient capital needed by delayed projects. If these efforts fail, BCLF may exercise its rights to take title to the subject property or other collateral. This decision would be based on BCLF's relationship with the borrower, the cost of operating or disposing of collateral, and the size of the potential loss and its impact on BCLF. BCLF would work with its legal counsel to determine the appropriate actions. **Non-Accrual Status:** Loans are placed on non-accrual when: (1) a loan is 90 days past due for interest and/or principal; or (2) collection of outstanding principal and interest is unlikely based on the repayment sources.

NEW POLICIES AND PROCEDURES FOR ENERGY ADVANTAGE PROGRAM FINANCING
BCLF has developed new policies and guidelines to address the energy efficiency financing products described here. These loans are different from our traditional development loans as they are generally unsecured and their repayment is based on projections of energy savings and estimated payback periods. We have structured these loans to include higher loan loss reserves, more flexible terms (including lower interest rates and longer maturities), and guaranties or defined take-out sources (refinancing from a more permanent lender where possible). Due to the inherent risk in these pioneering products, we expect to provide support with equity sources such as State Street Bank funds (EQ2), MTC Funds, and CDFI funds.

17. Describe the Applicant's financial management policies and procedures.

BCLF has written financial and risk management policies and procedures ("Cash Management and Investment Guidelines") that are reviewed annually and approved by the BCC Finance Committee and Board. BCC's COO and Controller are responsible for establishing and maintaining appropriate internal controls. BCC's internal financial controls and procedures, developed in conjunction with our auditors, are consistent with Opportunity Finance Network's best practices. They are re-evaluated regularly to ensure appropriateness, are examined annually by our auditor, and are reported to BCC Board as part of auditor's management letter. BCLF has had an unqualified audit every year since it was established.

Management of Financial Accounts, Liquidity and Operating Reserves: BCLF integrates risk management into its lending, investing, and financial management operations. Risk management encompasses the provision of loan loss reserves; loan portfolio monitoring; diversification of cash investments; asset/liability and liquidity management; implementation of internal accounting controls; annual independent audits; information technology management and security; business contingency and disaster recovery systems; and appropriate insurance coverage. BCC has a $15 million unsecured bank line of credit and a $5 million line of credit from HSBC, which provide operating liquidity for BCLF.

BCLF's cash is segregated from other BCC cash and is managed by Trillium Asset Management, a socially responsible cash and investment management firm owned by our bank of account, Wainwright Bank. Cash and investments are managed pursuant to our "Cash Management and Investment Guidelines." The Finance Committee of the BCC Board meets annually with the investment manager to review performance, and it reviews the contract at least every three years.

BCLF maintains **operating reserves** consistent with minimum industry standards of at least 25% of our prior year's operating expenses. Internally, we also maintain an operating "runway" of at least 12 months. This "runway," calculated by adding operating reserves and other unrestricted cash plus projected net interest earnings (discounted to cover reductions in interest earnings from lower interest rates, loan repayments, and exposure to credit problems), should exceed our operating budget.

BCLF determines its **liquidity requirements** in several ways. First, although over 80% of our investors renew their loans to us upon maturity, we ensure that our current assets always exceed our current liabilities. Second, we maintain liquid assets, marked to market, equal to the greater of: 100% of investor loans maturing in the next six months, or 10% of total investor loans payable. Third, as noted above, we have a $15 million bank line of credit that provides additional liquidity.

System for tracking and reporting on use of funds from public and private sources: BCLF uses its loan management, accounting, and investor relations MIS to track and report on the use of funds from public and private sources (See Question 18 below). These systems allow us to track the investor or donor type, the use of funds, and payment and reporting schedules.

Process for producing internal and audited Financial Statements: The finance department produces internal monthly financial statements; unaudited quarterly financial statements, which are distributed to our investors and supporters; and annual audited financial statements for BCC and Affiliates. Our annual financial statements are audited by Alexander, Aronson Finning & Company, an audit firm with expertise in nonprofit and community development finance.

18. Describe the Applicant's Management Information Systems (MIS).

BCLF has in place MIS designed to facilitate our underwriting, portfolio monitoring, data and impact tracking, development of internal financial statements, and investor reporting, including the following:

– **ACCPAC,** accounting software used by BCC since 1998. Currently running Sage ACCPAC 500 ERP version 5.5A (upgraded Feb 2009), which provides: separate BCC affiliate company financial reporting; automated production of Financial Statements and 1099s; generation of monthly invoices; scheduled recurring payments; and bank reconciliation features.

– **The Exceptional Assistant (TEA)**, BCC's Loan Management Software Package, used to track loans to borrowers and generate amortization/payment schedules; track investor loan maturities, interest payments, and reporting requirements; capture social impact and historical loan data; and create customized reports for internal use. BCC is running version 9.20.0.4, upgraded in Feb 2007.

– **MS Access**, database to track BCC's investors, donors and marketing contacts; offers reporting similar to TEA. It is used to generate Promissory Notes, Loan Renewal Forms, and investor/donor reports. BCC is currently running version 5.1.2600, Service Pack 2.

In addition to these systems, BCLF also uses MS Office Suite – including Excel, Word, and PowerPoint

– to create customized reports for management, staff, investors and supporters.

19. Address areas needing improvement and, if applicable, justify requested TA activities that will help.

As a small business, an area in need of continued improvement (and on which we continue to focus) is our business's potential vulnerability to interruption (e.g. in the event of a pandemic flu, natural catastrophe, etc.) To address this concern, we have put in place a business interruption plan that we revise annually, including off-site back-up, remote access and emergency communications.

Financial Health and Viability

Narrative length:

- FA Applicants: The FH&V narrative must be no more than seven (7) pages.
- SECA/TA-Only Applicants: 1 page with 1-2 paragraphs for each.

20. Describe the type of Financial Statements included with the Application, audited, reviewed, internally prepared.

BCLF is enclosing audited Financial Statements for the last three years (2006, 2007, 2008), and unaudited financial statements for the first quarter of 2009.

We have received unqualified audits throughout our history and there were no negative findings from the audits.

BCLF has off-balance sheet resources of $15 million in the form of a line of credit that remains unused as of the end of 2008 and the end of Q1 2009.

21. Provide key assumptions underlying the projections for the projected three years (FY 2008-FY 2010) identified in the <u>Financial Data Input Chart</u>.

Key assumptions underlying the projections include:

1. New lending is based on the activity outlined in Chart D. Not all lending is assumed to be outstanding on BCLF balance sheet as some may be supported by partners (e.g. sale of non-recourse participations that remain off balance sheet).

2. Increases in net assets are based on receiving the proposed FA award and from allocations of New Markets Tax Credit fees earned by our affiliate, Boston Community Capital from its 2008 $85 million NMTC award. BCC's NMTC strategy is based on using fees earned to expand the equity base of its affiliates, including BCLF, and BCC has transferred $4.5 million to BCLF from its two prior allocations. Assuming conservative transfers from our current allocation, we have fully identified all the additional net assets required over the next three years. (Please note that increases in net assets from both the FA award and the transfers of NMTC fees show up on line v of Chart F.)

3. New loan capital is projected to increase in the following amounts: $10 million (2010), $18 million (2011) and $14 million (2012). This new loan capital would come from expansion of existing relationships and/or new investor lending relationships, including the Capital Magnet Fund, access to Federal Home Loan Bank advances, and investments from investment banks and others with new CRA obligations as a result of conversions to bank holding companies. (Please note: BCLF raised over $35 million in new loan capital in 2007; we are in early stage conversations with several new and existing investors re: the loan capital discussed here.)

4. The projections include continued expensing loan loss provisions and increasing loan loss reserves. While we have not had any recent loss and we are not projecting any specific loan losses in our current portfolio, we continue to believe that this economy and the nature of our lending may lead to losses in the future and require us to continue funding these reserves.

22. For each Financial Ratio:

Capital-Net Asset Ratio: BCLF exceeds the MPS for Capital Ratio with net assets and equity equivalents (EQ2s):

BCLF and our investors, including the CDFI Fund (as defined in the current performance standards governing our most recent CDFI Fund award), have historically defined our capital to include equity equivalents (EQ2) and net assets. BCLF's EQ2s have features that make them more like equity than most traditional EQ2s. For example, most of BCLF's EQ2s have 15-year rolling maturities, cannot be put into default for non-payment, and do not need to be repaid if repayment would put BCLF out of compliance with capital or liquidity requirements. Please note that because of the terms of the EQ2 investments, our auditors do not classify them as regular liabilities. BCLF currently has 28 EQ2 investments totaling $12.95 million, giving us a combined permanent capital ratio of 33%, substantially above the MPS Capital Ratio. In each of the last three years, our combined capital ratios were 35%. With this strong capital base, our loan loss experience over 25 years of less than one twentieth of one percent of our total activity, and with significantly over-reserved loan loss reserves, BCLF has been financially sound throughout its history.

Over the past five years, BCLF has increased its net asset base in order to support significant growth in its lending volume, including an increase in its off balance sheet lending activities, and to support an expansion of early-stage and higher impact lending, like the EAP financing described in this application. Boston Community Capital's successful New Markets Tax Credit strategy was structured, in part, to attract significant equity to BCLF. BCC earned over $13 million in fees from its first two NMTC allocations, $4.5 million of which has been transferred to BCLF as net assets. BCC recently closed on a third, $85 million NMTC allocation. Based on a similar fee structure for that allocation, BCC anticipates earning approximately $9 million in fees over the next two years and intends to allocate at least $3 million to increase BCLF's net assets. With these additional NMTC fees, we have identified all of the additional net assets projected required to meet or exceed the MPS over the next three years. As the Chart F shows, BCLF projects to meet the MPS capital ratio going forward even without including the EQ2s.

Asset-Liability Management-Current Ratio: BCLF meets the MPS for the historic and projected Current Ratio. In addition, BCLF's $15 million line of credit from Wainwright Bank (revolving, minimum 2-year term) provides additional current liquidity.

Deployment: BCLF meets the MPS for the historic and projected Deployment Ratio. BCLF's ratio exceeds 100% for several reasons. First, included in the commitments are a number of forward commitments that will close after current loans have been repaid. Second, we have a number of master participation agreements with local banks and lenders and anticipate selling loans and participations for a number of current and committed loans, reducing our liquidity needs. Finally, our $15 million line of credit is available to fund new loans and commitments.

Self-Sufficiency Ratio: BCLF has been self sufficient, excluding grants and transfers from affiliates for net assets since 2005. BCLF meets the MPS for historic and projected Self-Sufficiency Ratio.

Operating Liquidity Ratio: BCLF meets the MPS for the historic and projected Operating Liquidity Ratio. As described above, BCLF has sufficient resources to meet its operating expenses. In addition, the Loan Fund has developed a number of off-balance sheet resources (i.e. unsecured lines of credit, described above) to allow us to meet additional operating liquidity needs.

Earnings Ratio: BCLF meets the MPS for the historic and projected Earnings Ratio. BCLF has maintained and expects to maintain positive net revenue for each of the years covered by this application.

23. Portfolio Management Ratios.

As shown in the Loan Portfolio Quality Chart (Chart G), Boston Community Loan Fund's historic and projected activity meets or exceeds the MPS for Delinquency (PAR) ratio, Net Loan Loss, and Loan Loss Reserve.

BCLF's loan loss reserves at year end are higher than the MPS because we do not consider 90+ delinquency as the only indicator of potential problem loans. As our credit rating and reserve policy shows, we consider a variety of factors in determining risk ratings and reserves. In many cases, this gives us an early warning system that allows us to work closely with borrowers to avoid delinquencies and defaults and is a key reason behind our historic very low loan losses.

Please note that in order to meet investment covenants with a variety of investors, in addition to expensed loan loss reserves, BCLF also designates a portion of its net assets to be available for loan loss reserves such that the combined total of the reserves and designated funds is no less than 5% of the total loans outstanding.

As BCLF explores new, high-risk financing needs, we expect to support that activity with separate grant or equity funded capital, higher reserves, or non-loan products such as recoverable grants depending on the requirements and risks of the financing. We will structure this new financing so that we do jeopardize the integrity of our core lending.

24. Equity Investor Financial Health [applicable to any Equity Investments].

Not applicable. BCLF does not make equity investments.

25. Address areas needing improvement and, if applicable, justify requested TA activities that will help.

There are four areas related to BCLF's Financial Health and Viability that need improvement. These are also touched on in other sections of this application. BCLF remains focused on developing adequate solutions to address the following four areas:

1. <u>Sufficient Equity to Raise New Capital</u> – To increase BCLF's net asset or equity base, we are pursuing grant awards such as this FA award to augment our NMTC fee income. In addition to the NMTC fees transferred from BCC, we have additional fee income already earned and projected to be earned from our 2008 NMTC allocation, which based on our prior experience should generate approximately $8 million in fees.

2. <u>Liquidity to fund the deals outlined in Chart D</u> *-* Much of our financing is currently in-hand in the form of lines of credit from HSBC and Wainwright banks. Additionally, we are actively developing access to new financing vehicles with institutions such as Home Loan Bank and the Capital Magnet Fund. We are in discussion with several existing investors to expand those relationships and increase our lending capacity with them. Also, as new institutions such as

investment banks fall under certain bank lending regulations, we will seek to partner with them to fulfill their community lending requirements.

3. Managing Liquid Investments in the Current Environment - Over the last year, the credit crisis has limited the number of safe investment vehicles and related returns have diminished significantly. Many non-profits such as BCLF have been forced to place cash and liquid investments in secure investment vehicles due to the uncertainty of banks' and other financial institutions' viability. Much of BCLF's cash has been moved to investments tied to Treasury Bills with almost no investment return. This negative arbitrage impacts our income statement, which to-date we have absorbed. It has also forced us to access capital in the form of lines of credit rather than vehicles we would immediately draw down – that at a time when investors would prefer to only commit to organizations that will use the capital immediately – somewhat conflicting objectives.

4. Effect of Current Economic Downturn on Our Existing Portfolio - We do not expect to be completely immune from the current downturn and we have increased our portfolio monitoring activities as many housing developers struggle in the current environment. We are looking for diversity in lending and also new areas of growth to offset this risk, and have increased our loss reserves to bolster the balance sheet. We will continue to monitor our portfolio and our level of reserves; however a protracted housing/real estate downturn could have more wide-ranging or unanticipated impacts on our portfolio, requiring resources and capital not currently anticipated.

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G. Loan Portfolio Quality Chart

Instructions: Provide data for the overall total loan portfolio in the first table. Delinquency is defined as 90+ days past due for non-regulated Applicants and 12 + months past due for regulated Applicants. The other two tables are optional and allow the Applicant to provide portfolio data for up to two products within the portfolio. Applicants may choose to use these tables to demonstrate how a particular product's delinquency figures impact the overall portfolio. For example in one table the Applicant could summarize the business portfolio and in the 2nd the microenterprise portfolio. Enter information in the green shaded cells only.

	Aggregate Portfolio	2008		2007		2006		2005		Weighted Average PAR:
		#	$	#	$	#	$	#	$	
A	Portfolio Outstanding	103	$63,798,082	106	$53,905,639	115	$46,184,385	108	$43,158,792	
B	Delinquent Portfolio	0	$0	0	$0	0	$0	1	$8,817	
C	Total Portfolio-at-Risk (b / a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%

	Optional Product:	2008		2007		2006		2005		Weighted Average PAR:
		#	$	#	$	#	$	#	$	
A	Portfolio Outstanding									
B	Delinquent Portfolio									
C	Total Portfolio-at-Risk (b / a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	#DIV/0!

	Optional Product:	2008		2007		2006		2005		Weighted Average PAR:
		#	$	#	$	#	$	#	$	
A	Portfolio Outstanding									
B	Delinquent Portfolio									
C	Total Portfolio-at-Risk (b / a)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	#DIV/0!

	Loan Loss and Loan Reserve History for Aggregate Portfolio	2008	2007	2006	2005	Historic
A	Total Outstanding Loan Portfolio	$63,798,082	$53,905,639	$46,184,385	$43,158,792	
B	Net Write-Offs or Net Charge-Offs	$0	$0	$0	$0	
C	Annual Net Loan Loss Ratio (B/A)	0.0%	0.0%	0.0%	0.0%	0.0%
D	Loan Loss Reserve (cash)	$2,014,810	$1,038,374	$317,572	$384,847	
E	Loan Loss Reserve (accrual)	$2,075,042	$1,711,417	$1,991,647	$1,773,092	
F	Loan Loss Reserve Ratio ((D + E) / A))	6.4%	5.1%	5.0%	5.0%	5.5%

Boston Community Capital
BCLF Portfolio Review Meeting
2nd Quarter - 2010
Information Packet

Prepared by Gail Berlinger

Boston Community Capital
56 Warren Street
Boston, MA 02119

August 12, 2010
2:00 p.m.

Table of Contents

Boston Community Loan Fund

2nd Quarter 2010

Boston Community Loan Fund
Lending Activity
Second Quarter 2010 Review

Lending Activity:

As of June 30, 2010 the Loan Fund had total commitments of $11,031,252 (9 loans) and $8,443,692 (4 loans) in closed loans. We have a strong pipeline of activity for the third quarter and the remainder of the year.

Our current pipeline consists of almost $18MM (commitments and strong applications), consisting of a variety of transactions including pre-development and acquisition loans for experienced housing developers, three health centers (NMTC leverage loans, located in MA and Washington, D.C.) and permanent loans to established developers well known to us. We continue to follow our guidelines of participating in out of MA deals only when we have strong relationships with the deal teams, and a co-lender who is located geographically nearby.

The total portfolio as of June 30, 2010 is $110,072,931 gross ($42,737,510 is participated out, net hold is $67,335,421), and is made up of 100 loans.

Closing Activity as of June 30, 2010

Gross $	Participated $	Net Hold $	# loans	Budget Target	% Budget Target
$8,443,692	$0	$8,443,692	4	$23,000,000	37%

Commitments as of June 30, 2010

Gross $	Participated $	Net Hold $	# loans	Annual Target	% of Target
$11,031,252	$0	$11,031,252	9	$30,000,000	37%

2009 Commitments: $32,424,797/ 14 loans
2009 Commitment Target: $30,000,000, 108%

Pipeline (strong application) as of June 30, 2010

Gross $	Participated $	Net Hold $	# loans	% of Target
$18,750,000	$1,000,000	$17,750,500	13	**62.50%**

<u>Current Status</u>
As we enter the third quarter of 2010 there is some momentum on our deals in the pipeline, and an increase in the number of financing requests made to the Loan Fund; we anticipate strong closings in Q3 and Q4.

While we do sense a general uptick in the real estate market and investors coming back into the tax credit market, we continue to closely monitor our portfolio including our Bridge Housing, Holcroft Homes, Urban Edge and Renaissance Lofts loans. More details on these loans are provided in the attached reports.

Due to some level of constraint on our capital, we have turned away transactions that have had a long lead-time and/or complicated structures with questionable executions. We continue to seek a well-diversified mix of business resulting in a good asset mix for the existing portfolio. We have continued to make our new business decisions based on three major themes: mission critical (e.g. foreclosure work, energy efficiency work), stabilizing the portfolio (little complexity, easily within covenants) and projects which can support higher pricing which will in turn help keep the portfolio generating positive returns.

<u>Innovation</u>
We are looking carefully at potential new deal structures to examine if there is a "different" role for BCLF than we typically provide, one in which we add value to transactions while at the same time mitigating the risks of development on projects we finance.

There are two primary examples of this:
One, lending to deals in flexible ways (debt and mezzanine debt) in earlier stages by working in partnership with an experienced development team to augment our underwriting. This team would have a strong understanding of the project (but are not the direct developers) and likely, capital at stake in the transaction in concert with BCLF capital. These loans may take the form of pre-development and acquisition loans and the role of this "team" as consultants to the developers, part of the development team and/or as participant lenders with a deep knowledge of the project and active role with the Sponsor development team. As example, Peter Smith and Kevin Maguire (Building Initiatives or "BI") have agreed to partner on our Transformations, Inc. transaction to pilot the idea that the risks in pre-development, construction and for-sale lending can be mitigated through a high level of project engagement (that lenders typically cannot feasibly have). In this transaction, BCLF will provide up to $400,000 in pre-development financing for an approved, zero-net energy housing project and BI will participate with their own funds in $200,000 of our loan. They will attend regular team meetings during preconstruction through completion and sell out to keep the lending team well informed and well positioned to participate in problem solving for the developer, increasing the likelihood of a successful project.

Two, we are researching our potential role in the food access and food system space in New England. The impact of unhealthy food choices for low-income communities evidences itself in increased health-related issues such as Type II diabetes and obesity. Our low-income populations suffer at a far greater rate than higher income populations in diet-related chronic diseases and death; research shows better access corresponds with healthier eating and lower risk for these issues. As we work to support our mission, we understand that the food system plays an integral role in the long term health and ability to thrive in the communities we serve. We are examining the potential role of providing financing for healthy food providers in so called "food deserts" as well as examining a potential role with the education system which can change "demand" by families based on educating children to help drive purchase decisions and potential synergies with Eating Well, one of our portfolio companies in the Venture Fund. Later this year there will be an opportunity to apply to the CDFI Fund for grant dollars under the Obama Administration's Healthy Food Financing Initiative under the 2011 budget, which we will evaluate as an opportunity closely. We see this work as analogous to the energy work we did to create BCC-SEA; we expect we will innovate based on our research and involvement in this space and as we learn we will focus on how we might create a sustainable business (or business line) to support our communities.

Portfolio Performance

Enclosed in this section are additional reports Gail has created to provide diverse portfolio breakdowns in a snapshot and therefore make concentrations and asset class decisions for new lending opportunities, as well as track the concentrations in the existing portfolio.

In Q2 2010 the lending team has been able to balance new business development with a coordinated effort with the Portfolio Management team (Gail and Luis) to complete asset management plans on existing loans.

We have not downgraded any loans to reflect changes in credit risk resulting from specific events related to the loan in Q2 2010. We continue to carefully review our loan reserves to ensure they appropriately reflect the current potential exposure for each loan and the portfolio as a whole.

Risk Rating Changes:	None
Loans Rated Five or Worse:	$11,923,221 (net), 83% of net outstandings classified as acceptable, RR1-4
Priority Monitoring Additions:	None
Delinquency trends:	The delinquency rate as of June 30, 2010 is less than 1%; a total of $12,742 of payments is in the 30-91 days late category.

Special Mention and Non-Accrual Loans

- The composition of the Special Mention and Non-Accrual loan portfolio is unchanged from last quarter. The Paige Academy loans ($500,000 and $498,411) remain the only loans on non-accrual in the portfolio.

- We are working closely with the borrower on the Renaissance Lofts project which continues to have buyer interest but closings have been difficult due to lack of comps to support the prices third party, willing buyers are offering. We anticipate a 2nd quarter action plan to present a restructuring of this loan.

- We continue to work with Bridge Housing (land on Martha's Vineyard) to determine a viable course of action to yield the highest economic and mission results on this loan.

- Additionally, we are doing our due diligence on the Island Affordable Housing Trust Fund, Inc. loan ($191,485) after meeting with the Executive Director in late June; we have concerns about the financial viability of the organization and are pursuing our options regarding next steps for repayment.

Market Conditions

We are seeing an uptick in the absorption of some affordable units and market rate units recently. In the first quarter of 2010, we were paid down $1,946,270 from the sale of eight units on five loans secured by for-sale units (700 Harrison, Keen Studios, Creighton Condos, Highland Park and Nu-Life). In the second quarter of 2010 we were paid down $2,953,400 from the sale of 12 units of housing from the 700 Harrison, Creighton Condos and Burke Studios projects. There has been some movement in the infrastructure at Jackson Square and recently Bart Mitchell has brought on The Community Builders to his portion of this project. We have seen some investors return to the tax credit purchase market (RED Capital, Redstone) and some remain active (US Bank).

Liquidity Management- Summary

We are carefully monitoring our cash position and funding resources for new lending and evaluating our maximum hold level on new transactions in light of an uncertain fundraising environment over the next few years. Our deployment ratios should begin to pick up as we continue closing loans and moving transactions through our pipeline, however we prefer to risk lower deployment ratios rather than have these drive our lending decisions. We continue to have $7,220,000 available on the HSBC line for NMTC deals and $4.5MM on our $5MM line for LF transactions. We paid our Fannie Mae, $4MM line of credit in full in June which will likely result in usage of both HSBC lines in the second and third quarters of 2010. This is in line with our projections and an appropriate strategy for use of cash for the Loan Fund.

Commitments 2nd Qtr 2010

Business Name	Loan Name	Commitment Date	Committed	Parti?	Parti $	Net O/S	RR	Rate	Term	Loan Type	Purpose	Use Of Funds	Officer
Avivamiento L L C	NEPONSET FIELD INCRE	6/3/2010	$417,000.00	N			4			Line of Credit	Predevelopment	Homeownership-Affordable	Michelle Volpe
Housing Corporation Of Arlington	252-260 MASS AVE ACQ	6/25/2010	$500,000.00	N			3			Line of Credit	Site Acquisition	Rental-Affordable	Michelle Volpe
	252-260 MASS AVE PRE	6/25/2010	$500,000.00	N			4			Line of Credit	Predevelopment	Rental-Affordable	Michelle Volpe
Wabash Construction	FORECLOSURE LOC	5/6/2010	$1,000,000.00	N			3			Line of Credit	Construction	Homeownership-Mixed Income	Michael Nilles
	45 THORNDIKE ST	6/28/2010	$170,560.00	N			4			Term	Site Acquisition	Rental-Affordable	Michelle Volpe
	Totals:	**5**	$2,587,560.00		$0.00	$0.00							

BOSTON COMMUNITY CAPITAL

Commitments YTD 2010

Through June

Business Name	Loan Name	Commitment Date	Committed	Parti?	Parti $	Net O/S	RR	Rate	Term	Loan Type	Purpose	Use Of Funds	Officer
1060 Belmont, Inc.	1060 BELMONT STREET	1/14/2010	$1,000,000.00	N		$0.00	4	7	12	Line of Credit	Construction	Rental-Affordable	Michael Nilles
Avivamiento L L C	NEPONSET FIELD INCRE	6/3/2010	$417,000.00	N			4			Line of Credit	Predevelopment	Homeownership-Affordable	Michelle Volpe
Housing Corporation Of Arlington	252-260 MASS AVE ACQ	6/25/2010	$500,000.00	N			3			Line of Credit	Site Acquisition	Rental-Affordable	Michelle Volpe
	252-260 MASS AVE PRE	6/25/2010	$500,000.00	N			4			Line of Credit	Predevelopment	Rental-Affordable	Michelle Volpe
Jks Village Llc	WEST WAREHAM	3/18/2010	$984,333.00	N		$0.00	4	6.5	30	Line of Credit	Construction	Rental-Affordable	Kathryn McHugh
Mount Pleasant Homes	MT PLEASANT BRIDGE	2/25/2010	$4,209,359.00	N		$2,010,315.00	4	6.25	24	Line of Credit	Construction	Supportive Housing	Matthew Aliberti
	MT PLEASANT LEVERAGE	2/25/2010	$2,250,000.00	N		$2,250,000.00	4	6.57	96	Term	Permanent	Supportive Housing	Matthew Aliberti
Wabash Construction	FORECLOSURE LOC	5/6/2010	$1,000,000.00	N			3			Line of Credit	Construction	Homeownership-Mixed Income	Michael Nilles
	45 THORNDIKE ST	6/28/2010	$170,560.00	N			4			Term	Site Acquisition	Rental-Affordable	Michelle Volpe
	Totals:	**9**	$11,031,252.00		$0.00	$4,260,315.00							

Closed 2nd Qtr 2010

Business	Loan Name	Closed Date	Committed	O/S	Gross Participation	Pari Rate	Net Balance	Rate	RR	Terms	Loan Type	Purpose of Loan	Use of Funds	Officer
Jks Village Llc	WEST WAREHAM	6/8/2010	$984,333.00	$0.00	$0.00		$0.00	6.50	4	30	Line of Credit	Construction	Rental-Affordable	Kathryn McHugh
Mount Pleasant Homes	MT PLEASANT BRIDGI	6/17/2010	$4,209,359.00	$2,010,315.00	$0.00		$2,010,315.00	6.25	4	24	Line of Credit	Construction	Supportive Housing	Matthew Aliberti
Mount Pleasant Homes	MT PLEASANT LEVER.	6/17/2010	$2,250,000.00	$2,250,000.00	$0.00		$2,250,000.00	6.57	4	96	Term	Permanent	Supportive Housing	Matthew Aliberti
Grand Total	# of Loans	3	$7,443,692.00	$4,260,315.00	0.00		$4,260,315.00							

Closed YTD 2010

Through June

Business	Loan Name	Closed Date	Committed	O/S	Gross Participation	Pari Rate	Net Balance	Rate	RR	Terms	Loan Type	Purpose of Loan	Use of Funds	Officer
1060 Belmont, Inc.	1060 BELMONT STREE	3/16/2010	$1,000,000.00	$0.00	$0.00		$0.00	7.00	4	12	Line of Credit	Construction	Rental-Affordable	Michael Nilles
Jks Village Llc	WEST WAREHAM	6/8/2010	$984,333.00	$0.00	$0.00		$0.00	6.50	4	30	Line of Credit	Construction	Rental-Affordable	Kathryn McHugh
Mount Pleasant Homes	MT PLEASANT BRIDGI	6/17/2010	$4,209,359.00	$2,010,315.00	$0.00		$2,010,315.00	6.25	4	24	Line of Credit	Construction	Supportive Housing	Matthew Aliberti
Mount Pleasant Homes	MT PLEASANT LEVER.	6/17/2010	$2,250,000.00	$2,250,000.00	$0.00		$2,250,000.00	6.57	4	96	Term	Permanent	Supportive Housing	Matthew Aliberti
Grand Total	# of Loans	4	$8,443,692.00	$4,260,315.00	0.00		$4,260,315.00							

BCLF

Active Pipeline Deals/Projections Report

As of 7/1/2010

Loan #	Business	Status Date	Commt. Exp. Date	Estimated Close Date	Loan Amount	Loan Type	Loan Officer	Parti?	$$ Outstanding Projections $$ at Closing	30+ days	60+ days	90+ days
Application												
15 COTTAGE	Arch Street	06/03/2010			200,000.00	Line of Credit	Kathryn McHugh	☐				
DAYSPRING BALTIMORE	Dayspring Llc	06/03/2010		9/30/2010	2,000,000.00	Line of Credit	Michael Nilles	☑	2,000,000.00			
JP SCATTERED SITE CO	Jamaica Plain Neighborhood Dev. Corp.	01/28/2010		11/30/2008	500,000.00	Term	Kathryn McHugh	☐				
MARY'S CENTER CHC	Mary's Center Chc	06/03/2010		9/30/2010	3,100,000.00	Term	Michael Nilles	☐				
44 GERRISH STREET	Mitchell Properties	04/01/2010		6/30/2010	1,000,000.00	Line of Credit	Michelle Volpe	☐	1,000,000.00			
NU LIFE COMMERCIAL	N D C Of Grove Hall	01/22/2009		6/30/2010	300,000.00	Term	Michelle Volpe	☐	100,000.00			
PINE HILLS HARVARD	Transformations, Inc.	06/09/2010		7/15/2010	400,000.00	Line of Credit	Michelle Volpe	☑	25,000.00			
WHITTIER ST BRIDGE	Whittier Street Fund Llc	06/09/2010		9/30/2010	5,000,000.00	Line of Credit	Kathryn McHugh	☑	5,000,000.00			
WHITTIER ST LEVERAGE	Whittier Street Fund Llc	06/09/2010		9/30/2010	3,000,000.00	Term	Kathryn McHugh	☑	3,000,000.00			
Loan Status Sub-Total	9				15,500,000.00				11,125,000.00	0.00	0.00	0.00
Committed												
252-260 MASS AVE ACQ	Housing Corporation Of Arlington	06/25/2010		6/30/2010	500,000.00	Line of Credit	Michelle Volpe	☐	500,000.00			
252-260 MASS AVE PRE	Housing Corporation Of Arlington	06/25/2010			500,000.00	Line of Credit	Michelle Volpe	☐				
WOODBINE STREET	Nuestra Comunidad Development Corp.	08/13/2009		12/31/2010	129,948.00	Term	Kathryn McHugh	☐				
21 DACIA ST FORECLOS	Nuestra R.E.O. Developers Llc	08/13/2009		12/31/2010	185,000.00	Term	Michelle Volpe	☐				
FORECLOSURE LOC	Wabash Construction	05/06/2010		6/20/2010	1,000,000.00	Line of Credit	Michael Nilles	☐	150,000.00			
45 THORNDIKE ST	Wabash Construction	06/28/2010		7/15/2010	170,560.00	Term	Michelle Volpe	☐	170,560.00			
Loan Status Sub-Total	6				2,485,508.00				820,560.00	0.00	0.00	0.00
Grand Total	15				17,985,508.00				11,945,560.00	0.00	0.00	0.00

BCLF One Obligor Exposure Report

As of: **7/1/2010**

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Alliance For Animals					
	Alliance For Animals, Inc.				
	ALLIANCE FOR ANIMALS	Kathryn McHugh	$1,587.41	0.00	$1,587.41
	Borrower Totals		$1,587.41	0.00	$1,587.41
	Sponsor Totals		$1,587.41	0.00	$1,587.41
Allston Brighton					
	Ashford Street Limited Partnership				
	ASHFORD STREET	Matthew Aliberti	$172,152.04	0.00	$172,152.04
	Borrower Totals		$172,152.04	0.00	$172,152.04
	Community Condominium Corporation				
	ABCDC CONDOS	Matthew Aliberti	$130,308.97	0.00	$130,308.97
	Borrower Totals		$130,308.97	0.00	$130,308.97
	Sponsor Totals		$302,461.01	0.00	$302,461.01
Bcc Solar Energy					
	Bcc Solar Energy Advantage, Inc.				
	SEA CONSTR. LINE	Matthew Aliberti	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Sponsor Totals		$0.00	0.00	$0.00
Beacon Communities					
	Bc Adams Street Llc				
	BAKER CHOCOLATE FAC	Michael Nilles	$2,511,356.20	0.00	$2,511,356.20
	Borrower Totals		$2,511,356.20	0.00	$2,511,356.20
	New Boston/bc Upper Tier Entity Llc				
	ERRICHETTI PORTFOLIO	Michelle Volpe	$6,500,000.00	3,250,000.00	$3,250,000.00
	Borrower Totals		$6,500,000.00	3,250,000.00	$3,250,000.00
	Sponsor Totals		$9,011,356.20	3,250,000.00	$5,761,356.20
Bershire Arts & Tech					
	Berkshire Arts And Technology Public C				
	BART LEVERAGED LOAN	Michelle Volpe	$4,748,555.59	3,614,536.71	$1,134,018.88
	BART QLICI NOTE A	Michelle Volpe	$4,551,964.00	4,324,367.60	$227,596.40
	Borrower Totals		$9,300,519.59	7,938,904.31	$1,361,615.28
	Sponsor Totals		$9,300,519.59	7,938,904.31	$1,361,615.28
Beverly Affordable					
	Holcroft Park Homes, Llc				
	HOLCROFT PARK NOTE A	Kathryn McHugh	$4,315,000.00	3,500,000.00	$815,000.00
	HOLCROFT PARK NOTE B	Kathryn McHugh	$492,137.01	0.00	$492,137.01
	Borrower Totals		$4,807,137.01	3,500,000.00	$1,307,137.01

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Beverly Affordable					
	Sponsor Totals		$4,807,137.01	3,500,000.00	$1,307,137.01
Boston Community					
	Sun Initiative Financing Llc				
	WAREHOUSE LOC	Michelle Volpe	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Sponsor Totals		$0.00	0.00	$0.00
Bridge Housing					
	Bridge Housing Corporation				
	ACQUISITION - COMMON	Kathryn McHugh	$2,315,487.74	0.00	$2,315,487.74
	Borrower Totals		$2,315,487.74	0.00	$2,315,487.74
	Sponsor Totals		$2,315,487.74	0.00	$2,315,487.74
C A S C A P, Inc.					
	C A S C A P Realty Inc.				
	165 WESTERN AVE	Michael Nilles	$279,125.56	251,914.77	$27,210.79
	8 BIGELOW (LISC)	Michael Nilles	$79,026.86	78,105.80	$921.06
	8 BIGELOW (NEW)	Michael Nilles	$529,562.61	498,862.83	$30,699.78
	CONDOMINIUMS	Michael Nilles	$143,028.42	129,817.64	$13,210.78
	Borrower Totals		$1,030,743.45	958,701.04	$72,042.41
	Sponsor Totals		$1,030,743.45	958,701.04	$72,042.41
Casa Esperanza					
	Nueva Vida Inc.				
	263 EUSTIS ST	Michael Nilles	$139,703.05	125,483.88	$14,219.17
	290.5 EUSTIS ST.	Michael Nilles	$49,349.88	0.00	$49,349.88
	Borrower Totals		$189,052.93	125,483.88	$63,569.05
	Sponsor Totals		$189,052.93	125,483.88	$63,569.05
Casa Myrna Vazquez					
	O.U.R. Trust				
	$180,000 LOAN	Michael Nilles	$165,918.22	0.00	$165,918.22
	$450,000 TERM LOAN	Michael Nilles	$309,891.79	0.00	$309,891.79
	Borrower Totals		$475,810.01	0.00	$475,810.01
	Sponsor Totals		$475,810.01	0.00	$475,810.01
Citizens For Afforda					
	Citizens For Affordable Housing In New				
	CHRISTINA ST.	Kathryn McHugh	$97,992.45	0.00	$97,992.45
	Borrower Totals		$97,992.45	0.00	$97,992.45

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BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Citizens For Afforda					
	Sponsor Totals		$97,992.45	0.00	$97,992.45
Codman Square N D C					
	526 Park St. Inc.				
	526 PARK ST.	Matthew Aliberti	$19,846.63	16,019.36	$3,827.27
	Borrower Totals		$19,846.63	16,019.36	$3,827.27
	Sponsor Totals		$19,846.63	16,019.36	$3,827.27
Com. Action Agency					
	Community Action Agency Of Somerville				
	CAAS - A	Michelle Volpe	$1,339,338.47	0.00	$1,339,338.47
	CAAS - B	Michelle Volpe	$180,545.33	0.00	$180,545.33
	Borrower Totals		$1,519,883.80	0.00	$1,519,883.80
	Sponsor Totals		$1,519,883.80	0.00	$1,519,883.80
Cooke					
	Dorchester Home & Garden Trust, Inc.				
	111 ERIE ST REFI	Matthew Aliberti	$191,636.80	0.00	$191,636.80
	132 ELLINGTON ST	Matthew Aliberti	$157,226.83	0.00	$157,226.83
	134 ELLINGTON STREET	Matthew Aliberti	$119,366.35	0.00	$119,366.35
	52 ELLINGTON STREET	Matthew Aliberti	$232,564.87	0.00	$232,564.87
	Borrower Totals		$700,794.85	0.00	$700,794.85
	Sponsor Totals		$700,794.85	0.00	$700,794.85
Denney					
	Denney, Edward B.				
	103 SPRUCE ST	Kathryn McHugh	$250,990.88	228,354.62	$22,636.26
	80 GROVE STREET	Kathryn McHugh	$157,662.12	143,630.38	$14,031.74
	Borrower Totals		$408,653.00	371,985.00	$36,668.00
	Miles Properties, Inc.				
	PETERBRIDGE	Kathryn McHugh	$135,900.00	119,272.54	$16,627.46
	Borrower Totals		$135,900.00	119,272.54	$16,627.46
	Watershed Properties Inc				
	35 PLEASANT ST	Kathryn McHugh	$242,391.83	0.00	$242,391.83
	Borrower Totals		$242,391.83	0.00	$242,391.83
	Sponsor Totals		$786,944.83	491,257.54	$295,687.29
Dial Self Teen Svcs					
	Franklin County D.I.A.L./s.E.L.F., Inc.				
	ABBOTT STREET	Kathryn McHugh	$203,157.23	0.00	$203,157.23
	Borrower Totals		$203,157.23	0.00	$203,157.23

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BCLF One Obligor Exposure Report

As of: **7/1/2010**

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Dial Self Teen Svcs					
	Sponsor Totals		$203,157.23	0.00	$203,157.23
Dorchester Bay E D C					
	65 Bay Street L L C				
	BAY STREET	Matthew Aliberti	$872,426.62	0.00	$872,426.62
	Borrower Totals		$872,426.62	0.00	$872,426.62
	Dorchester Bay Economic Development				
	LOC PART 2	Matthew Aliberti	$68,291.71	0.00	$68,291.71
	Borrower Totals		$68,291.71	0.00	$68,291.71
	Dorchester Family Housing L L C				
	QG/DBEDC INFILL	Matthew Aliberti	$71,198.18	0.00	$71,198.18
	Borrower Totals		$71,198.18	0.00	$71,198.18
	Sponsor Totals		$1,011,916.51	0.00	$1,011,916.51
Eastern Service					
	Trust On Behalf Of Eastern Service Wor				
	BOWDOIN ST	Kathryn McHugh	$168,208.78	0.00	$168,208.78
	Borrower Totals		$168,208.78	0.00	$168,208.78
	Sponsor Totals		$168,208.78	0.00	$168,208.78
Ellington Cooperativ					
	Ellington Cooperative Corporation				
	ELLINGTON COOP	Michelle Volpe	$54,492.60	0.00	$54,492.60
	Borrower Totals		$54,492.60	0.00	$54,492.60
	Sponsor Totals		$54,492.60	0.00	$54,492.60
Etc Development Corp					
	Avivamiento L L C				
	NEPONSET FIELD	Michelle Volpe	$1,353,327.30	0.00	$1,353,327.30
	Borrower Totals		$1,353,327.30	0.00	$1,353,327.30
	Caguas Llc				
	BURKE STUDIOS	Kathryn McHugh	$1,247,293.15	623,646.58	$623,646.57
	Borrower Totals		$1,247,293.15	623,646.58	$623,646.57
	Sponsor Totals		$2,600,620.45	623,646.58	$1,976,973.87
Euphemia L. Haynes					
	Elh Investment Fund Llc				
	HAYNES SCHOOL	Michael Nilles	$10,460,000.00	7,500,000.00	$2,960,000.00
	Borrower Totals		$10,460,000.00	7,500,000.00	$2,960,000.00

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Euphemia L. Haynes					
	Sponsor Totals		$10,460,000.00	7,500,000.00	$2,960,000.00
Fairbanks					
	Fairbanks Development Llc				
	REN LOFTS CONSTRUCT	Michael Nilles	$4,067,205.87	0.00	$4,067,205.87
	Borrower Totals		$4,067,205.87	0.00	$4,067,205.87
	Sponsor Totals		$4,067,205.87	0.00	$4,067,205.87
Falmouth Housing					
	Falmouth Housing Corporation				
	POOL B AMEND.	Michael Nilles	$1,325,374.78	741,931.62	$583,443.16
	Borrower Totals		$1,325,374.78	741,931.62	$583,443.16
	Sponsor Totals		$1,325,374.78	741,931.62	$583,443.16
Fenway C D C					
	Fenway C D C				
	HEMENWAY ST	Michelle Volpe	$957,825.79	567,675.41	$390,150.38
	Borrower Totals		$957,825.79	567,675.41	$390,150.38
	Sponsor Totals		$957,825.79	567,675.41	$390,150.38
Fountain Hill Square					
	Fountain Hill Square				
	ROOF & DECK LOAN '07	Michael Nilles	$50,306.38	0.00	$50,306.38
	Borrower Totals		$50,306.38	0.00	$50,306.38
	Sponsor Totals		$50,306.38	0.00	$50,306.38
Island Affordable					
	Island Affordable Housing Fund, Inc.				
	TWIN OAKS	Kathryn McHugh	$191,484.76	0.00	$191,484.76
	Borrower Totals		$191,484.76	0.00	$191,484.76
	Sponsor Totals		$191,484.76	0.00	$191,484.76
Jamaica Plain N D C					
	Angela Westover Housing Corporation				
	ANGELA WESTOVER	Michelle Volpe	$807,720.42	0.00	$807,720.42
	Borrower Totals		$807,720.42	0.00	$807,720.42
	Catherine Gallagher Housing Partnersh				
	JPNDC BOTH PERMANENT	Kathryn McHugh	$1,484,128.34	1,255,106.48	$229,021.86
	JPNDC TRANCHE B	Kathryn McHugh	$721,200.93	725,322.16	($4,121.23)
	Borrower Totals		$2,205,329.27	1,980,428.64	$224,900.63
	Centre-Creighton Apartments, Llc				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: **7/1/2010**

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Jamaica Plain N D C					
	Centre-Creighton Apartments, Llc				
	CENTRE-CREIGHTON APT	Kathryn McHugh	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Church Square Community Partners, Llc				
	BLESSED SACRAMENT	Kathryn McHugh	$1,441,866.43	134,526.86	$1,307,339.57
	Borrower Totals		$1,441,866.43	134,526.86	$1,307,339.57
	Church Square Phase One Developer Ll				
	CREIGHTON CONDOS	Kathryn McHugh	$179,981.31	0.00	$179,981.31
	Borrower Totals		$179,981.31	0.00	$179,981.31
	Cwl Housing Llc				
	CWL RESIDENTIAL 270	Kathryn McHugh	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$273,437.54	0.00	$273,437.54
	Borrower Totals		$273,437.54	0.00	$273,437.54
	Jpndc Investment Fund, Llc				
	JPNDC LEVERAGE LOAN	Kathryn McHugh	$2,550,000.00	0.00	$2,550,000.00
	Borrower Totals		$2,550,000.00	0.00	$2,550,000.00
	Sponsor Totals		$7,458,334.97	2,114,955.50	$5,343,379.47
Jewish Community					
	J C H E I I I				
	87 EDMANDS RD	Kathryn McHugh	$336,309.17	0.00	$336,309.17
	Borrower Totals		$336,309.17	0.00	$336,309.17
	J C H E Services, Inc.				
	LOC BRIGHTON	Kathryn McHugh	$152,462.53	0.00	$152,462.53
	Borrower Totals		$152,462.53	0.00	$152,462.53
	Sponsor Totals		$488,771.70	0.00	$488,771.70
Madison Park					
	Madison Washington Ii Llc				
	2201 WASHINGTON REFI	Michael Nilles	$1,000,000.00	0.00	$1,000,000.00
	Borrower Totals		$1,000,000.00	0.00	$1,000,000.00
	Sponsor Totals		$1,000,000.00	0.00	$1,000,000.00
Media And Technology					
	Match School Investment Fund Llc				
	MATCH SCHOOL	Becky Regan	$11,021,524.77	4,275,000.00	$6,746,524.77
	Borrower Totals		$11,021,524.77	4,275,000.00	$6,746,524.77
	Sponsor Totals		$11,021,524.77	4,275,000.00	$6,746,524.77
Mitchell					

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: **7/1/2010**

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Mitchell					
	700 Harrison Investment Fund, Llc				
	700 HARRISON NMTC	Matthew Aliberti	$3,400,000.00	0.00	$3,400,000.00
	Borrower Totals		$3,400,000.00	0.00	$3,400,000.00
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$273,437.54	0.00	$273,437.54
	Borrower Totals		$273,437.54	0.00	$273,437.54
	Sponsor Totals		$3,673,437.54	0.00	$3,673,437.54
Mitchell Properties					
	160 Water Llc				
	CABLE MILLS - MP	Michael Nilles	$3,430,706.93	0.00	$3,430,706.93
	Borrower Totals		$3,430,706.93	0.00	$3,430,706.93
	700 Harrison Investment Fund, Llc				
	700 HARRISON NMTC	Matthew Aliberti	$3,400,000.00	0.00	$3,400,000.00
	Borrower Totals		$3,400,000.00	0.00	$3,400,000.00
	700 Harrison Llc				
	$175K BRIDGE LOAN	Michelle Volpe	$75,000.00	0.00	$75,000.00
	700 HARRISON CONS.	Michelle Volpe	$399,597.00	46,483.73	$353,113.27
	Borrower Totals		$474,597.00	46,483.73	$428,113.27
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$273,437.54	0.00	$273,437.54
	Borrower Totals		$273,437.54	0.00	$273,437.54
	Sponsor Totals		$7,578,741.47	46,483.73	$7,532,257.74
Mount Pleasant Homes					
	Mount Pleasant Homes				
	MT PLEASANT BRIDGE	Matthew Aliberti	$2,010,315.00	0.00	$2,010,315.00
	MT PLEASANT LEVERAGE	Matthew Aliberti	$2,250,000.00	0.00	$2,250,000.00
	Borrower Totals		$4,260,315.00	0.00	$4,260,315.00
	Sponsor Totals		$4,260,315.00	0.00	$4,260,315.00
N D C Of Grove Hall					
	Nu Life Real Estate Development Llc				
	NU LIFE SUBORD. CONS	Michelle Volpe	$751,564.29	0.00	$751,564.29
	Borrower Totals		$751,564.29	0.00	$751,564.29
	Sponsor Totals		$751,564.29	0.00	$751,564.29
New Atlantic					
	Church Square Phase One Developer Ll				
	CREIGHTON CONDOS	Kathryn McHugh	$179,981.31	0.00	$179,981.31
	Borrower Totals		$179,981.31	0.00	$179,981.31

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
New Atlantic					
	Sponsor Totals		$179,981.31	0.00	$179,981.31
Noah					
	Neighborhood Of Affordable Housing				
	LOC BORDER ST.	Michael Nilles	$127,351.80	0.00	$127,351.80
	Borrower Totals		$127,351.80	0.00	$127,351.80
	Peace Properties, Inc.				
	EUTAW MERIDIAN	Michael Nilles	$21,881.03	21,630.09	$250.94
	Borrower Totals		$21,881.03	21,630.09	$250.94
	Siochain Properties Limited Partnership				
	SIOCHAIN I (LISC)	Michael Nilles	$110,317.43	109,308.25	$1,009.18
	SIOCHAIN I (NEW)	Michael Nilles	$201,737.18	181,383.14	$20,354.04
	Borrower Totals		$312,054.61	290,691.39	$21,363.22
	Sponsor Totals		$461,287.44	312,321.48	$148,965.96
November Collective					
	November Collective Cooperative Corp.				
	NOVEMBER COLLECTIVE	Michael Nilles	$119,555.49	0.00	$119,555.49
	Borrower Totals		$119,555.49	0.00	$119,555.49
	Sponsor Totals		$119,555.49	0.00	$119,555.49
Nu Life Development					
	Nu Life Real Estate Development Llc				
	NU LIFE SUBORD. CONS	Michelle Volpe	$751,564.29	0.00	$751,564.29
	Borrower Totals		$751,564.29	0.00	$751,564.29
	Sponsor Totals		$751,564.29	0.00	$751,564.29
Nuestra Comunidad					
	Roxbury Development Corporation				
	BOHIO	Kathryn McHugh	$1,158,310.47	0.00	$1,158,310.47
	Borrower Totals		$1,158,310.47	0.00	$1,158,310.47
	Sponsor Totals		$1,158,310.47	0.00	$1,158,310.47
Oaktree Development					
	Shaw's Landing Llc				
	SHAW'S LANDING PH. 2	Michael Nilles	$1,551,560.77	0.00	$1,551,560.77
	Borrower Totals		$1,551,560.77	0.00	$1,551,560.77
	Sponsor Totals		$1,551,560.77	0.00	$1,551,560.77
Paige Academy					
	Paige Company, Inc.				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: **7/1/2010**

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Paige Academy					
	Paige Company, Inc.				
	PAIGE 2ND MORTGAGE	Dick Jones	$498,411.29	0.00	$498,411.29
	PAIGE 3RD MORTGAGE	Dick Jones	$488,082.98	0.00	$488,082.98
	Borrower Totals		$986,494.27	0.00	$986,494.27
	Sponsor Totals		$986,494.27	0.00	$986,494.27
Park View					
	Park View Cooperative Corporation				
	PARKVIEW SL I	Michelle Volpe	$9,310.07	0.00	$9,310.07
	Borrower Totals		$9,310.07	0.00	$9,310.07
	Sponsor Totals		$9,310.07	0.00	$9,310.07
Pine Street Inn Inc.					
	Pine Street Inn, Inc.				
	124 PARK ST	Michelle Volpe	$76,019.11	0.00	$76,019.11
	Borrower Totals		$76,019.11	0.00	$76,019.11
	Sponsor Totals		$76,019.11	0.00	$76,019.11
Presentation School					
	Presentation School				
	640 WASHINGTON ST AQ	Michael Nilles	$1,171,979.30	0.00	$1,171,979.30
	Borrower Totals		$1,171,979.30	0.00	$1,171,979.30
	Sponsor Totals		$1,171,979.30	0.00	$1,171,979.30
Quincy Geneva					
	Dorchester Family Housing L L C				
	QG/DBEDC INFILL	Matthew Aliberti	$71,198.18	0.00	$71,198.18
	Borrower Totals		$71,198.18	0.00	$71,198.18
	Sponsor Totals		$71,198.18	0.00	$71,198.18
Salem Harbor C D C					
	Salem Point Rental Properties				
	PARKING LOT	Michelle Volpe	$20,558.90	0.00	$20,558.90
	Borrower Totals		$20,558.90	0.00	$20,558.90
	Sponsor Totals		$20,558.90	0.00	$20,558.90
Smile Pre-School Inc					
	Smile Pre-School, Inc.				
	PRESCHOOL PARTIC	Michelle Volpe	$154,423.92	0.00	$154,423.92
	Borrower Totals		$154,423.92	0.00	$154,423.92

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Smile Pre-School Inc					
	Sponsor Totals		$154,423.92	0.00	$154,423.92
Somerville Community					
	Linden Street Limited Partnership				
	LINDEN ST CONSTRUCTI	Michelle Volpe	$413,353.70	374,772.29	$38,581.41
	LINDEN ST PARTICIPAT	Michelle Volpe	$377,664.85	0.00	$377,664.85
	Borrower Totals		$791,018.55	374,772.29	$416,246.26
	Somerville Community Corporation				
	WALNUT STREET	Michelle Volpe	$880,624.41	786,061.71	$94,562.70
	Borrower Totals		$880,624.41	786,061.71	$94,562.70
	Sponsor Totals		$1,671,642.96	1,160,834.00	$510,808.96
Stella					
	Michael A. Stella				
	FORECLOSURE ACQ	Michelle Volpe	$450,000.00	0.00	$450,000.00
	MELBOURNE PLACE	Michelle Volpe	$349,900.00	0.00	$349,900.00
	SCATTERED SITES	Michelle Volpe	$554,946.08	0.00	$554,946.08
	Borrower Totals		$1,354,846.08	0.00	$1,354,846.08
	Sponsor Totals		$1,354,846.08	0.00	$1,354,846.08
The City School, Inc					
	The City School, Inc				
	TERM LOAN	Michelle Volpe	$166,775.94	0.00	$166,775.94
	Borrower Totals		$166,775.94	0.00	$166,775.94
	Sponsor Totals		$166,775.94	0.00	$166,775.94
The Leaguers					
	The Leaguers Investment Fund Llc				
	HEADSTART FACILITY	Michelle Volpe	$13,320,000.00	8,500,000.00	$4,820,000.00
	Borrower Totals		$13,320,000.00	8,500,000.00	$4,820,000.00
	Sponsor Totals		$13,320,000.00	8,500,000.00	$4,820,000.00
Thomas					
	Otisfield, L L C				
	OTISFIELD-PREDEV	Michael Nilles	$43,104.84	0.00	$43,104.84
	Borrower Totals		$43,104.84	0.00	$43,104.84
	Sponsor Totals		$43,104.84	0.00	$43,104.84
Urban Edge Housing					
	Ennis Highland Ue Llc				
	URBAN EDGE INFILL	Kathryn McHugh	$784,755.72	401,863.97	$382,891.75

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 7/1/2010

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Urban Edge Housing					
	Ennis Highland Ue Llc				
	Borrower Totals		$784,755.72	401,863.97	$382,891.75
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$273,437.54	0.00	$273,437.54
	Borrower Totals		$273,437.54	0.00	$273,437.54
	Urban Edge Housing Corporation				
	41 AMORY ST	Kathryn McHugh	$120,709.15	0.00	$120,709.15
	RESTRUC LOAN A	Kathryn McHugh	$1,318,962.77	0.00	$1,318,962.77
	RESTRUC LOAN B	Kathryn McHugh	$1,248,207.01	0.00	$1,248,207.01
	Borrower Totals		$2,687,878.93	0.00	$2,687,878.93
	Sponsor Totals		$3,746,072.19	401,863.97	$3,344,208.22
Victory Programs					
	Victory Programs Inc.				
	VIRGINIA ST	Kathryn McHugh	$4,432.62	3,219.85	$1,212.77
	Borrower Totals		$4,432.62	3,219.85	$1,212.77
	Sponsor Totals		$4,432.62	3,219.85	$1,212.77
Viet-Aid					
	1392 Dorchester Avenue, Llc				
	1392 DORCH HOUSE	Kathryn McHugh	$106,698.60	0.00	$106,698.60
	1392 DORCH LISC	Kathryn McHugh	$122,279.61	115,780.98	$6,498.63
	Borrower Totals		$228,978.21	115,780.98	$113,197.23
	Fields Corner Housing Corporation				
	TOLEDO ST	Kathryn McHugh	$104,000.68	93,431.11	$10,569.57
	Borrower Totals		$104,000.68	93,431.11	$10,569.57
	Sponsor Totals		$332,978.89	209,212.09	$123,766.80
Watertown Community					
	1060 Belmont, Inc.				
	1060 BELMONT STREET	Michael Nilles	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Sponsor Totals		$0.00	0.00	$0.00
Women's Educational					
	Women's Educational Center, The				
	OPERATIONAL LOAN	Michael Nilles	$60,990.05	0.00	$60,990.05
	Borrower Totals		$60,990.05	0.00	$60,990.05
	Sponsor Totals		$60,990.05	0.00	$60,990.05

**** Some loans may have multiple Sponsors***

Trial Balance Report

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
1060 Belmont, Inc.	1060 BELMONT STREE	Construction	Line of Credit	4	12	3/16/2010	Michael Nilles	$1,000,000.00	$0.00	$0.00		$0.00	7.00	03/16/2011
1392 Dorchester Avenue, Llc	1392 DORCH HOUSE	Construction	Term	3	228	12/15/2003	Kathryn McHugh	$280,477.00	$106,698.60	$0.00		$106,698.60	7.00	03/01/2024
1392 Dorchester Avenue, Llc	1392 DORCH LISC	Construction	Term	3	228	12/15/2003	Kathryn McHugh	$153,998.69	$122,279.61	$115,780.98	4.00	$6,498.63	4.00	03/01/2024
160 Water Llc	CABLE MILLS - MP	Site Acquisition	Line of Credit	4	5	6/13/2007	Michael Nilles	$3,450,000.00	$3,430,706.93	$0.00		$3,430,706.93	8.50	11/30/2010
526 Park St. Inc.	526 PARK ST.	Permanent	Term	4	120	12/21/2000	Matthew Aliberti	$170,000.00	$19,846.63	$16,019.36	6.50	$3,827.27	7.00	12/31/2010
65 Bay Street L L C	BAY STREET	Construction	Demand	4	116	8/1/2001	Matthew Aliberti	$1,000,000.00	$872,426.62	$0.00		$872,426.62	7.00	08/31/2012
700 Harrison Investment Fund, Llc	700 HARRISON NMTC	Permanent	Term	4	87	9/29/2009	Matthew Aliberti	$3,400,000.00	$3,400,000.00	$0.00		$3,400,000.00	7.00	12/29/2016
700 Harrison Llc	700 HARRISON CONS.	Construction	Line of Credit	4	7	11/7/2005	Michelle Volpe	$5,385,000.00	$399,597.00	$46,483.73	8.00	$353,113.27	8.00	10/31/2010
700 Harrison Llc	$175K BRIDGE LOAN	Construction	Line of Credit	4	6	10/15/2008	Michelle Volpe	$175,000.00	$75,000.00	$0.00		$75,000.00	6.00	12/31/2010
Alliance For Animals, Inc.	ALLIANCE FOR ANIMA	Organizational	Term	7	35	1/29/1996	Kathryn McHugh	$25,000.00	$1,587.41	$0.00		$1,587.41	3.00	09/30/2011
Angela Westover Housing Corporation	ANGELA WESTOVER	Permanent	Term	3	202	12/22/2006	Michelle Volpe	$843,791.00	$807,720.42	$0.00		$807,720.42	6.50	10/31/2023
Ashford Street Limited Partnership	ASHFORD STREET	Permanent	Term	3	120	4/17/2009	Matthew Aliberti	$175,000.00	$172,152.04	$0.00		$172,152.04	6.50	04/02/2019
Avivamiento L L C	NEPONSET FIELD	Predevelopment	Term	4	18	12/30/2004	Michelle Volpe	$1,250,000.00	$1,353,327.30	$0.00		$1,353,327.30	6.00	12/31/2011
Bc Adams Street Llc	BAKER CHOCOLATE F	Construction	Line of Credit	4	60	12/18/2008	Michael Nilles	$3,145,000.00	$2,511,356.20	$0.00		$2,511,356.20	8.50	12/18/2013
Bcc Solar Energy Advantage, Inc.	SEA CONSTR. LINE	Construction	Line of Credit	3	36	8/21/2009	Matthew Aliberti	$5,000,000.00	$0.00	$0.00		$0.00	6.00	08/21/2012
Berkshire Arts And Technology Public Charte	BART QLICI NOTE A	Site Acquisition	Term	3	432	9/1/2006	Michelle Volpe	$4,600,000.00	$4,551,964.00	$4,324,367.60	2.03	$227,596.40	6.50	09/01/2042
Berkshire Arts And Technology Public Charte	BART LEVERAGED LO	Site Acquisition	Term	2	84	9/1/2006	Michelle Volpe	$4,493,000.00	$4,748,555.59	$3,614,536.71	6.50	$1,134,018.88	6.75	08/28/2013
Bridge Housing Corporation	ACQUISITION - COMM	Site Acquisition	Line of Credit	6	7	5/18/2007	Kathryn McHugh	$2,220,000.00	$2,315,487.74	$0.00		$2,315,487.74	0.00	01/31/2011
C A S C A P Realty Inc.	CONDOMINIUMS	Construction	Term	3	5	4/25/2000	Michael Nilles	$178,187.00	$143,028.42	$129,817.64	6.50	$13,210.78	7.25	11/30/2010
C A S C A P Realty Inc.	165 WESTERN AVE	Construction	Term	3	5	10/6/1998	Michael Nilles	$365,000.00	$279,125.56	$251,914.77	6.00	$27,210.79	7.00	11/30/2010
C A S C A P Realty Inc.	8 BIGELOW (NEW)	Construction	Term	3	120	9/1/2002	Michael Nilles	$584,323.00	$529,562.61	$498,862.83	6.50	$30,699.78	6.87	08/31/2012
C A S C A P Realty Inc.	8 BIGELOW (LISC)	Construction	Term	3	120	9/1/2002	Michael Nilles	$114,951.00	$79,026.86	$78,105.80	3.00	$921.06	3.50	09/01/2012
Caguas Llc	BURKE STUDIOS	Construction	Line of Credit	5	9	2/1/2007	Kathryn McHugh	$4,400,000.00	$1,247,293.15	$623,646.58	3.00	$623,646.57	3.00	12/31/2010
Catherine Gallagher Housing Partnership	JPNDC BOTH PERMAN	Permanent	Term	2	240	9/1/2004	Kathryn McHugh	$1,568,957.00	$1,484,128.34	$1,255,106.48	6.50	$229,021.86	7.50	09/01/2024
Catherine Gallagher Housing Partnership	JPNDC TRANCHE B	Construction	Term	2	240	9/1/2004	Kathryn McHugh	$901,853.00	$721,200.93	$725,322.16	4.00	($4,121.23)	4.50	09/01/2024
Centre-Creighton Apartments, Llc	CENTRE-CREIGHTON A	Construction	Line of Credit	4	18	12/29/2009	Kathryn McHugh	$1,925,000.00	$0.00	$0.00		$0.00	6.00	06/23/2011
Church Square Community Partners, Llc	BLESSED SACRAMENT	Site Acquisition	Term	4	19	12/7/2005	Kathryn McHugh	$8,125,000.00	$1,441,866.43	$134,526.86	6.00	$1,307,339.57	6.75	01/01/2012
Church Square Phase One Developer Llc	CREIGHTON CONDOS	Construction	Line of Credit	4	18	5/4/2009	Kathryn McHugh	$2,531,139.00	$179,981.31	$0.00		$179,981.31	6.00	11/04/2010
Citizens For Affordable Housing In Newto	CHRISTINA ST.	Construction	Term	4	240	9/1/2002	Kathryn McHugh	$120,000.00	$97,992.45	$0.00		$97,992.45	7.00	01/15/2024
Community Action Agency Of Somerville	CAAS - A	Permanent	Term	4	155	2/28/2007	Michelle Volpe	$1,392,910.06	$1,339,338.47	$0.00		$1,339,338.47	6.00	01/31/2020
Community Action Agency Of Somerville	CAAS - B	Permanent	Term	4	155	2/28/2007	Michelle Volpe	$289,000.00	$180,545.33	$0.00		$180,545.33	6.00	01/31/2020
Community Condominium Corporation	ABCDC CONDOS	Site Acquisition	Term	4	48	5/20/2008	Matthew Aliberti	$420,315.93	$130,308.97	$0.00		$130,308.97	7.75	05/20/2012

Trial Balance Report

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
Cwl Housing Llc	CWL RESIDENTIAL 27(	Construction	Line of Credit	4	18	12/29/2009	Kathryn McHugh	$584,310.00	$0.00	$0.00		$0.00	6.10	06/23/2011
Denney, Edward B.	80 GROVE STREET	Site Acquisition	Term	3	120	4/3/2002	Kathryn McHugh	$186,900.00	$157,662.12	$143,630.38	6.50	$14,031.74	7.50	04/30/2012
Denney, Edward B.	103 SPRUCE ST	Site Acquisition	Term	3	126	5/15/2002	Kathryn McHugh	$288,000.00	$250,990.88	$228,354.62	6.50	$22,636.26	7.50	11/30/2012
Dorchester Bay Economic Development Corp	LOC PART 2	Predevelopment	Line of Credit	3	59	4/14/2003	Matthew Aliberti	$80,000.00	$68,291.71	$0.00		$68,291.71	7.00	05/31/2013
Dorchester Family Housing L L C	QG/DBEDC INFILL	Construction	Term	3	120	7/15/2003	Matthew Aliberti	$1,557,222.00	$71,198.18	$0.00		$71,198.18	7.00	07/01/2015
Dorchester Home & Garden Trust, Inc.	111 ERIE ST REFI	Permanent	Term	3	240	11/23/2005	Matthew Aliberti	$225,000.00	$191,636.80	$0.00		$191,636.80	6.00	09/30/2025
Dorchester Home & Garden Trust, Inc.	134 ELLINGTON STREE	Permanent	Term	3	240	12/7/2006	Matthew Aliberti	$130,000.00	$119,366.35	$0.00		$119,366.35	8.00	12/01/2026
Dorchester Home & Garden Trust, Inc.	52 ELLINGTON STREET	Site Acquisition	Term	3	120	6/25/2007	Matthew Aliberti	$240,000.00	$232,564.87	$0.00		$232,564.87	6.00	06/25/2017
Dorchester Home & Garden Trust, Inc.	132 ELLINGTON ST	Permanent	Term	4	120	5/30/2008	Matthew Aliberti	$165,000.00	$157,226.83	$0.00		$157,226.83	6.00	05/30/2018
Elh Investment Fund Llc	HAYNES SCHOOL	Permanent	Term	3	84	4/4/2008	Michael Nilles	$10,460,000.00	$10,460,000.00	$7,500,000.00	6.25	$2,960,000.00	6.25	04/04/2015
Ellington Cooperative Corporation	ELLINGTON COOP	Permanent	Term	5	6	5/7/1999	Michelle Volpe	$80,000.00	$54,492.60	$0.00		$54,492.60	7.00	12/31/2010
Ennis Highland Ue Llc	URBAN EDGE INFILL	Construction	Term	4	240	10/31/2003	Kathryn McHugh	$2,340,000.00	$784,755.72	$401,863.97	4.50	$382,891.75	5.55	04/30/2026
Fairbanks Development Llc	REN LOFTS CONSTRU(	Construction	Line of Credit	5	4	11/27/2006	Michael Nilles	$6,090,000.00	$4,067,205.87	$0.00		$4,067,205.87	5.00	10/31/2010
Falmouth Housing Corporation	POOL B AMEND.	Permanent	Term	3	180	9/8/2004	Michael Nilles	$1,975,000.00	$1,325,374.78	$741,931.62	6.50	$583,443.16	6.50	09/08/2019
Fenway C D C	HEMENWAY ST	Construction	Term	3	120	9/9/1999	Michelle Volpe	$1,225,000.00	$957,825.79	$567,675.41	6.50	$390,150.38	7.00	11/30/2010
Fields Corner Housing Corporation	TOLEDO ST	Construction	Term	3	120	11/18/1999	Kathryn McHugh	$133,250.00	$104,000.68	$93,431.11	6.00	$10,569.57	7.00	09/01/2010
Fountain Hill Square	ROOF & DECK LOAN '0	Construction	Term	4	84	6/25/2007	Michael Nilles	$78,947.07	$50,306.38	$0.00		$50,306.38	7.50	06/25/2014
Franklin County D.I.A.L./s.E.L.F., Inc.	ABBOTT STREET	Site Acquisition	Term	4	60	12/26/2007	Kathryn McHugh	$225,000.00	$203,157.23	$0.00		$203,157.23	7.25	12/31/2012
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	6	12	6/12/2007	Kathryn McHugh	$4,315,000.00	$4,315,000.00	$3,500,000.00	5.00	$815,000.00	3.96	06/12/2011
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	6	12	6/12/2007	Kathryn McHugh	$485,000.00	$492,137.01	$0.00		$492,137.01	5.00	06/12/2011
Island Affordable Housing Fund, Inc.	TWIN OAKS	Construction	Line of Credit	4	49	11/6/2006	Kathryn McHugh	$240,000.00	$191,484.76	$0.00		$191,484.76	6.50	07/30/2013
J C H E I I I	87 EDMANDS RD	Site Acquisition	Line of Credit	3	60	6/26/2007	Kathryn McHugh	$361,250.00	$336,309.17	$0.00		$336,309.17	7.25	06/30/2012
J C H E Services, Inc.	LOC BRIGHTON	Organizational	Line of Credit	3	7	10/12/2005	Kathryn McHugh	$500,000.00	$152,462.53	$0.00		$152,462.53	6.00	10/31/2010
Jackson Square Partners, Llc	JACKSON SQUARE	Predevelopment	Line of Credit	4	47	12/15/2006	Kathryn McHugh	$300,000.00	$273,437.54	$0.00		$273,437.54	1.00	11/27/2010
Jks Village Llc	WEST WAREHAM	Construction	Line of Credit	4	30	6/8/2010	Kathryn McHugh	$984,333.00	$0.00	$0.00		$0.00	6.50	12/08/2012
Jpndc Investment Fund, Llc	JPNDC LEVERAGE LO/	Construction	Term	4	84	12/29/2009	Kathryn McHugh	$2,550,000.00	$2,550,000.00	$0.00		$2,550,000.00	7.00	12/30/2016
Linden Street Limited Partnership	LINDEN ST PARTICIPA	Permanent	Term	3	240	12/12/2001	Michelle Volpe	$500,000.00	$377,664.85	$0.00		$377,664.85	4.66	06/12/2023
Linden Street Limited Partnership	LINDEN ST CONSTRUC	Construction	Term	4	258	12/12/2001	Michelle Volpe	$500,000.00	$413,353.70	$374,772.29	6.50	$38,581.41	8.00	06/30/2023
Madison Washington Ii Llc	2201 WASHINGTON RE	Construction	Line of Credit	4	96	2/14/2007	Michael Nilles	$1,000,000.00	$1,000,000.00	$0.00		$1,000,000.00	8.00	02/14/2015
Match School Investment Fund Llc	MATCH SCHOOL	Organizational	Term	2	84	10/25/2005	Becky Regan	$11,500,000.00	$11,021,524.77	$4,275,000.00	5.70	$6,746,524.77	6.40	10/25/2012
Michael A. Stella	FORECLOSURE ACQ	Site Acquisition	Line of Credit	4	36	8/27/2008	Michelle Volpe	$750,000.00	$450,000.00	$0.00		$450,000.00	6.00	08/27/2011
Michael A. Stella	MELBOURNE PLACE	Site Acquisition	Line of Credit	4	60	12/12/2008	Michelle Volpe	$460,000.00	$349,900.00	$0.00		$349,900.00	7.50	12/12/2013

Trial Balance Report

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
Michael A. Stella	SCATTERED SITES	Site Acquisition	Line of Credit	4	60	1/29/2009	Michelle Volpe	$930,000.00	$554,946.08	$0.00		$554,946.08	7.50	01/29/2014
Miles Properties, Inc.	PETERBRIDGE	Construction	Term	3	180	3/19/1998	Kathryn McHugh	$500,000.00	$135,900.00	$119,272.54	6.50	$16,627.46	7.50	01/01/2014
Mount Pleasant Homes	MT PLEASANT BRIDGI	Construction	Line of Credit	4	24	6/17/2010	Matthew Aliberti	$4,209,359.00	$2,010,315.00	$0.00		$2,010,315.00	6.25	06/17/2012
Mount Pleasant Homes	MT PLEASANT LEVER/	Permanent	Term	4	96	6/17/2010	Matthew Aliberti	$2,250,000.00	$2,250,000.00	$0.00		$2,250,000.00	6.57	06/17/2018
Neighborhood Of Affordable Housing	LOC BORDER ST.	Organizational	Term	4	48	8/23/2004	Michael Nilles	$175,000.00	$127,351.80	$0.00		$127,351.80	7.50	09/30/2013
New Boston/bc Upper Tier Entity Llc	ERRICHETTI PORTFOL	Permanent	Term	4	64	9/29/2008	Michelle Volpe	$6,500,000.00	$6,500,000.00	$3,250,000.00	10.00	$3,250,000.00	10.00	01/15/2014
November Collective Cooperative Corp.	NOVEMBER COLLECTI	Permanent	Term	3	180	4/3/2006	Michael Nilles	$140,000.00	$119,555.49	$0.00		$119,555.49	7.00	03/31/2021
Nu Life Real Estate Development Llc	NU LIFE SUBORD. CON	Construction	Line of Credit	4	4	6/13/2005	Michelle Volpe	$1,450,255.00	$751,564.29	$0.00		$751,564.29	5.00	10/31/2010
Nueva Vida Inc.	290.5 EUSTIS ST.	Permanent	Term	3	180	11/13/1998	Michael Nilles	$65,000.00	$49,349.88	$0.00	6.00	$49,349.88	7.00	06/30/2021
Nueva Vida Inc.	263 EUSTIS ST	Permanent	Term	3	4	11/15/1999	Michael Nilles	$181,661.00	$139,703.05	$125,483.88	6.50	$14,219.17	7.00	10/31/2010
O.U.R. Trust	$450,000 TERM LOAN	Organizational	Term	4	180	6/29/2001	Michael Nilles	$450,000.00	$309,891.79	$0.00		$309,891.79	7.00	09/30/2019
O.U.R. Trust	$180,000 LOAN	Construction	Line of Credit	4	4	5/27/2004	Michael Nilles	$180,000.00	$165,918.22	$0.00		$165,918.22	7.00	09/27/2019
Otisfield, L L C	OTISFIELD-PREDEV	Predevelopment	Term	4	7	9/29/2005	Michael Nilles	$100,000.00	$43,104.84	$0.00		$43,104.84	7.00	07/31/2010
Paige Company, Inc.	PAIGE 2ND MORTGAG	Permanent	Term	7	66	3/15/2005	Dick Jones	$500,000.00	$498,411.29	$0.00		$498,411.29	5.00	03/15/2015
Paige Company, Inc.	PAIGE 3RD MORTGAGI	Permanent	Term	8	120	3/15/2005	Dick Jones	$455,655.50	$488,082.98	$0.00		$488,082.98	7.00	03/15/2015
Park View Cooperative Corporation	PARKVIEW SL I	Organizational	Line of Credit	4	82	3/21/2008	Michelle Volpe	$13,000.00	$9,310.07	$0.00		$9,310.07	8.00	01/21/2015
Peace Properties, Inc.	EUTAW MERIDIAN	Construction	Term	4	180	3/1/1997	Michael Nilles	$510,000.00	$21,881.03	$21,630.09	6.00	$250.94	7.00	03/31/2013
Pine Street Inn, Inc.	124 PARK ST	Construction	Term	2	120	7/22/1998	Michelle Volpe	$150,000.00	$76,019.11	$0.00		$76,019.11	6.00	09/30/2015
Presentation School	640 WASHINGTON ST /	Site Acquisition	Line of Credit	4	2	10/12/2007	Michael Nilles	$1,262,833.00	$1,171,979.30	$0.00		$1,171,979.30	7.50	08/31/2010
Roxbury Development Corporation	BOHIO	Organizational	Term	4	58	9/2/2005	Kathryn McHugh	$1,275,000.00	$1,158,310.47	$0.00		$1,158,310.47	6.50	07/31/2010
Salem Point Rental Properties	PARKING LOT	Site Acquisition	Term	4	120	12/23/2003	Michelle Volpe	$25,000.00	$20,558.90	$0.00		$20,558.90	6.00	06/30/2014
Shaw's Landing Llc	SHAW'S LANDING PH.	Predevelopment	Line of Credit	3	9	9/14/2006	Michael Nilles	$1,800,000.00	$1,551,560.77	$0.00		$1,551,560.77	7.00	10/31/2010
Siochain Properties Limited Partnership	SIOCHAIN I (NEW)	Construction	Term	4	240	7/9/2002	Michael Nilles	$232,597.00	$201,737.18	$181,383.14	6.50	$20,354.04	7.00	07/09/2022
Siochain Properties Limited Partnership	SIOCHAIN I (LISC)	Construction	Term	4	240	7/9/2002	Michael Nilles	$161,791.00	$110,317.43	$109,308.25	3.00	$1,009.18	3.50	07/09/2022
Smile Pre-School, Inc.	PRESCHOOL PARTIC	Organizational	Term	3	120	3/15/2002	Michelle Volpe	$260,250.00	$154,423.92	$0.00	7.25	$154,423.92	7.25	03/15/2012
Somerville Community Corporation	WALNUT STREET	Construction	Line of Credit	3	154	9/25/2003	Michelle Volpe	$950,000.00	$880,624.41	$786,061.71	6.50	$94,562.70	6.14	09/30/2019
Sun Initiative Financing Llc	WAREHOUSE LOC	Site Acquisition	Line of Credit	3	65	12/18/2009	Michelle Volpe	$10,000,000.00	$0.00	$0.00		$0.00	4.25	05/30/2015
The City School, Inc	TERM LOAN	Organizational	Term	4	36	1/10/2008	Michelle Volpe	$200,000.00	$166,775.94	$0.00		$166,775.94	8.00	01/10/2011
The Leaguers Investment Fund Llc	HEADSTART FACILITY	Site Acquisition	Term	3	84	1/17/2008	Michelle Volpe	$13,320,000.00	$13,320,000.00	$8,500,000.00	7.00	$4,820,000.00	7.00	01/16/2015
Trust On Behalf Of Eastern Service Workers /	BOWDOIN ST	Site Acquisition	Term	4	60	11/26/2008	Kathryn McHugh	$319,600.00	$168,208.78	$0.00		$168,208.78	6.50	11/26/2013
Urban Edge Housing Corporation	41 AMORY ST	Site Acquisition	Term	4	177	2/6/2006	Kathryn McHugh	$90,000.00	$120,709.15	$0.00		$120,709.15	5.00	09/30/2024
Urban Edge Housing Corporation	RESTRUC LOAN A	Predevelopment	Term	5	23	12/29/2008	Kathryn McHugh	$1,500,000.00	$1,318,962.77	$0.00		$1,318,962.77	5.50	01/31/2012

BOSTON COMMUNITY CAPITAL

Trial Balance Report

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
Urban Edge Housing Corporation	RESTRUC LOAN B	Predevelopment	Term	7	23	12/29/2008	Kathryn McHugh	$1,248,207.01	$1,248,207.01	$0.00		$1,248,207.01	0.00	01/31/2012
Victory Programs Inc.	VIRGINIA ST	Construction	Term	3	180	6/14/1995	Kathryn McHugh	$100,000.00	$4,432.62	$3,219.85	6.00	$1,212.77	6.00	08/31/2010
Watershed Properties Inc	35 PLEASANT ST	Permanent	Term	3	180	6/16/2003	Kathryn McHugh	$385,000.00	$242,391.83	$0.00		$242,391.83	6.75	06/30/2018
Women's Educational Center, The	OPERATIONAL LOAN	Organizational	Line of Credit	4	103	8/4/2005	Michael Nilles	$200,000.00	$60,990.05	$0.00		$60,990.05	7.00	10/31/2017
	Grand Total					# of Loans	100		$110,072,931.49	42,737,510.36		$67,335,421.13		

Summary of Lending Activity
2nd Quarter 2010

Credits Approved at Staff Level

Borrower	Project	Action	Date
ETC / Avivamiento LLC	Neponset Field	Increase loan and extended maturity date	4/3/2010
Beverly Housing Coalition	Holcroft Park	Increased loan amount, changed interest rates and exter	4/21/2010
NDC of Grove Hall	Nu-Life	Extended maturity date	6/14/2010
CASCAP	Condos & 165 Western Ave	Extended maturity date	6/16/2010
Ellington Cooperative Corporation	31-33 Ellington Street	Extended maturity date	6/16/2010
JPNDC	Blessed Sacrament	Extended maturity date, increased interest rate, modifie	6/17/2010
Presentation School Foundation	640 Washington Street - Acq & Predev LOC	Extended maturity date	6/18/2010
Casa Esperanza/Nueva Vida	263 Eustis Street	Extended maturity date	6/18/2010
Bridge Housing Corporation	Bridge Commons	Extended maturity date	6/19/2010
Fairbanks Development	Renaissance Lofts	Extended maturity date	6/25/2010
Kevin McCrea	45 Thorndike Street	New Loan - $170,560	6/25/2010
Mitchell Properties	160 Water Street	Extended maturity date and increased loan amount	6/25/2010
Mitchell Properties	700 Harrison - $175K Bridge Loan	Extended maturity date	6/25/2010

Summary of Lending Activity
2nd Quarter 2010

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JPNDC	Blessed Sacrament	Extended maturity date, increased interest rate, modifie	6/17/2010
Presentation School Foundation	640 Washington Street - Acq & Predev LOC	Extended maturity date	6/18/2010
Casa Esperanza/Nueva Vida	263 Eustis Street	Extended maturity date	6/18/2010
Bridge Housing Corporation	Bridge Commons	Extended maturity date	6/19/2010
Fairbanks Development	Renaissance Lofts	Extended maturity date	6/25/2010
Kevin McCrea	45 Thorndike Street	New Loan - $170,560	6/25/2010
Mitchell Properties	160 Water Street	Extended maturity date and increased loan amount	6/25/2010
Mitchell Properties	700 Harrison - $175K Bridge Loan	Extended maturity date	6/25/2010

Boston Community Loan Fund
Summary Monitoring Report
June 2010

Portfolio Summary

As of June 2010, the Boston Community Loan Fund had a portfolio of 100 loans with a total outstanding principal balance of $67,335,421 net of participations (and a gross portfolio of $110,072,931). The Loan Fund has lent more than $300 million since 1985 and we have experienced loan losses of less than one-twentieth of one percent.

The overall condition of our portfolio is considered strong, as illustrated by:

- Minimal loan payment delinquency
- Minimal historical losses (2 loans, $108,396)
- Our asset quality continues to fair well as evidenced by the fact that approximately 82% of our loans are considered risk rated 4 (acceptable) or better. We believe that while there are a few difficult loans in our portfolio, which we are monitoring closely and are discussed later in this report, the overall quality of our portfolio is good.

The previously identified problem loans continue to move toward a positive resolution.

	2nd Qtr '10		**1st Qtr '10**		**4th Qtr '09**		**3rd Qtr '09**		**2nd Qtr '09**	
Category	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
Acceptable	89	82.29%	90	81.98%	93	81.34%	96	85.46%	93	83.40%
Special Mention	4	9.01%	4	9.58%	4	10.03%	5	11.38%	5	13.19%
Substandard	3	5.38%	3	5.20%	3	5.31%	0	0.00%	0	0.00%
Doubtful	3	2.60%	3	2.54%	3	2.61%	3	2.48%	3	2.67%
Loss	1	0.72%	1	0.70%	1	0.72%	1	0.68%	1	0.74%
TOTAL	100	100%	101	100%	104	100%	105	100%	102	100%

Exception Loans

As shown above, 89 loans, representing 82% of our total exposure, are classified as acceptable or better. Two of the loans rated doubtful and loss are a second and third mortgage on the same project and resulting in the restructuring of a much larger problem loan. All of the exception loans are adequately reserved and we don't expect to incur any further losses at this time. For specific detail on the exception loans, please see the Loans Rated Five or Worse Report.

Delinquency trends

With regards to the delinquency listed below, the two borrowers with loans in the 30 day and 62 days late categories are now current as of July 21st. The one loan in the 92 days category is in discussion with us on restructuring or a workout arrangement of this debt.

	2nd Qtr '10		**1st Qtr '10**		**4th Qtr '09**		**3rd Qtr '09**		**2nd Qtr '09**	
	#	*$*	*#*	*$*	*#*	*$*	*#*	*$*	*#*	*$*
30-61 days late	1	$1,247	2	$9,889	6	$30,529	2	$6,878	2	$23,154
62-91 days late	1	$6,367	1	$57,698	4	$2,996,236	0	$0	0	$0
92 + days late	1	$9,128	0	$0	0	$0	2	$218,408	1	$13,875
TOTALS	3	$16,742	3	$67,587	10	$3,026,765	4	$225,408	3	$37,029

Boston Community Loan Fund, Inc.
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Loans Rated 5 or Worse

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 5 Special Mention				
BURKE STUDIOS	Caguas Llc	$1,247,293.15	623,646.58	$623,646.57
ELLINGTON COOP	Ellington Cooperative Corporation	$54,492.60	0.00	$54,492.60
REN LOFTS CONSTRUCT	Fairbanks Development Llc	$4,067,205.87	0.00	$4,067,205.87
RESTRUC LOAN A	Urban Edge Housing Corporation	$1,318,962.77	0.00	$1,318,962.77
	Rating Sub-Total	$6,687,954.39	$623,646.58	$6,064,307.81
Risk Rating: 6 Substandard				
ACQUISITION - COMMON	Bridge Housing Corporation	$2,315,487.74	0.00	$2,315,487.74
HOLCROFT PARK NOTE A	Holcroft Park Homes, Llc	$4,315,000.00	3,500,000.00	$815,000.00
HOLCROFT PARK NOTE B	Holcroft Park Homes, Llc	$492,137.01	0.00	$492,137.01
	Rating Sub-Total	$7,122,624.75	$3,500,000.00	$3,622,624.75
Risk Rating: 7 Doubtful				
ALLIANCE FOR ANIMALS	Alliance For Animals, Inc.	$1,587.41	0.00	$1,587.41
PAIGE 2ND MORTGAGE	Paige Company, Inc.	$498,411.29	0.00	$498,411.29
RESTRUC LOAN B	Urban Edge Housing Corporation	$1,248,207.01	0.00	$1,248,207.01
	Rating Sub-Total	$1,748,205.71	$0.00	$1,748,205.71
Risk Rating: 8 Probable Loss				
PAIGE 3RD MORTGAGE	Paige Company, Inc.	$488,082.98	0.00	$488,082.98
	Rating Sub-Total	$488,082.98	$0.00	$488,082.98
	Grand Total	$16,046,867.83	$4,123,646.58	$11,923,221.25

Boston Community Loan Fund

Loans Rated Five or Worse

Second Quarter 2010

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This memo describes the current status of loans rated five (special mention), six (substandard), seven (doubtful) or eight (loss). The beginning section on each loan provides recent updates followed by background or earlier information.

<u>Paige Academy, Inc.</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Second Mortgage	$498,411.29	7	$249,206 (50%)	03/15/15	Current
Third Mortgage	$488,083	8	$488,083 (100%)	3/15/15	Current

Current Status
In June 2009, BCLF presented a forbearance option to Paige, reducing the interest rate on the 2^{nd} mortgage and amortizing the loan over a 30-year period. The document was agreed upon and went into effect in September, at which point the outstanding interest was rolled back up into the loan principal. Paige commenced making payments and is current with the second mortgage payments.

Should the borrower fall behind again on the second mortgage, BCLF will consider incentivizing the borrower to remain current on the second loan by offering a periodic interest reduction on the third mortgage conditional upon performance as agreed on the second loan.

Background
As anticipated, the restructuring of the Paige loans was completed in March 2005. Century Bank made a $1 million first mortgage, reducing our overall exposure by $1 million from $1.9 to just under $900,000. Century has also escrowed an additional $100,000 to further reduce our loan if Paige meets certain performance benchmarks over the next year. We restructured our remaining debt into two loans: a $500,000 second mortgage at 7.25% interest only and a $400,000 third mortgage at 7% interest only, with an annual payment from fundraising or capital campaign. Both loans mature in 2015, although Paige has incentives to pre-pay both. The second mortgage is being serviced for us by Century Bank. MassDevelopment's participation interest in our senior loan was repaid and the "founders' loan" was repaid by a donation to Paige for that purpose.

The refinancing resulted in a lower overall debt service for Paige, completes the permanent financing for Paige, substantially reduces the time and attention both Paige and BCLF will need to spend on financing issues. As a result of the restructuring, all three of our prior loans were brought current, including accrued interest. Furthermore, to finalize the refinancing, Paige and its accountants, Kelly and Associates, have significantly upgraded Paige's financial management systems and reduced overhead expenses, all of which has put Paige on a much more stable financial footing and allowed them to focus on education and increasing enrollment. While our loans have sufficient collateral securing it (64% LTV based on $2,500,000 appraisal for the second mortgage and 80% for the third), because Paige's cash flow remains tight and the subordinate nature of our loans, we are maintaining both loans on the exception report. The second mortgage is rated a "6" and reserved at 20%. The third mortgage is rated a "7" and reserved at 50%.

The second mortgage is interest-only with payments due monthly. Paige has typically current since the refinancing in March 2005, with occasional slow payments. We are concerned about the recent delinquency trend. Century Bank direct-debits the loan payments as part of its first mortgage and this system has worked smoothly. The third mortgage had an annual payment of interest and of principal due in March 2006, 2007 and 2008. Paige must meet certain financial covenants to Century before it can make this payment, which it did, but it must also generate fund-raising proceeds from which it will make this payment. So far, in three years, Paige has raised only $2,000 toward the annual interest payments due. This was applied in 2006. In 2007 and 2008 (March) Paige indicated it had not raised any additional funds toward this payment, and the interest due ($30,196, 2007) was added to the principal balance.

In April 2008, Dick and Becky met with the founders of the school to discuss the current financial and operational strength of the school. They reported competitive pressures from charter schools and pilot schools hinder growth, but they have continued to have a sound enrollment. Since that time, Paige's collection from voucher payments has been severely reduced.

The BCC management team and Gail Berlinger met with the school's founders and financial staff in February 2009. As discussed at the meeting, the organization has experienced significant operational and cash flow challenges. They have been unable to put a firm plan in place to improve their cash flow situation, and the current lack of childcare voucher availability further challenges their financial stability. Following the meeting, BCLF downgraded the Paige 2nd Mortgage from a Risk Rating of 6 to a 7, based on the borrower's inability keep loan payments current. The 3rd Mortgage loan has been downgraded to an 8.

Since that time, in the fourth quarter of 2009, BCLF agreed to reduce the interest rate on the second mortgage loan to 5% and amortize the loan over 30 years and to capitalize the unpaid interest on the third mortgage and accrue the interest due (at 7%). The original loan documents require payments on the third mortgage only from fundraising (only $2,000 has been paid under this loan since the restructure). Payments under the second mortgage loan have been made as agreed (from cash flow from the operation of the school) and BCLF has a total reserve of $761,289 against the total exposure (non-accrual balances) of $986,494 or 77%. Both of these loans are on non-accrual. These loans mature on March 15, 2015.

Alliance for Animals

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status

Equipment	$1,587.41	7	$794 (50%)	09/30/2011	Current

Current Status

In October 2008 we re-documented the loan to advance the current maturity and allow full amortization over three years with monthly payment of $114 and adjusted the risk rating to 7. Borrower remains current on the loan.

Prior Reports

As previously reported, we worked with the Alliance to restructure the payment schedule to make it easier for them to pay down the loan. In December 2002, we converted the payment schedule to interest only, thereby reducing their monthly payment almost by half, and requiring an additional $500 principal payment every six months. This improved AFA's monthly cash flow, allows them to match the principal payments to the fundraising schedule (or gives them six months to set aside the funds to make the payments.) AFA's goal is to send in lump sum payments to address any back interest and pay down additional principal.

The Executive Director is engaged and fundraising activity has increased. While AFA is still a very fragile organization, they remain very committed to repaying this loan. However, since this is such a small loan, we are trying to limit the time we commit to working with them.

This loan was amended with the Borrower on March 1, 2006 to allow for a reduced interest rate of 3% and monthly payments of $50. The loan is on non-accrual and as a result the $50 is applied to BCLF's books as principal reduction. The Executive Service Corps. completed its analysis of the organization and delivered a report to the Loan Fund in June 2006. Its work included upgrading and updating the organization's computer system and recording-keeping. The primary strength in fund-raising is the principal, Donna Bishop, however she does not have strong management skills and has difficulty in keeping office staff and vets. The Executive Service Corp. believes the organization can survive and thrive IF a strong Board is re-constituted, however this has not yet been achieved. Upon the receipt of a grant, the Borrower paid down the loan by $3,475

Background

The Alliance for Animals is largely a volunteer organization whose mission is to promote the humane treatment of animals. The organization is dedicated to improving the quality of life for both animals and people through public education and the provision of direct services to those most in need, including affordable spay/neuter services, shelter and adoption, and information referral. The organization was incorporated in May of 1988 and has successfully operated an animal shelter in Arlington since 1994.

BCLF closed a $25,000 loan to the Alliance for Animals on April 30, 1996. The loan was used to purchase surgical and medical equipment for the Mobile Action Clinic, a low cost animal clinic in South Boston. The loan is secured by a first priority lien on all assets of the clinic. The original term of the loan was 5 years: interest-only for the first year, with the principal fully amortizing over the remaining 4 years.

Since its inception, the clinic has struggled to improve its management, staffing, business pricing and volume and fundraising. To assist the organization, BCLF approved a special payment arrangement in 1997 with principal amortizing over 10 years.

Urban Edge- Predevelopment Loan

Loan Summary

Loan	Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Restructure Note A	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,318,963	5	$131,896 (10%)	01/13/12	Current
Restructure Note B	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,248,207.01	7	$624,103.50 (50%)	01/13/12	Current

Current Status

The borrower's June 2009 audit included another Going Concern; as a result they have faced and will continue to face significant trouble raising capital to sustain operations. They were able to close on their refinance of the JP Apartments. This was facilitated by WINN stepping in as a development partner. As a result of this closing, BCLF received an $84,287 pay down on May 12,2010. In addition, BCLF received a $70,000 pay down on May 20, 2010 when the final unit sold at Hyde Blakemore. BCLF agreed to extend the existing notes to October 2012, allowing the debt to move from Current to Long Term liabilities, and to stop accruing interest on Note B, setting pay rate at 0%. The borrower remains current on payments under the new structure.

Background

This is a predevelopment loan to Urban Edge, the primary purpose of which was for the early feasibility, predevelopment and site assembly related to Jackson Square (500 units proposed). The uses of the loan were:

Site Acquisition of 1542 Columbus:	$1,000,000
Organizational Support to UE:	$ 350,000
Predevelopment Expenses for Jackson Square:	$ 900,000
Interest Carry:	$ 115,719
Total:	$2,365,719

The loan is collateralized by a second mortgage on the Webb Building property, behind a MHIC first Mortgage (combined LTV of 137%).

On May 12, 2008 Urban Edge held a meeting with all of its lenders at The Boston Foundation to present the results of a financial and operational review completed by The Non-Profit Finance Fund. In addition, their new CFO was introduced. The review was completed through the 2006 audit, and therefore is dated to the extent that the 2007 audit will be coming out shortly and the 2008-2009 budgeting process is underway. In short, the entity continues to face operational hurdles, but the spin-off of the property management arm (completed) will significantly reduced overall overhead and the complexity of the management of resources. At this time, we do not have enough information to determine the long term survival of the organization without more progress on the Jackson Square development.

This property (the Webb Building) is part of the larger Jackson Square development project which is being developed by Jackson Square Partners LLC over the next 3 to 5 years. The larger project is in predevelopment and has secured a $1.5 million predevelopment loan from a consortium group (BCC, MHIC, CEDAC, TLI and MHP) and another $1 million from the City for infrastructure improvements, and has requested an additional $1 million from MHIC.

The redevelopment of this building will be the first to occur of all the sites that are part of the Jackson Square project. This redevelopment has been delayed as Urban Edge has faced some significant issues in negotiating a lease with DYS.

The Jackson Square development project will create a new neighborhood center in Boston, straddling the border of Roxbury and Jamaica Plain. It includes a mix of residential, commercial, and community uses with a total of 793,000 square feet. 429 residential units, a mix of rental and homeownership, are proposed, 59% of which will be affordable to households earning up to 80% of Boston AMI. The project also includes 60,000 square feet of retail, 17,000 square fee of non-profit office use, and 20,000 square feet of other institutional uses, as well as a 19,200 square foot youth and family center; and a 32,500 square foot indoor sports facility with skating rink.

In 2007, BCLF was informed that the compilation of the FYE June 2006 audit was delayed due to some significant concerns regarding Urban Edge's accounting policies and their continuing financial viability. A draft audit became available in November 2007 and presented an alarming picture of Urban Edge's finances.

On November 19, 2007, BCLF met with the consortium of lenders to the Jackson Square project, Mossik Hacobian and Chrystal Kornegay of Urban Edge, and Tom Washburn, auditor with Alexander Aronson Finning, to discuss the financials and possible recovery scenarios. After assessing additional information requested and received, in December, we downgraded this loan to a 6. We have maintained the risk ratings on the remaining Urban Edge loans as dictated by the support of the subject collateral/project, as each was underwritten without reliance on the Urban Edge guaranty. We will continue to monitor the appropriateness of this approach.

In the FYE 2006 audit, the auditor issued a substantial doubt opinion regarding Urban Edge's ability to continue as a going concern. This results from several financial challenges experienced by Urban Edge, specifically their aggressive revenue recognition policy which has resulted in reversal of $1.2MM in revenue in FY 2006, a significant working capital deficit, and the operating loss experienced by their property management arm. Concern was also expressed that during FY 2006 the Property Management arm was sharing funds among various properties, resulting in a deficit at fiscal year end. Additionally Urban Edge accessed and utilized BLEF Funds without obtaining consent of the other partners in BLEF. While not specifically prohibited or fraudulent, these transactions highlight the limited financial depth of the organization's administration. At FYE 2006, the organization had less than a month of operating assets at its disposal.

In addition to the material financial issues faced by Urban Edge, there are organizational concerns which compound the situation. It was noted that the audit was delayed due to the lack of financial oversight systems in place at Urban Edge. The organization does not currently have a CFO and financial staffing is being provided by a contract provider. The previous CFO did not have significant experience to work within an organization of such complexity. Billing and receipts were not tied out to specific projects, and there was an overall lack of financial tracking and control. The books were "plugged" in an attempt to fill in some of the accounting gaps. The auditors needed to conduct "financial archaeology" within Urban Edge's records as, since the departure of the former CFO, no-one has sufficient history to easily trace financial documents. The financial infrastructure is also inadequate to cope with the size and complexity of the organization Urban Edge's structure appears cumbersome with a large number of employees and yet an overall lack of efficiency relative to the size of the organization. The organization has grown to a scale which may not allow for effective management by one central figure, and it is therefore particularly important that the Board needs have a more active role in financial oversight than they currently exercise. Currently, the organization has three candidates for CFO, brought to it by a reputable search firm. We have requested that members of the Finance Committee and the Executive Committee of the Board interview and approve the CFO candidates. The original intention was for staff only to interview. We have indicated this is an unacceptable approach.

The audit for FYE 2007 was completed after a significant delay. Urban Edge's internal projections reflect a continued loss through 2009. Urban Edge reports that several changes have been instated in FYE 2007, including adoption of a more conservative revenue recognition policy, rent increases at several properties, properties being treated as discreet entities in accordance with accounting guidelines, and contact with BLEF members with a view to disbanding the entity and re-distributing funds. Urban Edge has also outsourced its Property Management function and has disbanded its Property Management group.

Subsequent to this series of meetings, BCLF downgraded the Predevelopment Loan to a risk rating of 6, based on BCLF's significant exposure and collateral position. At this time the other loans continue to receive an acceptable risk rating, based on the projected development of the underlying collateral, which is estimated to repay a portion of this debt.

Due to the early vacancy of a lease at the Webb building, Urban Edge became delinquent on the loan. In addition, we allowed a maturity (1/31/08) to remain outstanding while we determined a course of action.

Urban Edge renegotiated the terms of the first mortgage with MHIC and the resulting payment available to BCLF was calculated to be $8,500 monthly. In fourth quarter 2008, BCLF restructured and bifurcated this loan to allow a current payment at a low, but market rate on a secured portion of the loan with a high probability of repayment within a foreseeable future. The balance has been booked as a risk rated 8 asset.

<u>Nu-Life Subordinate Construction Loan</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Second Mortgage behind Boston Private Bank loan with a $0 balance.	$751,564	5	$75,156 (10%)	10/31/2010	61-90

Current Status
The line of credit is fully advanced. All Phase I units have been sold. At the end of June, all but three of the Phase 2 residential units were sold. (Two units were sold in July and the one remaining unit is under agreement with an August closing date. The loan was returned to "current" status upon the sale of two units in July.) Neither of the two commercial units have been leased.

BCLF expects to transfer the outstanding principal balance on its Construction Loan to Nu-Life Real Estate Development LLC to an amortizing term loan to the NDC of Grove Hall, secured by a first mortgage on the commercial units. The City of Boston, through its Office of Business Development, has agreed to provide $400,000 of subordinate, flexible financing to participate with BCLF in the financing which shall allow the NDC of Grove Hall to acquire the commercial units from Nu Life and stabilize the property with appropriate reserves. BCLF and the NDC are discussing the appropriate structure for the loan secured by the first mortgage on the commercial units.

Prior Reports
Phase I and Phase II of this 16 unit mixed income, mixed use project were expected to be built and sold out on or before June 30, 2007. The project completion date was not achieved because of construction delays and slower than expected absorption of Phase I units. Dramatic deterioration in the real estate market caused the developer, together with its lending partners, to restructure the project.

- Three unsold residential units in Phase I were converted from unrestricted units to deed restricted "affordable" units. (Originally 7 out of 10 units were to be unrestricted units --- now 7 out of 10 are deed restricted).
- All six Phase 2 residential units were deed restricted "affordable" units. (Originally 3/6 were to be unrestricted, now 6/6 are affordable)
- 3,000 feet of ground floor commercial retail space will be purchased by the NDC of Grove Hall, or a related entity. BCC has agreed in principal to finance the acquisition by the NDC of Grove Hall and is currently structuring the loan.
- The City through NHT and the State through AHTF have approved, closed and funded substantial additional subsidy to the project. NHT increased its commitment by $628,000 and AHT increased its commitment by $350,000.
- BPB and BCC reduced the amount of construction financing available for Phase 2 based on the revised development program and the reduction in net sales proceeds available to pay off debt. Total debt was revised to not exceed 90% of net sales proceeds on the affordable residential units and 75% of the appraised value of the commercial units.
- The Boston Private Bank first mortgage loan balance was been repaid to $0 with the sale of the 7th Phase 1 unit.

Background
Nu-Life Real Estate Development LLC, a joint-venture collaboration between the NDC of Grove Hall and Minister Don Muhammad, originally planned to provide 16 affordable and market rate homeownership condo units and 3,095 square feet of for-sale commercial space on Blue Hill Avenue near Grove Hall. The units are new construction on a vacant lot owned by the city. Ten, three-bedroom, townhouse style condo units will front on Brunswick Street. Six, two-bedroom, townhouse style units will face Blue Hill Avenue and be situated on top of the two commercial

condominiums. BCLF provided the project with a $225,000 predevelopment loan which was repaid at construction loan closing.

The total construction financing originally projected to complete this project was $4,001,038, of which $2,401,840 was assigned to Phase I and $1,599,198 was assigned to Phase II. Boston Community Loan Fund partnered with Boston Private Bank to provide this project financing with a senior revolving construction line and a subordinated revolving construction facility. Boston Private Bank was the lead lender for the senior debt and took 51% of the senior $1,510,733 revolving construction loan secured by a first mortgage. BCLF purchased a 49% participation interest in this loan, or $740,259.

The Subordinated Construction Loan was originally a subordinated $891,107 revolving construction line. This line was fully drawn during Phase I and was originally scheduled to be repaid at the completion of Phase I. At the lender's discretion, a balance was permitted to be carried from Phase I into Phase II on the subordinated construction line in order to facilitate the timely completion of the project. In Phase II availability on the junior construction line was reduced when unit pricing was changed to reflect market changes.

The City of Boston/Neighborhood Housing Trust initially committed $300,000 and the State, through the Affordable Housing Trust Fund, initially committed $300,000.

The goal of this project was to be a pioneering effort to bring to fulfillment the vision of the Blue Hill Avenue Task Force to bring mixed-use buildings with market rate and affordable homeownership housing to the Avenue. This project, along with several other projects that were in various stages of development, were expected to help establish a normalized real estate market on Blue Hill Avenue.

Renaissance Lofts

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$4,067,206	5	$406,721 (10%)	10/31/2010	Current

Current Status
This project was added to the report based on a downgrade in risk rating in December 2008. The project continues to generate buyer traffic and interest but is experiencing slow sales, which we attribute primarily to broader real estate market and economic conditions rather than issues specific to the project. Since the last unit sale closed in November 2009, two units have been put under agreement and then failed to appraise for the contract price resulting in the offers being withdrawn. In response, we have offered competitive terms for seller and construction lender financing, and further evaluated various rental scenarios.

Since the last quarterly update:

(1) Units sold remain at 14, since the sale of Unit 106 on November 27, 2009 for $278,537. Unit 106 was the sixth and final unit available on the Winthrop Street (lower) level.

(2) Borrower has executed a one-year lease and received a deposit for unit 204, which she is finishing for tenant occupancy as soon as possible.

(3) Unit 310 is reserved again, by a buyer interested in putting 20% down. Loan officer has spoken with buyer about construction lender financing. Buyer has received a strong quote from Citibank.

(4) In June 2010, we extended the loan maturity date to October 31, 2010. Interest continues to accrue at 5%, with a payment schedule that calls for interest to be paid current at the end of each month in which a sale closes.

(5) Commercial unit 408. Borrower has divided the commercial space into two units, one of which contains 1,900 s.f. divided into nine artist work studios averaging 170 s.f. in size, plus 375 s.f. of common area and hallway. Six artists, including five artists from Blueskies Studios who relocated together, have since moved into five of the studios. The other unit contains 1,350 s.f. and is partially finished in anticipation of becoming a coffee house / gallery.

Based on the second unit to fall through for failure to appraise, Loan Fund staff are currently considering a variety of options for the property, in conjunction with the Borrower.

Background:

Current list prices were set in March 2008 and have held up with buyers, although recently not with appraisers, as noted above. We continue to believe this is due to a lack of comparable units in the market other than in the building itself, which is problematic in a slow sales environment and a financing climate where sales from 2009 are considered stale. A lack of market comps is an issue the developer has run into throughout her career, based on the type of projects she undertakes and the quality of her work. In strong markets, buyers have been willing to adjust as necessary to complete the sale; they are interested in the units precisely because they are unique.

So far, only one unit has sold for more than $300,000, creating concern that there may be a price and / or appraisal ceiling in Marlborough. Actual sales prices support the list prices of the larger remaining units on a square foot basis, but as noted above, the market suffers from a lack of comparable units, which resulted in units 310 and 312 not appraising out after being put under agreement for above list price since November 2009. If unit 310, which is currently reserved again, closes, it will establish a current comp within the building for the remaining units.

The first fourteen sales are well distributed throughout the building: six on the lower level (which is now sold out), four on the middle level (leaving seven, including unit 204 currently being completed for rental), and four are on the upper level (leaving eight, including unit 310 which is again reserved). However, the smaller and therefore less expensive units have tended to sell first. As these units have sold, the average list price of the remaining units has gone up. Based on their size and location in the building, the remaining units are subjectively the more attractive units. It remains a critical goal for the project to demonstrate that a financeable market exists for units listed in the mid- to high-$300k's.

We continue to evaluate strategies to add value to the building and enhance marketing efforts, including the purchase of various adjacent properties to secure parking behind the building while also eliminating eyesores that detract from the building's market appeal. The developer is exploring creative ways to do this, and has also been successful in getting the City of Marlborough to cite and fine one abutter for the accumulation of junk in his backyard. That property was foreclosed and bought at auction by the mortgage holder in May 2010 was scheduled to go to auction in September 2009, however the auction was cancelled.

We are talking with the developer about her personal financial situation to make sure she remains able to devote her critical attention to this project. She has indicated that her personal cash flow has tightened since her husband's severance benefits ran out at the end of 2009.   He is a guarantor who was terminated from Wellington Management in late 2008. Ideas include paying her a broker's fee from sale proceeds (she is not using an outside broker) and/or allowing her to draw overhead. She has not drawn any developer overhead during the project, nor has she received any portion of sales proceeds. Over the past two years, to minimize the loan balance and interest accrual, she has covered up to $250,000 in project expenses from personal sources between unit sale closings, and then requisitioned after sale closings.

The "Renaissance Lofts" project is the adaptive reuse of an existing commercial / industrial building to create 29 "live-work" condominium units for artists and others. The Project includes parking, and 3,000 square foot of commercial space that houses artist work studios and hopefully will one day include a coffee house / gallery space. BCC provided acquisition and construction financing for this project. Deborah Fairbanks, the project sponsor and developer, is a licensed architect and general contractor with 25 years of experience buying and developing residential properties.

Ellington Coop

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Second Mortgage	$54,493	5	$5,449 (10%)	12/31/2010	Current

Current Status

This permanent loan was closed in May 1999 with a 10 year term, and an underlying 25 year amortization schedule. The loan matured on May 30, 2009 with a balloon payment due of $57,933.14.   Lender received approval for internal maturity extension through October 31, 2009, while waiting for receipt of requested information. Portfolio Manager then sought approval for a short term extension through February 28, 2010 to collect requested and required reporting and evidence of current insurance. BCLF approved an additional extension through 12/31/2010 to provide time for Cooperative to consider BCLF's refinancing terms and to secure a new property manager for the property. Ann Maxwell has served as a pro-bono development consultant/property manager for more than a decade and is actively working to shift this responsibility.

The Cooperative was not able to make current payments on BCLF's mortgage in the first six months of 2010. The debt service reserve was tapped to bring the BCLF loan current.

In May 2010, the Property Manager, Ann Maxwell, reported that the vacancies had been filled and that, between turnover and annual escalations, Gross Potential Rent for the property had increased substantially.   Borrower reports capacity to make payments from operating cash flow on both its first and second mortgage loans in a timely manner beginning in June. The explanation given by Maxwell for tight cashflow early in 2010 was that the first mortgage holder did not escrow sufficient funds for taxes and insurance to make full payment of real estate taxes, which increased substantially. The servicer for the first mortgage paid the taxes in full and then required the Coop to repay the mandatory loan over a short period of the time. Maxwell reports that the "tax loan" has been repaid in full as of May 31.

The Cooperative Members are scheduled to receive training in June, at which time the coop is expected to discuss and vote on the BCLF refinance terms proposed and discuss and vote on hiring a property manager. BCLF next steps will follow from the results of that meeting.

Background

The loan is a second mortgage secured by real estate to a 6-unit cooperative in Dorchester.

The borrower became delinquent for April and May 2009 following a challenging operating period. The Coop has very little operating margin and low cash reserves as a result of years of below market rents that barely cover operating expenses. In the past year two units required substantial work, including plumbing, floors and kitchen work before they could be re-leased due to water damage from a plumbing problem. Other units were also damaged from the plumbing problem. The work was completed slowly because the scope exceeded existing reserves and the Coop needed to accumulate cash from operations before the work could be completed. Two vacancies in the six unit building significantly impacted operating cash flow.

At a site visit in May 2009 Lender and Portfolio Manager observed that work on both units had been completed in a satisfactory manner and were ready for rental. We were told that both units would be leased up in June with parties that had expressed strong interest and had been accepted by the coop and by the property manager. Each of the other units was in reasonable condition.

The primary concern of the Lender and Portfolio Manager with the physical condition of the building was the safety of the front of the building related to the second floor front porch which has been substantially torn down.

The Property Manager reported that the four remaining tenants were committed to the cooperative structure of the building, were actively involved in the management of the building – especially in the prioritizing of capital needs and the selection of new tenants, and had received adequate training to effectively participate in the cooperative. Two long-time Coop members moved out of the Coop earlier this year and Lender and Portfolio Manager note the challenges of the cooperative structure and the leadership hole created by the departure of two key residents.

BCLF is the escrow agent for a Debt Service Reserve Account at Citizens Bank which had a May 31, 2009 balance of $4,454.65 (approximately 7 months of P&I payments on BCLF debt.) BCLF has drawn on this reserve to cover April and May payments, and upon receipt of payment from Borrower, cash will be deposited into the Debt Service Reserve Account to replenish the balance.

This loan was downgraded to 5 during the second quarter 2009 to reflect these negative events.

<u>Burke Studios (aka Caguas LLC; aka Keen Studios)</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$623,647 net of participations	5	$62,365 (10%)	12/31/2010	Current

Current Status

As of August 1, 2010 five out of twenty three units remain unsold. Of these five units, one is under agreement. Assuming each remaining unit sells at the minimum release price, net sales proceeds available to pay loan principal are projected to be $400,676.

The Burke Studio Note was amended March 30, 2010, to make the following changes:

1. Maturity date was extended to 12/31/2010
2. Caguas LLC ("Caguas Borrower") shall make monthly payments of interest calculated at 3% per annum, paid in arrears.
3. Lender shall accrue monthly interest calculated at a rate of 3.5% per annum, which shall be due and payable under the Caguas LLC Promissory Note (the "Caguas Note") at maturity, but which shall not increase the outstanding principal balance due under the Caguas Note. (Caguas Borrower shall not be required to pay interest on the accruing interest.)

ETC executed a Forbearance Letter with BCLF which modified the Burke Studio loan in the following ways:

1. Caguas Borrower shall provide Lender with the greater of 100% of unit gross sales proceeds, net of approved closing costs, or the Minimum Release Price.
2. Unit sales proceeds shall reduce the principal balance on the Caguas Note.
3. Lender and Caguas Borrower have agreed upon a schedule of Minimum Release Prices for each unit. Lender consent is required to sell a unit below the Minimum Release Price for that unit.
4. The balance outstanding on the loan at Caguas Note Maturity, which shall not exceed $565,000, shall convert to an amortizing term loan at 6.5% which shall be repaid in full on or before February 28, 2017.
5. Legal expense required to sell a unit shall be considered an approved closing cost so long as the legal expense per unit does not exceed $1,250 and the closing costs to be net from the gross sales price do not exceed six percent of the gross sales price.
6. Guarantor shall make a $50,000 payment immediately upon receipt of the City of Chelsea construction hold back funds, which shall be released upon the sale of the final affordable unit. The payment shall be applied to the principal balance on the Caguas Note.
7. Guarantor shall enter into a Security Agreement granting Lender a security interest in the business assets of Guarantor.
8. Changes to Guarantor's Board membership must be approved by Lender.
9. Lender shall be notified of receipt by Guarantor of any revenue that is not forecast on the approved Cash Flow Plan.

10. Guarantor shall not pledge, assign or encumber any of its assets or assets under its control without the prior written consent of Lender, which shall not be unreasonably withheld.

Background/Prior Reports
In 2007, ETC developed 23 live / work studios in Chelsea, for sale to first time homebuyers. 12 of these units are market rate, the rest are affordable. The project was completed just as the housing market began to experience a dramatic downturn. As a result sales slowed significantly. Aggressive attempts at marketing the Burke Studios project highlighted that the artist restriction was a serious impediment to sales. ETC requested and ultimately received relief from this artist restriction from the City. Further deteriorating in the market and further analysis made it clear that the pricing for the units needed to be significantly reduced.

The deterioration in the real estate market impacted ETC's other real estate projects. ETC suffered delays on its Neponset Field project, its Sacred Heart project, and its Delitzia parcel charter school project, which resulted in extended carrying periods and increased carrying costs. Delayed and reduced sales proceeds from Burke Studios; delayed and decreased projected investment income from ETC's investment in the 700 Harrison LLC; delayed overhead and fee revenue from the Neponset Field and Sacred Heart projects; increased and protracted carrying cost burdens related to Burke Studios, Neponset Field, Delitzia and Sacred Heart all resulted in significant demands on ETC's cash.

As a result of the decrease in its cash position, ETC was not been able to meet its liquidity covenant put in place by Boston Private Bank (BPB&T) related to its $3MM acquisition loan for the Delitzia parcel. BPB&T has an assignment on ETC's ground lease payment ($700,000 - $800,000 annual payment) from Victoria Apartments as collateral for its acquisition loan on the Delitzia parcel. The ground lease payment is deposited into ETC's operating account annually in April. As Boston Private's concerns increased related to the strategy for taking out its Acquisition loan they put a hold on ETC's operating account and restricted the use of the ground lease payment. The ground lease payment is the source of cash for the majority of ETC's operating expenses, including interest payments on BCLF's Burke Studios loan and Neponset Fields loan.

BCLF, BPB&T, and ETC's other lenders met extensively and each executed Forbearance Agreements with ETC.

This loan was downgraded to 5 during the second quarter 2009 to reflect these negative events.

<u>Bridge Housing</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$2,315,488	5	$231,549 (10%)	01/31/2011	Current (0% pay rate)

Current Status

During Q1 and Q2 2010, the borrower has reached out to contacts on the Vineyard with regard to the potential of support for workforce housing. The idea has received a favorable response but it is not clear that subsidy will be available for such a project in the near future. Bridge Housing's initial hope the Martha's Vineyard Hospital would be a sponsor of such a project seems unlikely given recent feedback, although the hospital has expressed interest in potentially purchasing units for rental to their staff. Bridge received an offer in Q1 2010 for purchase at significantly below the asking price. BCLF is unwilling to allow a below-asking sale at this point. BCLF staff visited the Island during the second quarter, meeting with IAHF Board members. The Loan Fund is revisiting the market value of the property and considering potential strategies, including land banking and offering the property through an RFP with BCLF essentially acting in a development capacity.

Background

Bridge Housing Corporation (BHC) intended to develop a 22-unit affordable homeownership community in the Town of Tisbury, called Bridge Commons. This initiative involved the acquisition of approximately 24 acres in Tisbury from the Norton family. The site is a traditional "wood lot" which has been for generations by the same family. The site is approximately 400 feet wide and nearly 3,000 feet deep, comprising a total of 24.09 acres.

With the BCLF loan, BHC purchased 14.8 acres, the remaining acres were purchased simultaneously by the Martha's Vineyard Land Bank. The intention was for Bridge Commons to be located on approximately 8.5 acres of the 14.8 acres. Prior to construction closing, the Land Bank will also purchase a conservation restriction on at least 6.5 acres of the Bridge Commons 14.8 acre site. These 6.5 acres will be reserved for septic purposes and otherwise not developed.

The project successfully negotiated a settlement with an abutter and submitted a final One Stop application to DHCD. At the time, DHCD invited BHC to submit off-round based on their belief in the strength of the project and the market in the Vineyard.

As a result of worsening market conditions in the homeownership market DHCD decided not to have a homeownership round. However, they initially agreed that certain projects which meet a set of criteria around market, timing etc. would be ***invited*** to submit One Stop applications for subsidy. DHCD had said that these selected markets include Cambridge, parts of Western MA and the Vineyard.

Bridge Housing met regularly with DHCD staff and was invited to submit a One Stop application. In order to submit a successful One Stop application they needed to finalize some additional studies (Architect, Market Study, Engineering/Survey and Consultant). In June 2008 CEDAC approved a $90,000 predevelopment loan to help with these costs and additional carrying costs. ***Please note that the CEDAC Predevelopment loan is not allowed to cover interest carry of other lenders.***

At a meeting with DHCD in April 2009, Bridge Housing presented a revision of their project, making the project more affordable and responding both to market conditions and budget gaps. Financial support anticipated from Bridge Housing's partnership with the Island Affordable Housing Fund has not been at the anticipated level as IAHF has prioritized raising funds to cover its own projects' budget shortfalls. Additionally, anticipated CPC funds were not received from the town of West Tisbury. Based on prior feedback from DHCD regarding market need and fundability, the project has been revised to incorporate a greater level of affordability, using denser, pre-fabricated housing stock, well water rather than town water connections, slightly lower unit count, and focus on local (on-island) contractors.

DHCD was unable to commit at that time as their time is greatly dominated by the rental round and project challenges for previously approved homeownership projects.

The loan was increased in May to allow interest carry to be funded from the loan through the end of October, during which time a response from AHTF regarding their support of the property was anticipated, along with further information from DHCD on the likelihood of homeownership fund availability going forward. During this time, Boston Community Capital required that Bridge Commons pursue a parallel course of putting the site on the market and requested that we be provided with monthly marketing updates.

There are now indications that no new homeownership rounds will occur until mid-to-late 2010 or 2011 at the earliest. The Bridge Housing Board has approached IAHF regarding their fundraising commitment, and were told that the commitment had not been approved by the IAHF Board, but rather had been made independently by the former Executive Director, Pat Manning. The Board is unwilling to honor a commitment that they feel they did not make.

Without state subsidy and fundraising and CPC funds to fill the gap, the project is unable to move forward. Even if a commitment from DHCD were received, there is still a budget shortfall. When the loan matures in October, the borrower is unable to support carrying costs, including interest carry, for the project.

The Bridge Housing Board is partially inactive, with the remaining Board members committed but expressing that they are beyond their capacity at this point. Dick Mezger, formally a Board member, assumed the role of Executive Director of the organization, but is unwilling to continue in this role without an opportunity for payment. Dan Violi, the organization’s consultant, and Marcia Cini, their Attorney, are currently working unpaid.

Efforts to market the property to other affordable developers have thus far been unsuccessful. The organization has engaged in talks with Habitat for Humanity and they have made contact with Community Builders via their attorneys. They have received indication that the acquisition costs make affordable development prohibitive. Other developers potentially interested in creating affordable homeownership would face the same subsidy challenge as Bridge Housing, and a rental proforma does not work because the number of units needed to make it financially viable would exceed both the permitted allowance (based on the abutter settlement) and the septic capacity of the site.

The property has been advertised in the Vineyard Times, Vineyard Gazette, New York Times, Boston Globe, and the Banker & Tradesman. To date, no sales interest has been generated. Bridge Housing has approached three Island brokers who are interested in acting as sales agents for the property. They anticipate entering into a contract with one, but the broker would like BCLF’s assurance that, based on the impending loan maturity, BCLF will honor the contract or at least reimburse marketing expenses in the event that it were to foreclose on the property.

The parcel is listed at $2,650,000 ($179,054/acre.) No comparable properties have sold on Martha’s Vineyard in the past 12 months. Parcels of land of this size are a rare commodity and brokers are hopeful that this will generate interest. Average pricing for raw land sold on the island in the past year was $259,931/acre (this represents four parcels of land sold, only one of which was over an acre and was priced at $148,333/acre.) There are currently four active listings on

Martha’s Vineyard for land over 3 acres. Removing the parcel with deeded beach access, the average list price is approximately $183,000/acre. To pay off the current loan balance, the property would need to sell for $157,000/acre.

The brokers that Bridge Housing has engaged have all provided proposals regarding valuation and marketing for the site. Their value estimates are summarized below:
Karen M. Overtoom Real Estate - Suggested selling price $1.6 or $1.7 million (maximum $115,000/acre)
Tea Lane Associates - Market for no more than $1,900,000 ($128,000/acre)
Rooney & Company of Martha's Vineyard, Inc. - Fair market value $1,900,000 to $2,100,000 ($128,000-$141,891/acre)

IHT has right of first refusal to purchase the property for no more than the cost of financing on the site. BCLF will support Bridge’s request that IHT exercise this right for the full amount of the financing. Becky Regan and Kathryn McHugh met with both IHT/IAHF and pushed for IAHF/IHT to make a commitment to the success of this project as affordable housing.

The Comprehensive Permit for development was extended through December 9, 2009.

Carrying costs for the project are very low, really representing only the insurance of around $800 annually.

This loan was downgraded to 5 during the third quarter 2009 to reflect these negative events, and downgraded to 6 in the fourth quarter 2009.

BCLF met with the Board of Bridge Housing in addition to the Island Affordable Housing Fund on Martha’s Vineyard in November.

BCLF previously extended the loan through June 2010 at a 6% accrual rate (accruing at 0% on BCLF books) and a 0% pay rate, with a side letter stipulating several conditions, including:

- Borrower will have responsibility to protect collateral (including paying insurance, etc.)
- While we are not requiring that the borrower technically list the project with brokers based on the estimated shortfall that a sale in the current market would yield, it is expected that the borrower continue to keep the broker community informed and informally market the land and the project.
- Borrower will need to make continued progress on the possibility of the project being designated as workforce housing
- The Borrower will need to ensure that the Comprehensive Permit stays active
- The Borrower must apply for funding in the next available funding round
- The Borrower must additionally seek funding to close the project gaps, including organizational fundraising, CPA funds, etc.
- BCLF expects that the borrower will continue to explore potential development partnerships or development of the project under alternative programs that would result in the full payment of the loan.
- Borrower will explore the marketability of the current project design
- The Borrower will not release funds received by the organization without Lender approval. In December, it came to our attention that the borrower received $15,000 and anticipated receiving another $15,000. These payments represent easement payments from the project abutters. The Board used the majority of the first payment to pay their consultant, their attorney, and Dick Mezger, the Board

member who served as Executive Director for a period. We are unwilling to allow the borrower to continue paying their unsecured creditors without our prior approval and sent a letter to this effect prior to the documents for the loan extension. The loan extension will include a covenant requiring Bridge to deposit operating funds in escrow with us, to be released only upon our approval.

<u>Holcroft Park Notes A and B (Holcroft Homes LLC)</u>

Loan Summary

Purpose	Balance	Participation	Rating	Reserve Amt (%)	Maturity Date	Status
Acquisition – Note A	$4,315,000	$3,500,000	6	$163,000 (20%)	06/30/2011	Current
Acquisition – Note B	$468,920	$0	6	$93,784 (20%)	06/12/10	Current

For narrative, see Extraordinary Review Report

Boston Community Loan Fund, Inc.

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Priority Monitoring Report

Report Criteria: As Of: 7/2/2010, All Records

Loan No.	Business	Closed Date	Priority Monitoring	Rate	Principal	Interest Collected	Principal Collected	Balance	O/S Interest	O/S Fees	O/S Insurance	Undisbursed
BCLF												
ACQUISITION - COMMON												
	Bridge Housing Corporation	5/18/2007	Yes	0.00	2,404,587.22	338,834.82	0.00	2,315,487.74	0.00	0.00	0.00	0.00
HOLCROFT PARK NOTE A												
	Holcroft Park Homes, Llc	6/12/2007	Yes	3.96	4,315,000.00	627,561.01	0.00	4,315,000.00	0.00	0.00	0.00	0.00
HOLCROFT PARK NOTE B												
	Holcroft Park Homes, Llc	6/12/2007	Yes	5.00	594,079.66	49,563.55	0.00	492,137.01	0.00	0.00	0.00	85,862.99
JACKSON SQUARE												
	Jackson Square Partners, Llc	12/15/2006	Yes	1.00	300,000.00	51,336.80	185,040.19	273,437.54	968.42	0.00	0.00	26,562.46
JPNDC LEVERAGE LOAN												
	Jpndc Investment Fund, Llc	12/29/2009	Yes	7.00	2,550,000.00	75,862.50	0.00	2,550,000.00	2,479.17	150.00	0.00	0.00
RESTRUC LOAN A												
	Urban Edge Housing Corporation	12/29/2008	Yes	5.50	1,500,000.00	137,390.93	181,037.23	1,318,962.77	0.00	0.00	0.00	0.00
RESTRUC LOAN B												
	Urban Edge Housing Corporation	12/29/2008	Yes	0.00	1,248,207.01	0.00	0.00	1,248,207.01	69,604.90	0.00	0.00	0.00
	Fund Total				12,911,873.89	1,280,549.61	366,077.42	12,513,232.07	73,052.49	150.00	0.00	112,425.45
	Summary				12,911,873.89	1,280,549.61	366,077.42	12,513,232.07	73,052.49	150.00	0.00	112,425.45

Boston Community Loan Fund

Extraordinary Review Report

Second Quarter 2010

This memo describes the current status of loans listed on the Priority Monitoring Report which require a higher level of review, triggered by the factors which are outside of the Loan Fund's lending guidelines.

Bridge Housing

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$2,315,488	5	$231,549 (10%)	01/31/2011	Current (0% pay rate)

This loan is on the Priority Monitoring Report due to the greater than 100% LTV.

Current Status
Please see the Loans Rated Five or Worse memo for the details on this loan.

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Holcroft Park Note A (Holcroft Homes LLC)

Loan Summary

Purpose	Balance	Participation	Rating	Reserve Amt (%)	Maturity Date	Status
Acquisition – Note A	$4,315,000	$3,500,000	6	$163,000 (20%)	06/30/2011	Current

This loan is on the Priority Monitoring Report because the LTV will exceed 100% during the amortization period of the loan. The CURRENT estimated LTV based on prior appraisal is 96%. BCLF provided acquisition financing through two notes (totaling $4,800,000) for this project in June 2007.

Current Status:

The project received its LIHTC award during Q1 2010. Simultaneously, new consultants were brought on who identified a subsidy gap. The borrower submitted an application proposing alternative scenarios to close the gap, one with the same unit count and the other reducing the
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unit count. The project did not receive an award in the first round of 2010 but sponsors have been advised that if an investor is secured, zoning approval for the revised unit count is obtained and it gets construction pricing within budget, it will get additional credits. The borrower has also gone back to the city of Beverly for additional support with a request to the Mayor made this month.

The project has met two of the criteria. There is now a letter of interest from MHIC acting as syndicator for the Institution for Savings. The project also has full zoning approval for the modified unit count. Developers are inviting contractors to bid on the project in mid-August and anticipate having a contractor selected with a cost estimate within budget by mid-September. Developers believe they could close quickly once a funding decision is received.

The YWCA and BAHC funded interest carry for November and December 2009. The lending team has agreed to reduce the interest rate resulting in a blended rate on Note A of 3.96%. (BCLF and Life at 5%, CEDAC to retain Home Funders at 2%) and not to require current payment from the borrower. In BCLF's case, we will be accruing interest on our own portion of the loan. Life has agreed to 0% current pay, and CEDAC is funding their portion of the interest using an extension of their organization's predevelopment line to the Borrower. The loan is be secured with an assignment of fees from the Cabot Street project and the loan has been extended through June 2011.

Background:
The Beverly Affordable Housing Coalition (BAHC), and their partner, the YMCA of the North Shore formed Holcroft Park Homes LLC in order to redevelop 11 contiguous properties into 68 units of tax credit rental housing. The YMCA was introduced to BAHC early in the process by DHCD as a potential partner due to their experience with tax credit deals and strong financial balance sheet. The YMCA is acting as the lead, submitting the One Stop applications and managing the property.

BCLF has provided $4,800,000 acquisition financing, plus carrying costs (interest carry and loan closing fees) to purchase these 11 properties in a distressed neighborhood in Beverly. Due to the state of disrepair of many of the properties and the social problems of the neighborhood (poverty and crime), the neighborhood (Gloucester Crossing) has been identified by the City as a priority for City assistance. As a result, the City has committed $250,000 of HOME funds toward the purchase of the properties and encouraged the borrower to submit for a Comprehensive permit under a Friendly 40 B process (or a 40R if that proves more efficient). The community is very supportive of the project and has already expressed their support at two community meetings.
The LTV for Note A will increase as interest is disbursed and if the borrower needs to access the $50,000 reserve for operations during the holding period. The use of this operating reserve is not anticipated to be necessary at this time.

CEDAC provided an increase in predevelopment funding as of April 2008.

Note B totals $485,000 and has historically disbursed monthly for interest.

BCLF is acting as the lead lender and has sold participations to CEDAC and the Life Initiative.

The delay in receiving funding was been compounded by the unanticipated costs of holding the property. Prior to acquisition, the developers had had limited access to some of the units and had not been able to fully assess the degree of repairs necessary. Additionally, the length of carry has meant that significantly more repairs have been necessitated to maintain the property in livable condition. The rent rolls received at closing did not accurately represent the rents being received and so the initial holding period required a significant investment in legal and turnover costs to evict residents who were not paying rent and replace them with quality tenants. The legal fees and the lost rental income during this time contributed to the operating deficit sustained by the project. Our initial underwriting had projected periodic repayments from cash flow, but there has not been cash flow available.

The combined effect of the sustained operating deficit and the longer than anticipated carry period has resulted in an interest carry shortfall. As of October 31, 2009, Note A was fully disbursed at $4,315,000. Note B had a remaining balance of $16,079.66. Combined interest carry on both loans is approximately $23,000/month.

This loan was downgraded to a risk rating of 5 as of November 2009 and is reserved at 10% of the total balance of Notes A and B.

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<u>Jackson Square LLC – Predevelopment Loan</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Predevelopment (Jax Sq)	$273,437.54	4	$13,672 (5%)	11/27/2010	Current

This loan is on the Priority Monitoring Report due to the greater than 100% LTV.

Current Status

Jackson Square LLC has requested an increase in this predevelopment loan. Discussions on whether to fund an increase have focused on concerns from the lenders regarding additional exposure to Urban Edge based on financial concerns summarized below under the Urban Edge Predevelopment Loan. As of the end of Q2 2010, no increase has been granted, with BCLF among lenders expressing unwillingness to increase their exposure to Urban Edge. This loan has limited guarantees from all partners.

The originally proposed repayment source included ten projects. Market conditions and organizational constraints have caused several projects to be withdrawn, and repayment now is intended to come from 6 projects. The largest of these, 225 Centre Street (Mitchell Properties mixed use development) is projected to close and begin construction in 2011. Urban Edge's Jackson Commons has also received approval, but these represent the only projects slated to close in 2011. Three projects require redesign and overhaul before they can receive financing and move ahead.
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Background
BCLF's $300,000 loan to Jackson Square Partners LLC is a participation in a $1.5 million dollar predevelopment loan to fund some of the predevelopment expenses associated with the master planning of the Jackson Square project which will culminate in the transfer of developable parcels to individual developers (currently UE, JPNDC and Mitchell).

BCLF, along with the Life Initiative, the Massachusetts Housing Partnership, and CEDAC, are participants in the loan. Massachusetts Housing Investment Corporation is the lead.

Loan participation is as follows:

Financing Partner	**Predevelopment Loan**
MHIC Corporation	$325,000
BCC	**$300,000**
MHP	$325,000
The Life Initiative	$300,000
CEDAC	250,000
Total	**$1,500,000**

The Jackson Square project will create a new neighborhood center in Boston, straddling the border of Roxbury and Jamaica Plain. It will include a mix of residential, commercial, and community uses with a total of over 750,000 sf. The developer originally broke the entire project down into four major phases with 20 separate sub-phases, or projects. The major phases simply represent the sequencing of development activities. The sub-phases include not only the various real estate projects, but also demolition, infrastructure construction, and green space development.

JSP LLC hired GLC Development Resources LLC (Carol Gladstone, principal) to manage the project and help to accelerate progress towards permitting and to advance overall progress in the redevelopment of Jackson Square.

The borrower will seek federal, state, local and foundation subsidy sources to redevelop the property. The project will also include housing (mixed-income), retail space, non profit office space and recreational facilities.

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JPNDC Leverage Loan

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$2,550,000	4	$127,500 (5%)	12/30/2016	Current
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Current Status

This loan is a NMTC Leverage Loan that is being used to develop the ground floor retail space at Blessed Sacrament and 270 Centre Street. Both Projects are in construction. Blessed Sacrament is expected to be complete in October 2010 and 270 Centre is expected to be complete in February 2011. Construction is going as expected with no major issues.

Urban Edge Housing Corporation – Restructure Loans A & B

Loan Summary

Loan	Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Restructure Note A	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,318,963	5	$131,896 (10%)	01/13/12	Current
Restructure Note B	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,248,207.01	7	$624,103.50 (50%)	01/13/12	Current

This loan is on the Priority Monitoring Report due to the greater than 100% LTV.

Current Status
Please see the Loans Rated Five or Worse memo for the details on this loan.

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Boston Community Loan Fund, Inc.
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Relationship Management by Risk Rating

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 2 Better than Average				
124 PARK ST	Pine Street Inn, Inc.	$76,019.11	0.00	$76,019.11
BART LEVERAGED LOAN	Berkshire Arts And Technology Public Charter Scho	$4,748,555.59	3,614,536.71	$1,134,018.88
JPNDC BOTH PERMANENT	Catherine Gallagher Housing Partnership	$1,484,128.34	1,255,106.48	$229,021.86
JPNDC TRANCHE B	Catherine Gallagher Housing Partnership	$721,200.93	725,322.16	($4,121.23)
MATCH SCHOOL	Match School Investment Fund Llc	$11,021,524.77	4,275,000.00	$6,746,524.77
	Rating Sub-Total	$18,051,428.74	$9,869,965.35	$8,181,463.39
Risk Rating: 3 Average				
103 SPRUCE ST	Denney, Edward B.	$250,990.88	228,354.62	$22,636.26
111 ERIE ST REFI	Dorchester Home & Garden Trust, Inc.	$191,636.80	0.00	$191,636.80
134 ELLINGTON STREET	Dorchester Home & Garden Trust, Inc.	$119,366.35	0.00	$119,366.35
1392 DORCH HOUSE	1392 Dorchester Avenue, Llc	$106,698.60	0.00	$106,698.60
1392 DORCH LISC	1392 Dorchester Avenue, Llc	$122,279.61	115,780.98	$6,498.63
165 WESTERN AVE	C A S C A P Realty Inc.	$279,125.56	251,914.77	$27,210.79
263 EUSTIS ST	Nueva Vida Inc.	$139,703.05	125,483.88	$14,219.17
290.5 EUSTIS ST.	Nueva Vida Inc.	$49,349.88	0.00	$49,349.88
35 PLEASANT ST	Watershed Properties Inc	$242,391.83	0.00	$242,391.83
52 ELLINGTON STREET	Dorchester Home & Garden Trust, Inc.	$232,564.87	0.00	$232,564.87
8 BIGELOW (LISC)	C A S C A P Realty Inc.	$79,026.86	78,105.80	$921.06
8 BIGELOW (NEW)	C A S C A P Realty Inc.	$529,562.61	498,862.83	$30,699.78
80 GROVE STREET	Denney, Edward B.	$157,662.12	143,630.38	$14,031.74
87 EDMANDS RD	J C H E I I I	$336,309.17	0.00	$336,309.17
ANGELA WESTOVER	Angela Westover Housing Corporation	$807,720.42	0.00	$807,720.42
ASHFORD STREET	Ashford Street Limited Partnership	$172,152.04	0.00	$172,152.04
BART QLICI NOTE A	Berkshire Arts And Technology Public Charter Scho	$4,551,964.00	4,324,367.60	$227,596.40
CONDOMINIUMS	C A S C A P Realty Inc.	$143,028.42	129,817.64	$13,210.78
HAYNES SCHOOL	Elh Investment Fund Llc	$10,460,000.00	7,500,000.00	$2,960,000.00
HEADSTART FACILITY	The Leaguers Investment Fund Llc	$13,320,000.00	8,500,000.00	$4,820,000.00
HEMENWAY ST	Fenway C D C	$957,825.79	567,675.41	$390,150.38
LINDEN ST PARTICIPAT	Linden Street Limited Partnership	$377,664.85	0.00	$377,664.85
LOC BRIGHTON	J C H E Services, Inc.	$152,462.53	0.00	$152,462.53
LOC PART 2	Dorchester Bay Economic Development Corp	$68,291.71	0.00	$68,291.71
NOVEMBER COLLECTIVE	November Collective Cooperative Corp.	$119,555.49	0.00	$119,555.49
PETERBRIDGE	Miles Properties, Inc.	$135,900.00	119,272.54	$16,627.46
POOL B AMEND.	Falmouth Housing Corporation	$1,325,374.78	741,931.62	$583,443.16
PRESCHOOL PARTIC	Smile Pre-School, Inc.	$154,423.92	0.00	$154,423.92
QG/DBEDC INFILL	Dorchester Family Housing L L C	$71,198.18	0.00	$71,198.18
SEA CONSTR. LINE	Bcc Solar Energy Advantage, Inc.	$0.00	0.00	$0.00
SHAW'S LANDING PH. 2	Shaw's Landing Llc	$1,551,560.77	0.00	$1,551,560.77
TOLEDO ST	Fields Corner Housing Corporation	$104,000.68	93,431.11	$10,569.57
VIRGINIA ST	Victory Programs Inc.	$4,432.62	3,219.85	$1,212.77
WALNUT STREET	Somerville Community Corporation	$880,624.41	786,061.71	$94,562.70
WAREHOUSE LOC	Sun Initiative Financing Llc	$0.00	0.00	$0.00
	Rating Sub-Total	$38,194,848.80	$24,207,910.74	$13,986,938.06
Risk Rating: 4 Acceptable				
$175K BRIDGE LOAN	700 Harrison Llc	$75,000.00	0.00	$75,000.00

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Relationship Management by Risk Rating

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 4 Acceptable				
$180,000 LOAN	O.U.R. Trust	$165,918.22	0.00	$165,918.22
$450,000 TERM LOAN	O.U.R. Trust	$309,891.79	0.00	$309,891.79
1060 BELMONT STREET	1060 Belmont, Inc.	$0.00	0.00	$0.00
132 ELLINGTON ST	Dorchester Home & Garden Trust, Inc.	$157,226.83	0.00	$157,226.83
2201 WASHINGTON REFI	Madison Washington Ii Llc	$1,000,000.00	0.00	$1,000,000.00
41 AMORY ST	Urban Edge Housing Corporation	$120,709.15	0.00	$120,709.15
526 PARK ST.	526 Park St. Inc.	$19,846.63	16,019.36	$3,827.27
640 WASHINGTON ST AQ	Presentation School	$1,171,979.30	0.00	$1,171,979.30
700 HARRISON CONS.	700 Harrison Llc	$399,597.00	46,483.73	$353,113.27
700 HARRISON NMTC	700 Harrison Investment Fund, Llc	$3,400,000.00	0.00	$3,400,000.00
ABBOTT STREET	Franklin County D.I.A.L./s.E.L.F., Inc.	$203,157.23	0.00	$203,157.23
ABCDC CONDOS	Community Condominium Corporation	$130,308.97	0.00	$130,308.97
BAKER CHOCOLATE FAC	Bc Adams Street Llc	$2,511,356.20	0.00	$2,511,356.20
BAY STREET	65 Bay Street L L C	$872,426.62	0.00	$872,426.62
BLESSED SACRAMENT	Church Square Community Partners, Llc	$1,441,866.43	134,526.86	$1,307,339.57
BOHIO	Roxbury Development Corporation	$1,158,310.47	0.00	$1,158,310.47
BOWDOIN ST	Trust On Behalf Of Eastern Service Workers Associ	$168,208.78	0.00	$168,208.78
CAAS - A	Community Action Agency Of Somerville	$1,339,338.47	0.00	$1,339,338.47
CAAS - B	Community Action Agency Of Somerville	$180,545.33	0.00	$180,545.33
CABLE MILLS - MP	160 Water Llc	$3,430,706.93	0.00	$3,430,706.93
CENTRE-CREIGHTON APT	Centre-Creighton Apartments, Llc	$0.00	0.00	$0.00
CHRISTINA ST.	Citizens For Affordable Housing In Newto	$97,992.45	0.00	$97,992.45
CREIGHTON CONDOS	Church Square Phase One Developer Llc	$179,981.31	0.00	$179,981.31
CWL RESIDENTIAL 270	Cwl Housing Llc	$0.00	0.00	$0.00
ERRICHETTI PORTFOLIO	New Boston/bc Upper Tier Entity Llc	$6,500,000.00	3,250,000.00	$3,250,000.00
EUTAW MERIDIAN	Peace Properties, Inc.	$21,881.03	21,630.09	$250.94
FORECLOSURE ACQ	Michael A. Stella	$450,000.00	0.00	$450,000.00
JACKSON SQUARE	Jackson Square Partners, Llc	$273,437.54	0.00	$273,437.54
JPNDC LEVERAGE LOAN	Jpndc Investment Fund, Llc	$2,550,000.00	0.00	$2,550,000.00
LINDEN ST CONSTRUCTI	Linden Street Limited Partnership	$413,353.70	374,772.29	$38,581.41
LOC BORDER ST.	Neighborhood Of Affordable Housing	$127,351.80	0.00	$127,351.80
MELBOURNE PLACE	Michael A. Stella	$349,900.00	0.00	$349,900.00
MT PLEASANT BRIDGE	Mount Pleasant Homes	$2,010,315.00	0.00	$2,010,315.00
MT PLEASANT LEVERAGE	Mount Pleasant Homes	$2,250,000.00	0.00	$2,250,000.00
NEPONSET FIELD	Avivamiento L L C	$1,353,327.30	0.00	$1,353,327.30
NU LIFE SUBORD. CONS	Nu Life Real Estate Development Llc	$751,564.29	0.00	$751,564.29
OPERATIONAL LOAN	Women's Educational Center, The	$60,990.05	0.00	$60,990.05
OTISFIELD-PREDEV	Otisfield, L L C	$43,104.84	0.00	$43,104.84
PARKING LOT	Salem Point Rental Properties	$20,558.90	0.00	$20,558.90
PARKVIEW SL I	Park View Cooperative Corporation	$9,310.07	0.00	$9,310.07
ROOF & DECK LOAN '07	Fountain Hill Square	$50,306.38	0.00	$50,306.38
SCATTERED SITES	Michael A. Stella	$554,946.08	0.00	$554,946.08
SIOCHAIN I (LISC)	Siochain Properties Limited Partnership	$110,317.43	109,308.25	$1,009.18
SIOCHAIN I (NEW)	Siochain Properties Limited Partnership	$201,737.18	181,383.14	$20,354.04
TERM LOAN	The City School, Inc	$166,775.94	0.00	$166,775.94
TWIN OAKS	Island Affordable Housing Fund, Inc.	$191,484.76	0.00	$191,484.76
URBAN EDGE INFILL	Ennis Highland Ue Llc	$784,755.72	401,863.97	$382,891.75
WEST WAREHAM	Jks Village Llc	$0.00	0.00	$0.00
	Rating Sub-Total	$37,779,786.12	$4,535,987.69	$33,243,798.43

Risk Rating: 5 Special Mention

Boston Community Loan Fund, Inc.
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Relationship Management by Risk Rating

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 5 Special Mention				
BURKE STUDIOS	Caguas Llc	$1,247,293.15	623,646.58	$623,646.57
ELLINGTON COOP	Ellington Cooperative Corporation	$54,492.60	0.00	$54,492.60
REN LOFTS CONSTRUCT	Fairbanks Development Llc	$4,067,205.87	0.00	$4,067,205.87
RESTRUC LOAN A	Urban Edge Housing Corporation	$1,318,962.77	0.00	$1,318,962.77
	Rating Sub-Total	$6,687,954.39	$623,646.58	$6,064,307.81
Risk Rating: 6 Substandard				
ACQUISITION - COMMON	Bridge Housing Corporation	$2,315,487.74	0.00	$2,315,487.74
HOLCROFT PARK NOTE A	Holcroft Park Homes, Llc	$4,315,000.00	3,500,000.00	$815,000.00
HOLCROFT PARK NOTE B	Holcroft Park Homes, Llc	$492,137.01	0.00	$492,137.01
	Rating Sub-Total	$7,122,624.75	$3,500,000.00	$3,622,624.75
Risk Rating: 7 Doubtful				
ALLIANCE FOR ANIMALS	Alliance For Animals, Inc.	$1,587.41	0.00	$1,587.41
PAIGE 2ND MORTGAGE	Paige Company, Inc.	$498,411.29	0.00	$498,411.29
RESTRUC LOAN B	Urban Edge Housing Corporation	$1,248,207.01	0.00	$1,248,207.01
	Rating Sub-Total	$1,748,205.71	$0.00	$1,748,205.71
Risk Rating: 8 Probable Loss				
PAIGE 3RD MORTGAGE	Paige Company, Inc.	$488,082.98	0.00	$488,082.98
	Rating Sub-Total	$488,082.98	$0.00	$488,082.98
	Grand Total	$110,072,931.49	$42,737,510.36	$67,335,421.13

Boston Community Loan Fund

Portfolio Management Report-June 30, 2010

STATISTICAL PROFILE	Amount	Number
Loans outstanding (net of participations)	67,335,421	100
Commitments not closed (net of expected participations)	2,485,508	6
Undisbursed amounts on closed loans and undrawn LOC balances (net)	21,559,885	17

LIQUIDITY AND INTEREST RATE ANALYSIS		Cost of Funds
Investor loans payable (regular)	42,276,716	3.84%
Permanent capital (subordinated debt)	9,950,000	3.01%
Revolving Line of Credit	8,280,000	4.20%
Permanent capital (regular)	12,533,620	0.00%
Total loan capital	73,040,336	3.11%
		Interest Rate
less: loans outstanding (net loans receivable from borrowers)	(67,335,421)	6.41%
Undisbursed loan capital	5,704,915	0.17%
weighted average interest rate on cash	73,040,336	5.92%
estimated net spread		2.81%
Projected Changes in Liquidity		
less: net expected disbursements (repayments) on committed loans and lines of credit (90 days)	392,551	
less: Liquidity requirement (greater of investor loans maturing in 6 months or 10% of loans payable)	(4,227,672)	
Minimum liquidity	1,869,795	
Available on Revolving Line of Credits	26,720,000	
plus: net new loan capital committed and expected within 90 days	0	
Projected liquidity	24,850,205	

PORTFOLIO MANAGEMENT POLICIES		
Loan loss reserve *Minimum* 5%		
Composite risk rating of loan portfolio	7.11%	
Reserve based on composite rating	4,787,548	
Actual reserve (greater of 5% or risk-based rating)	3,366,771	
Percentage of outstanding loan balance	5.00%	
historical total: borrower losses	108,396	
Equity *Minimum* 12%		
Permanent capital goal (not including pass-thru sub debt)	8,764,840	
Actual permanent capital (not including pass-thru sub debt)	22,483,620	
Permanent capital as % of total capital (not incl pass-thru sub debt)	30.78%	

PORTFOLIO BALANCE POLICIES		
(pass-thru subordinated debt `		
*Maximum loan size (10% of total capital) **(1)***	9,976,034	10%
Largest loans (net of non-recourse participations)		
MATCH School Investment Fund	6,746,525	6.8%
Headstart Facility - The Leaguers Investment Fund	4,820,000	4.8%
Renaissance Lofts - Fairbanks Development	4,067,206	4.1%
Cable Mills - 160 Water Street	3,430,707	
700 Harrison NMTC	3,400,000	3.4%
*Maximum loans outstanding to single borrower (15% of total capital) **(1)***	14,964,050	15%
Amounts reflect non-recourse participations		
Largest Borrowers (net of non-recourse participations)		
Mitchell Properties	7,532,258	7.6%
Media and Technology	6,746,525	6.8%
Beacon Communities	5,761,356	5.8%
Jamaica Plain NDC	5,343,379	5.4%
The Leaguers Investment Fund LLC	4,820,000	4.8%

COLLECTION STATUS	Number	Payments Past Due	Principal Balance (net)	% of all Oustanding
30-61 days late	1	1,247.48	139,703.05	0.2%
62-90 days late	1	6,367.42	751,564.29	1.1%
90+ days late	1	9,127.78	191,484.76	0.3%
Totals	3	16,742.68	1,082,752.10	1.6%

(1) = Includes the available balance on Revolving Line of Credits

Boston Community Capital
Risk Rating Policies and Guidelines

Enclosed is the Risk Rating and Allowance for Loan Loss Policy for Boston Community Capital's Loan Fund. Loan loss reserves for the Mortgage Foreclosures Business are described in Aura Mortgage's Procedures Manual (Document 23).

2. RISK RATING AND ALLOWANCE FOR LOAN LOSS POLICY

Revised 2010

Risk Rating & Allowance for Loan Loss Policy

Background:

Boston Community Loan Fund (BCLF) acknowledges that no single risk management tool or process will protect our Loan Fund from credit problems if excessive portfolio considerations or other macro-portfolio problems exist and go unattended. However, we recognize that a properly working credit risk rating system, which assesses and manages risk at the transactional level, is central to a soundly managed institution.

We recognize that for our risk rating system to be successful, two requirements are essential:

1. The rating process must begin with the relationship officer who determines the risk rating when the credit is first originated for the loan portfolio.
2. The risk rating system must have sufficient pass categories to permit and allow timely detection of credit deterioration before it is too late to develop remediation plans.
3. The risk rating system should consider the difference between the Sponsor/Borrower, the Guarantor and the Project. If, for example, the Guarantor brings strength to the credit which is greater than the risk of the credit itself, the Loan Officer should consider a separate Guarantor Risk Rating from the credit risk rating.

The loan officer remains responsible for assessing the credit quality of the loans in his or her portfolio. At the same time, the Lending Staff as a group may assess the actual rating. The loan officer, however, remains responsible for the accuracy of ratings, although he or she is not solely accountable. Risk ratings are assessed at origination and on an as-needed basis. The Loan Fund Portfolio Review meeting held with the Loan Committee quarterly includes multiple reports which identify risk ratings for all loans and loans on our Priority Monitoring Report. If at any time a credit deteriorates, it is the loan officer's responsibility to identify the problem and propose a risk rating change and make that change effective immediately in the loan management software system. This change is effectuated by approval from the Loan Fund COO/Director of Lending or President, as applicable.

The Risk Rating System:

Risk assessment and oversight are among the key skills needed for success of monitoring asset quality. The proposed risk rating system is a tool to assist in these endeavors. It sets forth a uniform framework and common language for assessing and monitoring risk in our loan portfolio. This system assists portfolio managers/ loan officers in evaluating and tracking risk of individual transactions and relationships on a continuing basis. It also establishes a way to track and manage the risk of the entire credit portfolio.

Rating loans is clearly a matter of careful and sound judgment. The skill, experience, and knowledge of lending personnel are essential to accurately and prudently assessing risk. The risk rating system reflects the estimated risk and loss and consists of two components: Borrower risk and transaction risk, and occasionally, Guarantor risk. Borrower risk is the risk of loss driven by factors intrinsic to the Borrower (the stability of the industry in which the Borrower operates, its financial condition, management capabilities, viability, historical achievements and strategy for future performance, etc.). Once the Borrower's risk is determined, the transaction risk (and, if applicable, Guarantor risk) can be factored in to determine the overall risk rating. BCLF will not generally originate loans which will fall into a substandard category.

Borrower strength:

The risk rating for a credit facility is determined through examining several factors, the following of which are related specifically to the Borrower:

1. **Character/Management Capacity**
   - Are the managers and/or owners (for-profit companies) of good character?
   - Have there been any prior problems with bankruptcy, debt forgiveness, legal judgments, tax liens or dishonest business practices?
   - Is management capable, now and for the foreseeable future?
   - Has management prepared a strategic plan or business plan which addresses the future of the organization?
   - Are strong operating and financial controls in place?
   - Board involvement and commitment: what level of information/management/participation?
   - Property Management: Have there been changes in management team/firm? Why?

2. **Earnings and Operating Cash Flow**
   - Are earnings trends stable, growing, and of high quality? Are margins substantial and stable?
   - Is operating cash flow strong in relation to present and anticipated debt?
   - Are trends in cash flow positive?
   - Vacancies: consistently higher than 10% or significantly higher than anticipated?
   - Major changes in revenue or revenue sources: reasons, anticipated?

3. **Asset /Liability and Collateral Structure**
   - Are assets of good quality and fairly valued?
   - Does the liability structure match the asset structure?
   - Are there few or no intangibles?
   - Loan-to-value: less than 90% or other covenanted level?
   - Loan documentation properly executed?

4. **Debt Capacity**
   - Is leverage low?
   - What alternative sources of debt and capital exist?
   - Debt Coverage: 1.15:1 or greater or at other covenanted level?

5. **Financial Reporting**
   - Does a reputable firm known to the Loan Fund perform an audit regularly?
   - Are quality financial reports promptly issued?
   - Are they accurate and complete?
   - Does the Borrower respond fully and timely to Loan Fund questions about changes in the organization's finances?

6. **Borrowing Entity**
   - Are we lending to the entity that owns the assets?
   - Do we have access to the assets?
   - Are we avoiding holding companies or effectively subordinated positions?
   - What are the Borrower's prospects for growth and sustainability?

7. **General Economy and Operating Environment**
   - Is the Borrower a significant factor in the local market?
   - Are legal or regulatory climates favorable?
   - Tenant Issues: high turnover, disruptive, non-payment, difficulty in finding or is the tenant mix well managed and leases signed and up to date?
   - Reserves: Maintained as anticipated?
   - Construction schedule and costs: on timetable and on budget?
   - Real estate market: Is the organization, project, and/or loan highly susceptible to changes?
   - Interest rate market: Is the organization, project, and/or loan highly susceptible to changes?

Guarantor risk rating: In the case of a loan with a substantially strong or weak Guarantor, the Loan Staff may choose to use the above criteria to create a Guarantor risk rating. This may be a factor in determining the final Borrower risk rating, which is carried on the loan system with every loan.

Vulnerability

Some Borrowers are vulnerable to a decline in performance that could cause their risk rating to decline to a substandard or worse rating (6-9) through deterioration of either their own operations or economic conditions. Special mention assets (5) are particularly susceptible to a decline to a substandard status owing to the presence of a number of vulnerabilities.

Vulnerabilities may occur through deteriorating trends emerging in an acceptable Borrower. In addition, they may occur from emerging external trends that would negatively affect the Borrower including:

- Economic conditions
- Federal, State and local government budget
- Reliance on one or two customers/funders for a majority of revenues
- Cost of the project increases due to unforeseen construction costs
- Competition and costs limited by, or process supported by, legislation or regulation subject to sudden change

Risk Ratings

The overall risk rating for a credit shall consider all of the above in conjunction with the specific economics and profile of the project or entity being financed.

The risk rating measures the potential for loss of principal or interest of a specific credit in accordance with its terms and conditions. Risk ratings on various transactions to the same Borrower may differ from each other because of the existence of collateral, a project's strengths, unusual terms and so forth.

The proposed risk rating range is broad enough to enable portfolio managers to distinguish among a number of levels of satisfactory assets. It is the key management tool that describes the Loan Fund's asset quality (risk profile) and leads to the appropriate allowance for loan loss reserves.

Conceptually the risk rating begins with the determination of the Borrower's strength as a benchmark, then subtracts or adds positive or negative elements of the particular credit facility and/or transaction (transaction risk). In other words, the risk rating takes into consideration the Borrower strength, modified by Guarantor risk rating if applicable, the collateral, project, third-party undertakings, and documentation.

The Risk Rating Scale

Please refer to the Risk Rating Criteria Grid for further detail.

1. **Minimal Risk (Pass):**
   - Loan secured by liquid assets. (Cash or properly margined marketable securities.)

2. **Better than Average Risk (Pass):**
   - Borrowers of the highest quality.
   - Cash flows and earnings over at least the last three years demonstrate stability and substantial margins.
   - The margin of protection is good.
   - Elements of strength are present in such areas as liquidity, stability of margins and cash flows, diversity of assets, and lack of dependence on one revenue source.
   - Reasonable access to alternative financing is present and the Borrower can obtain favorable rates and terms.
   - Management has unquestionable character, as demonstrated by repeated performance.

3. **Average Risk (Pass):**
   - Borrowers with smaller margins of debt service coverage and some elements of reduced strength.
   - Borrowers have satisfactory asset quality and liquidity, adequate debt capacity and coverage, and good management in critical positions.
   - These Borrowers also generate good financial results and strength vis-à-vis their peers
   - Limited abilities to obtain financing from other financial institutions and can generally borrow at reasonable rates and terms.

- A loss year or a somewhat declining earnings trend may occur, but Borrowers have sufficient strength and financial flexibility to offset these events.
- Management has unquestionable character.

4. **Acceptable Risk (Pass):**
    - Borrowers with declining earnings, reduced cash flow, increasing leverage and/or weakening market fundamentals indicate above average risk.
    - Limited additional debt capacity and modest coverage and below average asset quality and operating results.
    - Some management weakness may exist, primarily in lack of depth.
    - Limited abilities to obtain similar financing with comparable or somewhat slightly worse terms from other financial institutions, but that ability may diminish in difficult economic times.
    - Currently performing as agreed but could be adversely affected by such developing factors as deteriorating economic conditions, operating problems, pending litigation of a significant nature, or declining collateral quality/adequacy.
    - Management has good character with no basis for questions.

5. **Special Mention (S/M) (Potential Weakness):**
    - Borrowers who exhibit potential credit worthiness or downward trends deserving close attention. If not checked or corrected, these trends will weaken BCLF's position.
    - While potentially weak, these Borrowers are currently marginally acceptable; no loss of principal or interest is envisioned.
    - Special mention assets do not expose the fund to sufficient risk to warrant adverse classification.
    - Included in special mention assets could be turnaround situations, as well as those Borrowers previously rated 3 or 4, which have shown deterioration, whether due to specific credit or collateral circumstances or market conditions.
    - Generally performing as agreed with no more than one 30-day delinquency over the last 12 months.
    - An element of asset quality, financial flexibility and/or management is below average.
    - Management has limited depth and backup.

6. **Substandard (Definite Weakness-Loss Unlikely):**
    - Borrowers with well-defined weaknesses that jeopardize the orderly liquidation of debt.
    - A substandard loan is inadequately protected by the current sound worth and paying capacity of the Borrower, or by the collateral pledge, if any.
    - Normal repayment from the Borrower is in jeopardy, although no loss of principal or interest is envisioned.
    - There is a distinct possibility that a partial loss of interest and/or principal will occur if the deficiencies are not corrected.

- Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified as substandard.
- Management skills are questionable with readily identifiable voids.

7. **Doubtful (Possible Loss):**
   - Borrowers classified doubtful have all the weaknesses found in substandard Borrowers with the added determination that the weaknesses make collection of the debt in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.
   - Serious problems exist to the point where partial loss of principal is likely.
   - The possibility of loss is extremely high, but because of certain important, reasonably specific pending factors that may work to strengthen the assets, the loan's classification as estimated losses is deferred until more exact status may be determined.
   - Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral; and redefining plans.
   - Reserves will be generally established to provide for these uncertainties.
   - Management has demonstrated a history of failing to live up to agreements, unethical or dishonest business practices, bankruptcy, and/or conviction on criminal charges.

8. **Probable Loss:**
   - Borrowers deemed incapable of repayment of unsecured debt.
   - Loans to such Borrowers are considered un-collectible and of such little value that continuance as active assets of the Loan Fund is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be affected in the future.

9. **Charge-Off:**
   - Loan or portion of loan has been deemed fully uncollectible by management and will be written off.
   - Restructuring of loan has resulted in a charge-off of debt. If the loan has been bi-furcated, the remainder of the loan will be placed back on accrual.

In summary consideration and appropriate weighing of the following Borrower characteristics yields the risk rating:

- Performance
- Position within industry or market
- Project performance
- Earning/operating cash flow
- Asset/Liability values
- Management and controls

- Quality of financial reporting

See next page for a chart showing risk rating determination criteria.

		Risk Rating Criteria Grid			
Risk Rating	**Earnings /Operating cash flow trends**	**Financial Flexibility/ Debt Capacity**	**Management, controls and financial reporting**	**Project Performance**	**Payment Performance**
1 - Minimal	Loan secured by cash or adequately margin marketable securities				No delinquencies
2 - Better than average	- Strong earnings - Excess cash flow - Funds capital requirements with modest borrowings - Diversify funding sources - Contract renewal history good	- Leverage below average - Some excess debt-service capacity - Good access to alternative financing - Strong working capital	- Complete financial controls and good reporting - Strong industry experience in most areas. Adequate depth. - Unquestioned character demonstrated by repeated performance	- Strong project performance - If construction the project is within budget	No delinquencies
3 - Average	- Reasonably predictable earnings, cash flow and debt service - Trends positive but may not be consistently stable - Revenues or funding sources not heavily reliant on one source - Contract renewal history good	- Reasonably able to refinance debt with other lender at similar terms and rates - Leverage is acceptable - Modest annual working capital - Good trade repayment history - High confidence in ability to meet debt repayment schedules over the medium term	- Reasonable industry experience with modest depth in key positions - Internal controls average quality - Proven character with demonstrated ability to deal with adversity	- Good project performance - If construction, the project is within budget	No delinquencies
4- Acceptable	- Earnings, cash flow and debt service exhibit sign of strain and are subject to volatility. - Operating cash flow less than predictable - Performance ratios show some signs of weakness - Organization may not have capacity to fund/borrow for all capital expenditure projects - Heavy concentration on funding sources	- Limited access to alternative lenders - Leverage above average - Smaller Borrower with consistent working capital needs - Substantial trade reliance with slightly blemished payment history - Interest rate sensitivity creates vulnerability and limits additional debt capacity	- Limited industry experience with little depth - Actual or potential friction between potential successors - Acceptable character and perceived ability to deal with adversity - Audit contains qualifications that could essentially have a negative impact - Un-audited financial statements may not be reliable	- Some weaknesses have been identified in the project - If construction, the project maybe over budget	- Slightly blemished payment history

Risk Rating	**Earnings /Operating cash flow trends**	**Financial Flexibility/ Debt Capacity**	**Management, controls and financial reporting**	**Project Performance**	**Payment Performance**
5 – Special Mention (Potential Weakness)	- Earnings, cash flow and debt service are significantly strained, subject to significant volatility and may exhibit downward trends - Performance ratios indicate defined weaknesses - Extreme concentration on a single funding source	- Little flexibility for alternative financing exits - Permanent term and working capital needs - Substantial leverage	- Inexperienced management team with no depth - Internal controls need development - Smaller Borrower with inadequate succession plans	- Weaknesses have been identified in the project - If construction, the project is over budget	- Blemished payment history
6 – Substandard (Definite Weakness – Loss Unlikely)	- Earnings, cash flow and debt service may not cover operating expenses	- No present access to additional financing with strict and heavy reliance on debt - May exhibit chronic or serious trade delinquencies and presence of judgment and liens	- High management turnover or inexperienced management may create further risks - Very weak financial controls - Unacceptable financial reporting	- Weaknesses have been identified in the project - If construction, the project is substantially over budget	- Inadequate payment history
7 – Doubtful (Possible Loss)	- Excessive degree of risk. Financial and management deficiencies well defined and make impossible Borrower's ability to pay out from anticipated sources under existing terms and conditions. Collection in full highly improbable. Timing and amount of loss are uncertain.			- Project performance is deteriorated to a point where is no longer viable	- Poor payment history
8 – Probable Loss	- Due to severe deficiencies and excessive risk, unsecured debts considered un-collectable and should not be continued as active Loan Fund asset.			- Project failed	- Default
9- Charge-Off	- No prospect of repaying debt. The Loan Fund may choose to continue to pursue collection of the debt or a portion of the debt but has recognized the prospects for doing so are extremely low. No Guarantor exists from whom/which to seek collection			-	-

Allowance for Loan Losses

The allowance for credit losses represents BCLF's estimate of the amount of asset impairment in the loan portfolio. The BCLF determines the allowance for credit losses based on management's on-going review and evaluation of individual loan reviews performed as part of the credit-risk evaluation process, historical loss experience, the size and composition of the loan portfolio, current economic events and conditions, the fair value and adequacy of collateral, and other pertinent factors. This evaluation is inherently subjective, as it requires material estimates, including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change. Increases to the allowance for credit losses are made by charges to the provision for credit losses. Credit exposures deemed to be un-collectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

Although BCLF considers the allowance for credit losses to be adequate based on information currently available, additional allowance for credit loss provisions may be necessary due to (i) changes in management estimates and assumptions about asset impairment, (ii) information about Borrowers that indicates changes in the expected future cash flows, or (iii) changes in economic and other events and conditions. In addition, the Loan Fund's auditors, as an integral part of their auditing process periodically review the Loan Fund's allowance for credit losses. The auditors may require the Loan Fund to recognize additions to the allowance for credit losses based on their judgments about information available to them at the time of their examinations.

Loans sold where BCLF retains recourse will be reserved in accordance with the credit/facility risk rating. The loan staff will also allocate specific reserves as necessary in order to protect the fund's net asset base.

BCLF will maintain a loss reserve equal to the weighted average rating of the loans outstanding in our portfolio, or 5% of loans outstanding, whichever is greater. This is consistent with CDFI industry standards. It should be noted that while BCLF will reserve for assets that have been sold or participated where BCLF will retain the recourse, any asset or portion of an asset for which there is no recourse to BCLF for repayment, will not be reserved at the 5% minimum.

The following is a guideline to be followed in the normal course of business for the Loan Fund. This guideline provides sufficient coverage based on our history and that of our industry based on historical losses. At times, however, the Loan Fund may determine a specific reserve greater than or less than the amount driven by the formula in the guideline below. In these cases, the reserve will be set by the Loan Officer based on a collateral and repayment analysis and approved by the Loan Fund COO/Director of Lending or President, as applicable. In these instances, the loan will automatically be place on the Extraordinary Review Report, which is reviewed quarterly by the Loan Committee as part of the Quarterly Portfolio Review package.

Guidelines for Allowance for Loan Losses

Risk Rating	Loan Loss Reserve
1 – Minimal	0.0%
2 - Better than average	1.0%
3 – Average	2.5%
4 – Acceptable	5%
5 – Special Mention (Potential Weakness)	10%
6 – Substandard (Definite Weakness – Loss Unlikely)	20%
7 – Doubtful (Possible Loss)	50%
8 – Loss (Probable Loss)	100%
9- Charge Off	N/A

Non-Accrual Status

Loans will be placed on non-accrual status when the three following conditions are met:

- A loan is 90 days past due for interest and/or principal
- Collection of the outstanding principal and interest is unlikely to occur based on the repayment sources and attempts at restructuring the loan have proven unsuccessful.
- A Borrower is risk rated a “7” or worse, either in total or in part

Non-Accrual loans whose principal/interest payments are current may be returned to performing status by the lending staff if the following conditions are met:

- All past due principal and interest has been brought current for a minimum of 90 days and the loan is well-secured
- The loan has been performing as agreed, and loan staff and management has determined that the Borrower has the financial capacity to continue servicing the loan per the original or amended terms

Charge Offs

The lending staff is responsible for the identification and approval of all Loan Fund charge offs. Charge off recommendations will be made as a result of complete due diligence and attempts to work out a problem loan, which has been on non-accrual and is risk-rated “7” or worse. A charge-off recommendation must be made by the Loan Officer and approved by management. The lending staff will notify the Loan Committee of the charge off at the next meeting of the committee following the charge off.

Boston Community Capital
Underwriting and Portfolio Management Policies and Guidelines

Enclosed please find underwriting and portfolio management policies and procedures for Boston Community Loan Fund and Aura Mortgage Advisors.

BOSTON COMMUNITY CAPITAL
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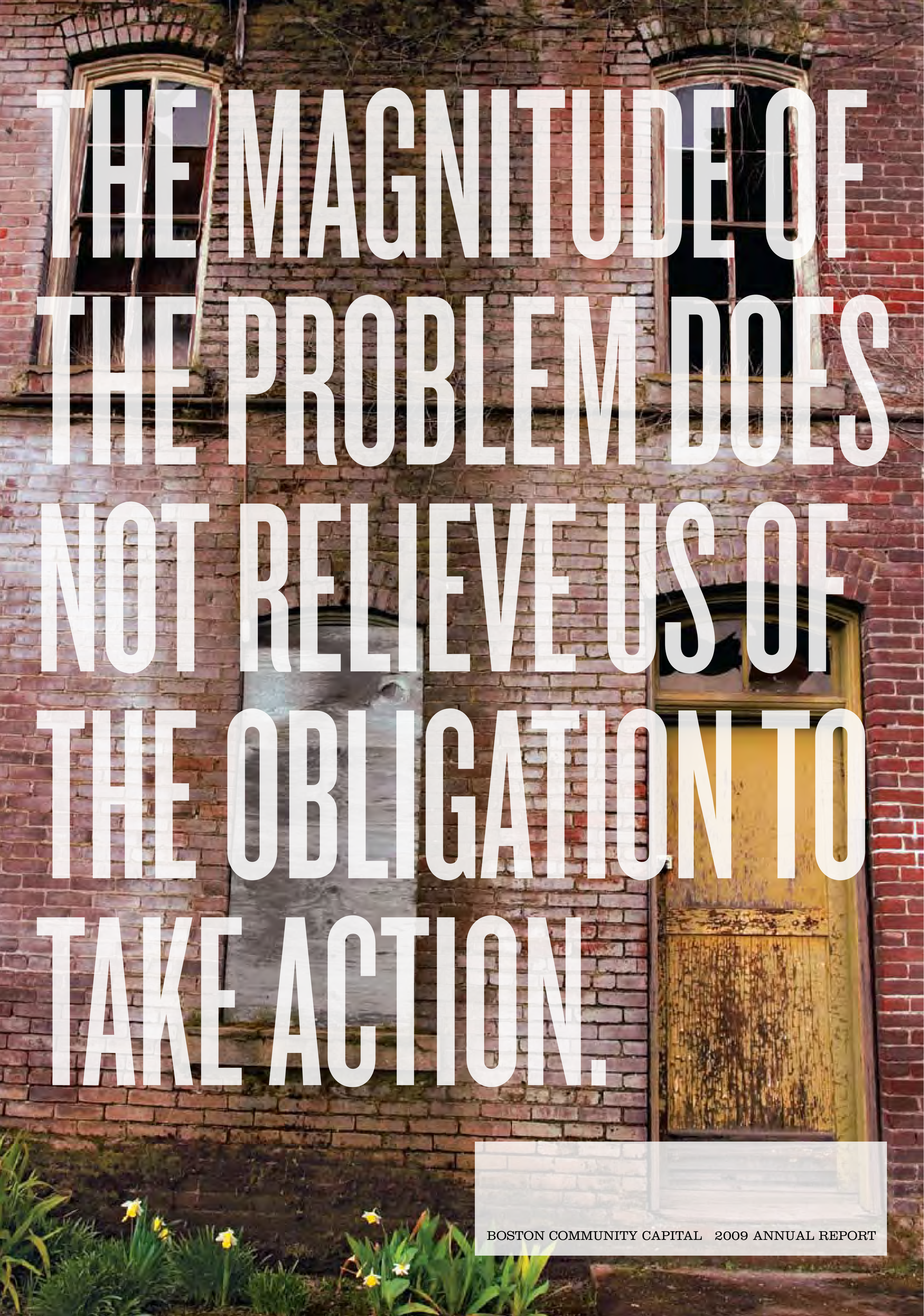


THE MAGNITUDE OF THE PROBLEM DOES NOT RELIEVE US OF THE OBLIGATION TO TAKE ACTION.

BOSTON COMMUNITY CAPITAL 2009 ANNUAL REPORT

Residents of Fountain Hill Square Condominiums, an owner-managed, 46-unit mixed-income development in Roxbury, MA, and a BCC borrower since 1997.

©Marilyn Humphries

TO OUR PARTNERS

WHEN THE GOING GETS TOUGH

As we write, unemployment in the United States is still at its highest level in 25 years — with little relief in sight. Residential mortgage foreclosures continue to undermine the stability of families and neighborhoods and threaten to erode the gains we have all worked so hard to achieve.

Reading a newspaper, watching the evening news or even talking to a neighbor, the message is clear. Times are bad — particularly for the people we serve.

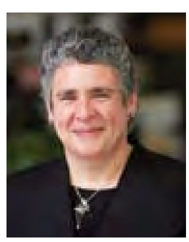
Times may be bad, but you have not wavered. Because of your staunch and ongoing support, Boston Community Capital has been able not only to react to bad times, but also to grow, to build on our past work, and to do more to help sustain our low-income communities.

Last year's annual report described our emerging focus on the foreclosure crisis. This year, we are pleased to invite you to read about our new Stabilizing Urban Neighborhoods (SUN) Initiative. In just the last few months, we have raised over $30 million and prevented evictions for more than 50 families. Our goal: To raise a $50 million fund and assisting more than 2,000 families over the next five years.

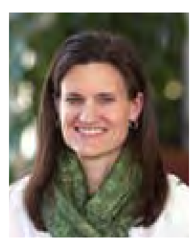
Last year's annual report described the launch of our solar initiative. This year, we are pleased to report that our Energy Advantage affiliate has become the largest third-party owner of solar panels in the Commonwealth. It provides 1.5 million kilowatt hours of solar electricity annually for affordable housing and municipal facilities. We are also developing mechanisms to finance energy efficiency improvements, and a tracking system to help property owners understand and manage their energy usage.

Our Loan Fund and Venture Fund continue to work with our borrowers and portfolio companies to help them weather the economic downturn with flexible capital, increased leveraging of federal funding, and a focus on the long-term sustainability of projects, businesses and neighborhoods. We also hope you enjoy reading about our staff's remarkable engagement in civic leadership — and the organizational culture that supports their efforts.

For over a quarter century, you have helped Boston Community Capital build healthy communities where low-income people live and work. We are grateful for your partnership and very much look forward to continuing our work together over the next 25 years.


Elyse D. Cherry


DeWitt Jones


Rebecca L. Regan

Elyse D. Cherry DeWitt Jones RLRegan

NOT POWERLESS

Mark Wilson/ The New York Times/ Redux

FIGHTING EVICTION TAKES TEAMWORK AND UNCOMMON INGENUITY.

FORECLOSURE IS AN UGLY WORD. EVICTION IS UGLIER. PEOPLE LOSE THEIR HOMES AND THEIR LIFE SAVINGS. FAMILIES FIND THEMSELVES ON THE STREET. AND BLOCKS OF SUDDENLY EMPTY HOUSES THREATEN HARD-WON NEIGHBORHOOD STABILITY. BUT IN MASSACHUSETTS, BCC HAS PARTNERED WITH COMMUNITY ADVOCATES, LEGAL AID ORGANIZATIONS, AND LOW-INCOME RESIDENTS TO KEEP FORECLOSED HOMEOWNERS AND TENANTS IN THEIR HOMES—RIGHT WHERE THEY BELONG.

The statistics are grim. In 2009, there were 27,928 petitions to foreclose in Massachusetts, a 28 percent increase over the previous year. The issue, however, isn't just foreclosure; it is the subsequent evictions. As David Grossman, Director of the Harvard Legal Aid Bureau, explains, "They throw the occupants out, leaving them homeless, then board up the property, creating a blight on the neighborhood, increasing vandalism and lowering property values."

PREVENTING VACANCY IS CRITICAL.

So the Harvard Legal Aid Bureau partnered with grass-roots community organizers City Life/Vida Urbana, forming a sword and shield strategy. Harvard Legal Aid Bureau supplied extensive legal representation, including clinics to educate people on their legal rights. City Life provided media attention.

"For a year and a half we were organizing residents of foreclosed buildings into popular protests," says Steve Meacham, City Life's Director of Organizing. "Our demand was: Stop the evictions and let these residents pay rent."

Grossman continues, "What we were missing for a long time was the end game. We could stop the lenders from evicting the occupants, but the lender still owned the property. We needed to get properties back in hands of — ideally — the homeowners or tenants themselves. BCC's Stabilizing Urban Neighborhoods (SUN) Initiative provides the missing piece, by stepping in to purchase the properties, then providing funding for foreclosed homeowners to buy their own homes back."

Meacham explains that homeowners were willing to repurchase their buildings, "but they couldn't get financing, because they had terrible credit scores as a result of the foreclosure… then along comes BCC, and says, 'We'll do it.' And the radical thing is that BCC makes those loans without ever lowering its standards. BCC is a tough underwriter, with rigorous requirements — and they are not cutting corners."

Buddy Wilson and his grandsons outside their home in East Boston. With financing from BCC, Wilson was able to re-purchase his home with a mortgage he could afford.

©Marilyn Humphries

Grossman explains, "In the neighborhoods where we're working, property values have declined by more than 50% since 2007. BCC is able to provide a mortgage that is aligned with the actual value of the property, not the value assigned to it during the housing bubble. That reduction in principal is something that lenders have adamantly refused, but BCC has managed to change some bankers' minds."

Meacham agrees, "BCC is an aggressive negotiator in their purchase of foreclosed property. They offer the banks the opportunity to get out of the whole situation at the same price that they will get if they evict. As a result, BCC is able to provide a real solution for lots of foreclosed homeowners.

Take Buddy Wilson. Over the last 45 years, his home has sheltered four generations of his family. A printing company supervisor, he had never missed a mortgage payment — until he had a massive heart attack. "We paid our mortgage, paid our bills, did everything right. Then I lost my job, and within three months the bankers were calling saying they would foreclose on me."

"In the meantime I had another heart attack. I am in the hospital, having open heart surgery and as I am coming out of the recovery room, my friend who owns the store across the street calls me to say, 'Someone is putting a foreclosure sign on your house.' That is when I got involved with City Life, who introduced me to BCC."

"BCC went straight to the mortgage company with an offer to buy the house back. They purchased the home at a discounted price, sold it back to me and provided the mortgage. It only took three weeks before my wife and I were signing the papers. And now I am in a mortgage I can afford."

"Luckily I met the right people. Without them I wouldn't be in my home."


NOT
WASTEFUL

IT'S SUSTAINABLE, AFFORDABLE —AND RIGHT.

MANY PEOPLE THINK GREEN BUILDINGS ARE A LUXURY. BCC DISAGREES—AND WE ARE PROVING THAT LOW-INCOME COMMUNITIES CAN NOT ONLY BE PART OF THE ENVIRONMENTAL MOVEMENT, THEY CAN BE PART OF THE GLOBAL SOLUTION. WE ARE BREAKING DOWN BARRIERS WHILE HELPING COMMUNITY ORGANIZATIONS MAXIMIZE THE ALIGNMENT BETWEEN THEIR SPECIFIC MISSION AND ENVIRONMENTAL INTEGRITY. EACH DRIVER IS UNIQUE, BUT THE OUTCOME IS CONSISTENT: SUSTAINABILITY.

On Cape Cod, Housing for All Corporation strives to provide homes to everyone who needs one. But Paul Hebert, Founder, President, and Executive Director, is pragmatic about what that takes. “My job is to be holistic in how we care for people. Houses need to be heated and cooled and energized — habitable and sustainable. So we decided to put solar panels on top of the buildings to provide energy. We also wanted to sell energy, but we didn’t know what we were doing.”

“As a nonprofit we can’t take advantage of tax credits or accelerated depreciation. BCC created a solar power purchase agreement that allows us to reduce the cost of our electricity, reduce our carbon footprint and contribute to the growth of the solar industry in Massachusetts - all without costing our donors a penny.”

“We should all be doing whatever we can to help the earth. And as a nonprofit, we also need to stay focused on our core mission. BCC let us do both.”

Beacon Communities Development is a well-respected, for-profit developer of mixed-income housing with a portfolio of 9,000 units. Explains Pamela Goodman, President of Beacon Communities Development, “We’ve worked with BCC on creating renewable energy resources for a number of our properties. Now we are trying to develop a program for deep-energy retrofitting of older, affordable properties. Greater energy efficiency improves operating costs and provides better livability. It makes economic sense. It’s a marketing tool. And it’s also the right thing to do.”

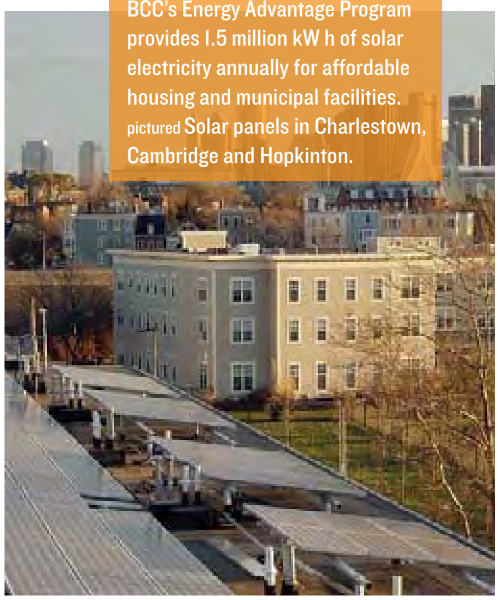
Development Director Josh Cohen adds, “BCC has the financial, legal, and development savvy to understand how to align the goals of property owners with the broader goals of green design and energy efficiency. They know how to balance innovation with the financial realities of putting together a real estate development deal.”

Describing the Cambridge Housing Authority, Executive Director Greg Russ says, “We have a public mission to provide low-income housing as long as there is a need. From everyone’s perspective — resident, landlord, community — making these buildings consume less energy is a good thing. These investments could add 40 years to the life of the buildings, so they will be available to future families. It fits our mission; it also lowers our operating costs.”

Russ discusses techniques: “No single thing is going to work for all the buildings; it takes a combination of strategies. We are installing photovoltaics; we are also changing fuels, improving windows and insulation and other basic structural elements.”

“BCC is a terrific partner - providing knowledge and expertise that lets us do what we do best, and still push the limits to create greater efficiencies. When we applied for stimulus money, partnership with BCC made us competitive. With their assistance, we’re poised to become largest generator of photovoltaic power in Cambridge. That is not usually something a housing authority thinks about, but it is incredibly useful to the families we house, the community, and the environment.

State Street Bank, the investor providing credit enhancement for BCC’s Energy Advantage work, saw the program as “a unique opportunity to make sure low-income communities aren’t left behind as we retool our energy systems for more environmentally sound alternatives,” says Joe McGrail, Vice President, Community Affairs. “State Street is always looking for creative ways to support low-income communities. BCC came up with a structure that worked. When we get a chance to invest in a deal like this, we jump.”

BCC’s Energy Advantage Program provides 1.5 million kW h of solar electricity annually for affordable housing and municipal facilities. pictured Solar panels in Charlestown, Cambridge and Hopkinton.



©Marilyn Humphries


NOT
ABANDONED

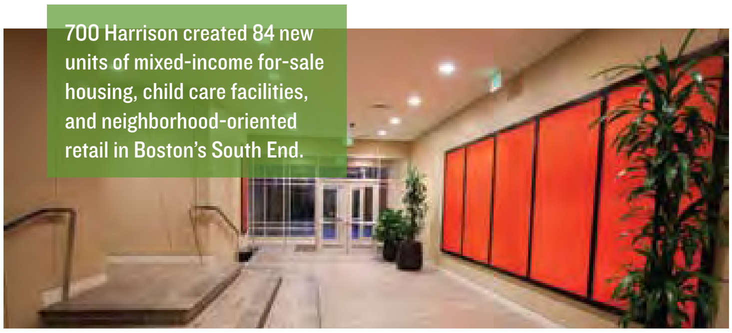
“MISSION-DRIVEN” MEANS MORE OPTIONS TO KEEP THINGS GOING.

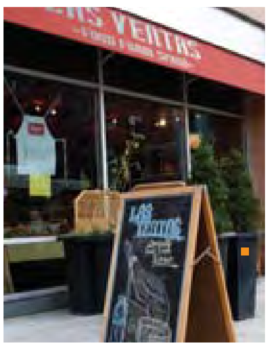
IN THESE CHALLENGING TIMES, SOME PROJECTS FACE SETBACK AFTER SETBACK. FINANCING PARTNERS MUST TAKE A HARD LOOK AT A PROJECT’S FINANCES AND PROSPECTS, AND SOME LENDERS HAVE NO CHOICE BUT TO LIQUIDATE UNDERLYING ASSETS—BUT BCC HAS THE FLEXIBILITY TO TAKE A LONGER VIEW, EXTENDING THE TIME AND RESOURCES NEEDED TO SEE THE PROJECT TO COMPLETION. THAT FREEDOM CAN CHANGE NOT ONLY THE LIFE OF A PROJECT, BUT THE LIVES OF HUNDREDS OF PEOPLE.

As a CDFI, BCC has the flexibility to make practical, creative decisions that other financial institutions cannot. This flexibility can make a big difference in a project's outcome. Bart Mitchell, developer of 700 Harrison, explains:

“700 Harrison is a $40 million new construction mixed-use project in Boston's South End. It offers truly mixed income housing, with 34 condos at market rate, 23 condos for households making up to 110% of area median income (AMI), and 23 for households making up to 80% of AMI. Because the site was one of the South End's last vacant lots, 700 Harrison represented one of the largest and last opportunities to create a significant amount of new mixed-income homeownership in a neighborhood that has very low-income rental housing, expensive condos, and nothing in between. The ground floor includes neighborhood-oriented retail and a beautiful community garden. Below that lies a two-story, 160-space parking garage for building residents and employees of the adjacent Boston Medical Center.”

700 Harrison created 84 new units of mixed-income for-sale housing, child care facilities, and neighborhood-oriented retail in Boston's South End.





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“From a financing standpoint this sort of project is complex; not many lenders can handle it. They have to be able to underwrite market-rate housing and understand government regulations associated with affordable housing subsidies; they also need to look at the community purpose.”

“BCC sees the whole picture. They gave us a preconstruction loan, then during construction they agreed to be a second mortgage construction lender. In both cases, they provided appropriately-priced financing without which we could not proceed.

THEN THE CREDIT CRUNCH CAME.

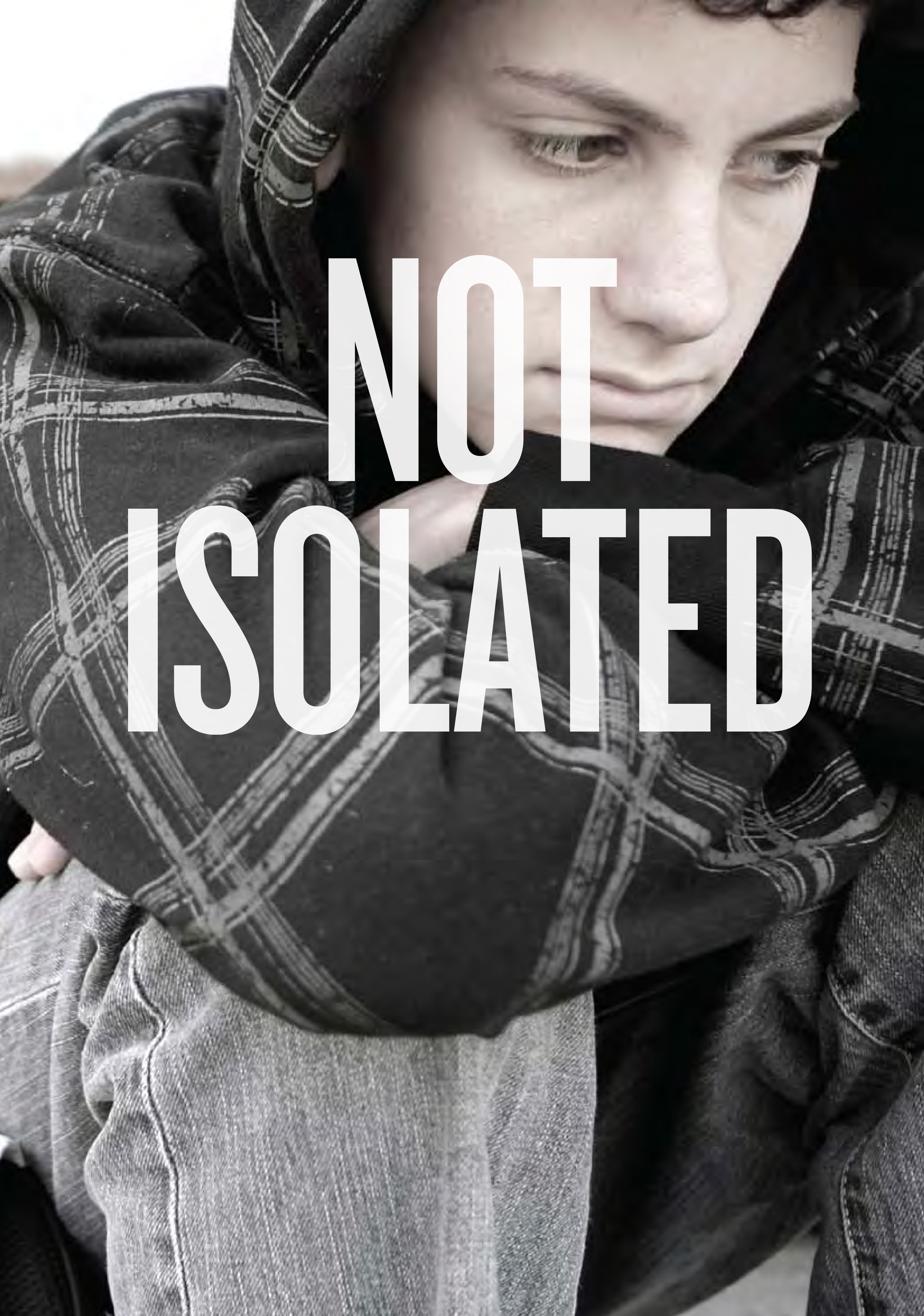
“When the project was 80% complete, our bonded general contractor declared bankruptcy. The construction was finished at the original expected quality, but it took about six months longer than anticipated. Condo sales and prices remained solid, but with the change in the economy, the pace of sales was slower than we had projected. Since the extra months meant extra interest, BCC extended and increased our loan to cover our carrying costs. They worked closely with our first mortgage lender who agreed to join BCC in extending their deadlines and offering additional capital. Some of our public monies were also not available until the last affordable-housing unit sold, so BCC gave us a bridge loan against that.”

“Finally, in 2009, BCC became the permanent lender for the retail and parking components, at a time when absolutely no other lenders were available -- even though we were hitting all our commercial rent benchmarks and reaching 100% occupancy of the retail and parking. This part of the project had a large social value-add: it was the first new retail space on this part of Harrison Avenue in 30 years. When you have active ground floor retail it makes a lively, safe neighborhood; that was one of the goals of the project.”

“We also wanted to structure the deal to benefit from New Market Tax Credits, which required a much more complicated loan structure. BCC is one of the few organizations with the sophistication to manage it.”

“BCC's heroic actions led to very positive results. In early 2010, the last residential condominiums are being sold and the last part of BCC's construction and bridge financing is being repaid. 84 households make 700 Harrison their home; the condominium association is strong and is funding significant reserves. On the ground floor we have a small specialty foods store, a restaurant, and a bilingual child care center. Together they create a vibrant street-front. These kinds of independent retail tenants don't have huge corporate balance sheets, but they are hard-working and successful small businesses able to pay the rent and to bring needed services to the neighborhood.

“BCC used imagination and intelligence to structure financing that made the project initially possible and then ensured it could be completed and stabilized as a huge success for its residents, its neighborhood, and its city.”


NOT
ISOLATED

THE FABRIC OF A COMMUNITY IS WOVEN ONE SOUL AT A TIME.

STRONG COMMUNITIES STEM FROM INDIVIDUALS WHOSE HOPES AND DREAMS ARE CHERISHED, NURTURED AND REALIZED. BCC IS COMMITTED TO BUILDING THOSE COMMUNITIES AND TO ENABLING THEIR CITIZENS' DREAMS TO BECOME REALITIES—AND SO WE HAVE DELIBERATELY BUILT AN ORGANIZATION THAT GIVES OF ITS STAFF AS WELL AS ITS MONEY. THAT EXCHANGE FORMS A POWERFUL LINK BETWEEN US AND THE COMMUNITIES WE SERVE.

Human capital is not on the BCC balance sheet. Nonetheless, it is a critical part of the organization—as important to the communities we serve as the financial capital we offer. Thus, from BCC's inception 25 years ago, we made a conscious decision to create a culture in which employees are encouraged to pursue their own civic participation, furthering BCC's mission through their personal commitment.

The result empowers both BCC and the community—creating networks among seemingly unrelated disciplines, providing hands-on assistance to the organizations we support, and deepening our own knowledge of the inner-workings of the communities where we work.

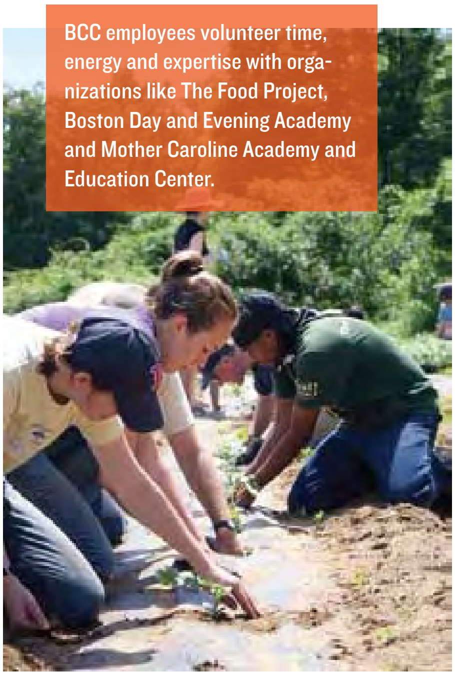
Consider BCC Senior Loan Officer Kathryn McHugh. She markets the loan fund to potential borrowers, underwrites loan requests, and conducts ongoing portfolio management. She is also an active volunteer on housing and homelessness issues: serving on the boards of the Somerville Homeless Coalition, the Jamaica Plain Housing Trust, and the Castle Square Tenants Organization Charitable Trust, and consulting to the State and the cities of Somerville, Attleboro and Taunton on policies and programs related to homelessness. In all these efforts, she is able to connect the bankers, contractors and other professionals she knows through her work at BCC with nonprofits that need their expertise. She also brings the intelligence she gathers in the course of her volunteerism to bear on her daily work.

Jess Brooks, BCC's Director of Development and Communications, is also deeply engaged with several nonprofits in the greater Boston area. Her chief interest is The Food Project, an organization that combines youth development with sustainable farming, bringing together urban and suburban teens to grow healthy, local and affordable food that is distributed via farmer's markets, CSAs and food pantries.

Brooks joined the board because she was "interested in food justice, liked the idea of bringing together disparate communities, and felt that the organization offered an opportunity to apply the knowledge I've gained at BCC." Five years later, she is the incoming board chair, and Executive Director Margaret Williams is grateful. As Williams notes, "Many people who work in low-income communities perceive it as a hand-out situation; they are not interested in understanding how the community wants to build itself. Jess gets community empowerment; she completely embodies the BCC values."

Williams adds, "BCC and The Food Project are sort of mirrors of each other; we are looking at healthy people, healthy land, healthy communities and they are too. We just go about it in very complementary ways." And that is exactly the point.

BCC employees volunteer time, energy and expertise with organizations like The Food Project, Boston Day and Evening Academy and Mother Caroline Academy and Education Center.



Civic Engagement: A Partial List of Organizations Where BCC Staff Volunteer Their Time

- Boston Day and Evening Academy
- Castle Square Tenants Organization Charitable Trust
- Central Massachusetts Model T Club
- City of Boston, Renew Boston Advisory Committee
- City Mission Society Investment Committee
- Coalition for Occupied Homes in Foreclosure
- Dudley Pond Association
- Federal Reserve Bank of Boston- Community Development Advisory Committee
- First Parish Unitarian Universalist Church, Lexington
- The Food Project
- The Friends of GLBT Youth
- Jamaica Plain Housing Trust
- John Hopkins University Technology Commercialization Advisory Board
- Kellogg Foundation Mission Driven Investment Committee
- Low Income Investment Fund Community Facilities Loan Committee
- Massachusetts Cultural Council
- Massachusetts Interagency Task Force on Homelessness
- MassHousing Home Ownership Advisory Committee
- Mother Caroline Academy and Education Center (Finance Committee)
- New Ecology Inc.
- New England Trade Adjustment Assistance Center
- New England Women in Real Estate
- Nonprofit Finance Fund Loan Committee
- Northeastern University Law School Dean's Council
- The Philanthropic Initiative
- Social Venture Partners Boston
- City of Somerville, Homeless Assistance Continuum of Care Program
- Somerville Homeless Coalition
- St. John the Evangelist Church, Wellesley - Pastoral Planning Group
- City of Taunton, Ten Year Plan to end Chronic Homelessness
- Tufts University Institute for Global Leadership
- United Way of Greater Attleboro & Taunton, Homeless Assistance Program
- Wall Street Without Walls
- Town of Wayland - Nike Site Reuse Advisory Committee

PARTNERS IN OUR MISSION

BCC and its affiliates provide a wide range of debt and equity products for low-income communities and individuals and for emerging businesses and entrepreneurs. **Boston Community Loan Fund** lends money to nonprofit organizations, community development corporations and local developers that build affordable housing and provide social and community services. **Boston Community Venture Fund** makes equity investments in businesses that create jobs or provide services for low-income communities. **Boston Community Managed Assets** develops new business initiatives and innovative funding vehicles for low-income individuals and communities and administers the investment of our New Markets Tax Credit allocations. **BCC Solar Energy Advantage** works to stabilize and reduce energy and utility costs of existing affordable housing by improving their energy efficiency, conservation and renewable energy use. **NSP Residential** is a real estate company focused on developing and implementing a wide range of innovative and flexible real estate and mortgage loan acquisition strategies aimed at stabilizing communities threatened by the foreclosure crisis. **Aura Mortgage Advisors** is a mortgage brokerage business dedicated to helping people understand the mortgage process and own homes they can afford.

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Harvard Epworth United Methodist Church, Cambridge
Jewish Community Relations Council^
Massachusetts Conference of the United Church of Christ
Needham Clergy Association
New England Annual Conference of the United Methodist Church
Old South Church in Boston
Parish of All Saints Church, Belmont
Parish of the Epiphany, Winchester
Presbyterian Church in Sudbury
Presbytery of Boston
Saint Paul's Episcopal Church, Brookline
School Sisters of Notre Dame, Wilton, CT
Seeds of Change
Sisters of the Assumption of the Blessed Virgin
Sisters of Charity of Halifax
Sisters of Charity of Montreal, Grey Nuns
Sisters of Charity of Saint Elizabeth, New Jersey
Sisters of St. Francis of Philadelphia
Society of the Divine Word, Chicago Province
Society of the Holy Child Jesus
Society of St. John the Evangelist
Sons of Mary, Health of the Sick
St. Anne's-in-the-Fields, Lincoln
Sudbury United Methodist Church
Temple Emanuel of Newton^
Temple Israel of Boston^
Temple Shalom of Newton^
The American Baptist Churches of Massachusetts
The Micah Fund: The Greater Boston Jewish Fund for Community Economic Development, a CJP/JCRC Initiative^
The Paulist Center Endowment, Boston, MA
Clients of Trillium Asset Management
Trinitarian Congregational Church, Concord
TZEDEC Economic Development Fund of the Jewish Funds for Justice^
Unitarian Universalist Association of Congregations
United Parish of Auburndale
United Parish in Brookline
Winchester Unitarian Society
Women of the Epiphany, Winchester
Women's Association of the Eliot Church, Newton

foundations & institutions

Banc of America Community Development Corporation
Bank of New York Mellon*
Belmont Savings Bank*
The Boston Foundation
Boston Private Bank & Trust Company*
Boston Trust & Investment Management Company
Brown Brothers Harriman
Calvert Social Investment Fund
Cascap
Central Cooperative Bank*
Citizens Bank*°
Community Development Financial Institutions Fund*
Dedham Institution for Savings*
Dorchester Bay Economic Development Corporation
Eastern Bank*
ENAID Housing Trust
Fannie Mae Foundation
Fidelity Management Trust Company°
Fiduciary Trust Company
Funding Exchange Endowment
Funding Exchange Pooled Fund
Harvard University*
F.B. Heron Foundation*
HSBC Bank USA
Hyde Park Savings Bank*
The Life Initiative°
Mass Development°
McAuley Institute°
Metropolitan Life Foundation
Metropolitan Life Insurance Company
Miles Properties
National Cooperative Bank Development Corporation°
The Obermayer Foundation^
Opportunity Finance Network
Parnassus Fund
Property & Casualty Initiative°
Rosie's Place
Robert Treat Paine Association
Rowe Family Charitable Trust
Rubblestone Foundation
The Erich & Hannah Sachs Foundation
Salem Five Cents Savings Bank*
State Street Bank*
TD Banknorth, N.A.*
Wainwright Bank & Trust Company°
Walpole Co-operative Bank

And the many individuals, institutions, and religious organizations who wish to remain anonymous.

* Equity Equivalent Investor
° Purchaser of loan participations
^ Investor in The Micah Fund: The Greater Boston Jewish Fund for Community Economic Development, a CJP/JCRC Initiative
† Wellesley Alumnae Investor

LOAN FUND

borrowers

Arch Street Development
Allem Realty Trust
Alliance for Animals
Alliance for Young Families
Allston-Brighton Community Development Corporation
Architectural Heritage Foundation
Artists Cooperative at 300 Summer Street
Artist Tenants of the South End Cooperative Corporation
Asian Community Development Corporation
Beacon Communities
Berkshire Arts & Technology (BArT) Charter Public School
Bethel AME Church
Beverly Affordable Housing
Boston Aging Concerns—Young & Old United, Inc.
Boston Citywide Land Trust
Boston Film & Video Foundation
Boston Neighborhood Housing Services
Bridge Housing Corporation
Brookside Artists, LLC
Cambodian Mutual Assistance Association
Casa Esperanza
Casa Myrna Vazquez, Inc.
Casa Nueva Vida
Cascap
Chelsea Neighborhood Housing Services
Chestnut Street Cooperative
Citizen Schools
Citizens For Affordable Housing in Newton Development Organization (CAN-DO)
City Lights
The City School
Codman Square Neighborhood Development Corporation
Communities United, Inc.
Community Action Agency of Somerville
Community Action for Better Housing (CABH)
Community Servings
Cushing Manor Support Facility
DIAL-SELF Teen Services
Dimock Community Health Center (Social Justice for Women)
Dorchester Bay Economic Development Corporation
Dorchester Gardenlands
Dorchester Home & Garden
E.L. Haynes Public Charter School
East Boston Community Development Corporation
Ecumenical Social Action Committee (ESAC)

Ellington Street Cooperative Corporation
Elizabeth Stone House: Transitional Housing Project
Emmanuel Gospel Center
ETC Development Corporation
Fairbanks Development, LLC
Fairfield Real Estate Development
Falmouth Housing Corporation
Fenway Community Development Corporation
Finex House
First Night, Inc.
Forest Glen Cooperative
Fort Point Arts Community
Fountain Hill Condo Association
Franklin Field South Neighborhood Association
Friends of Shattuck Shelter
The Garment District
Gay & Lesbian Advocates & Defenders (GLAD)
Generations, Inc./Magic Me
Guidance Center, Inc./Center Inc.
H R Ross Industries
Hart Development Associates
Harvard Community Health Center/Griffin House
Harwich Ecumenical Council for the Homeless
HEARTH (formerly Committee to End Elder Homelessness)
HomeStart, Inc.
Hope House
Humphreys Street Studios
Inquilinos Boricuas en Accion (IBA)
Island Housing Trust
Jamaica Plain Neighborhood Development Corporation
Jamaica Plain Scattered Site Cooperative
Jewish Community Housing for the Elderly (JCHE)
Jumpstart for Young Children, Inc.
Just-A-Start Corporation
Keen Development Corporation
Kit Clark Senior Services/ Federated Dorchester Neighborhood Houses
Lawrence Community Works
Lifehouse
Living in Dorchester
Madison Park Development Corporation
Mattapan Community Development Corporation
MD Properties
Media & Technology Charter High (MATCH) School
Methunion Manor Cooperative Corporation
Miles Properties, Inc.
Milton-Fuller Housing Corporation
Mission SAFE
Mitchell Properties
Neighborhood of Affordable Housing (NOAH)
Neighborhood Development Corporation of Grove Hall
New Boston Fund
North Metropolitan Homemakers—Home Health Aide Service
November Collective Cooperative Corporation
Nuestra Comunidad Development Corporation
Nu-Life Development Corporation
Oaktree Development
Operation Outreach—USA, Inc.
Otisfield, LLC
Paige Academy
Park View Cooperative Corporation
Paul Sullivan Housing Trust
Peace at Home
Penikese Island School
Peterbridge, Inc.
Pine Street Inn
Putnam & Western Cooperative
Quincy Geneva Housing Development Corporation
Rehoboth Bethel Development Corporation
Roxbury Multi-Service Center
Ruggles Affordable Assisted Living Center
Salem Harbor Community Development Corporation
Salem Mission
Second Home/United Homes for Children
Shelter, Inc.
SMILE Pre-School Inc.
Sojourner House
Somerville Community Corporation
South Boston Neighborhood Development Corporation
Spontaneous Celebrations
Michael Stella
Tent City Corporation
The Communities Group (TCG) of Massachusetts
The Leaguers, Inc.
The Starting Line/MOPPETS
Frank Thomas/Otisfield, LLC
Trinity Development/Foley Assisted Living
Trust on Behalf of Eastern Service Workers Association
Tuttle House, Inc.
University Lutheran Association of Greater Boston/Harvard Square Homeless Shelter
Urban Edge Housing Corporation
Veterans Benefits Clearinghouse Development Corporation
Valley Community Development Corporation
Victory Programs
VIET-AID
Visiting Nurses Association (VNA), Somerville
VNA Lowell Street Limited Partnership
Vocational Advancement Center
Wabash Construction
WATCH, Inc.
Watertown Community Housing
Windale Developers, Inc.
Women's Educational Center (The Women's Center)
Women's Housing Initiative (Brookview House)
Women's Institute for New Growth & Support (WINGS)
Worcester Common Ground
Worcester East Side CDC
YWCA of Boston

BCC's loan to Arch Street Development will allow the group to rehab 86 units of affordable rental housing in Providence, RI — including 46 apartments for low-income seniors and 40 units of scattered site family housing — and maintain them as affordable.

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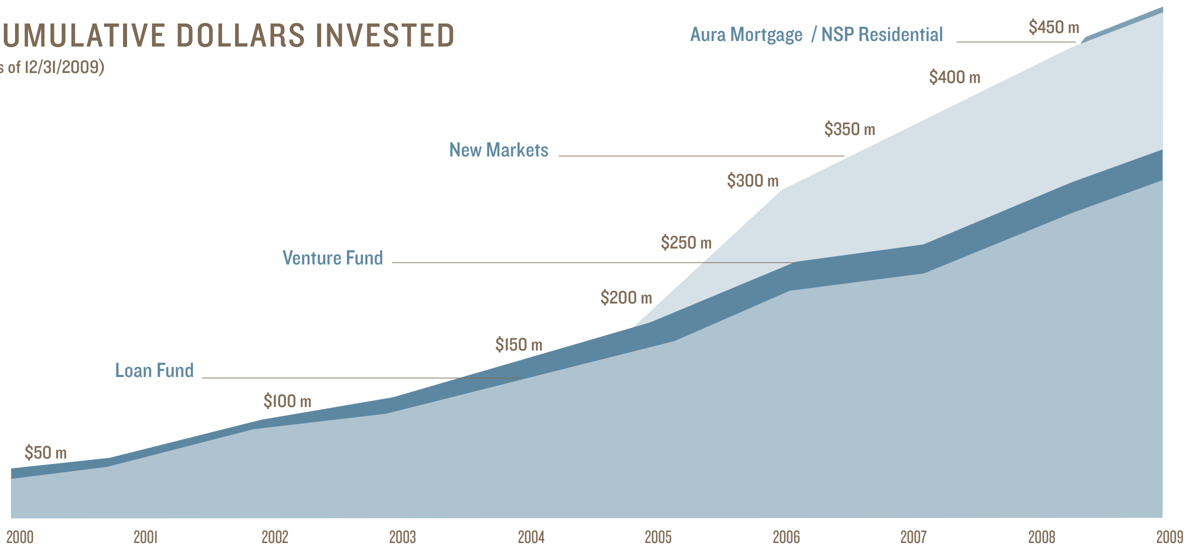
FINANCIAL PERFORMANCE

CUMULATIVE DOLLARS INVESTED

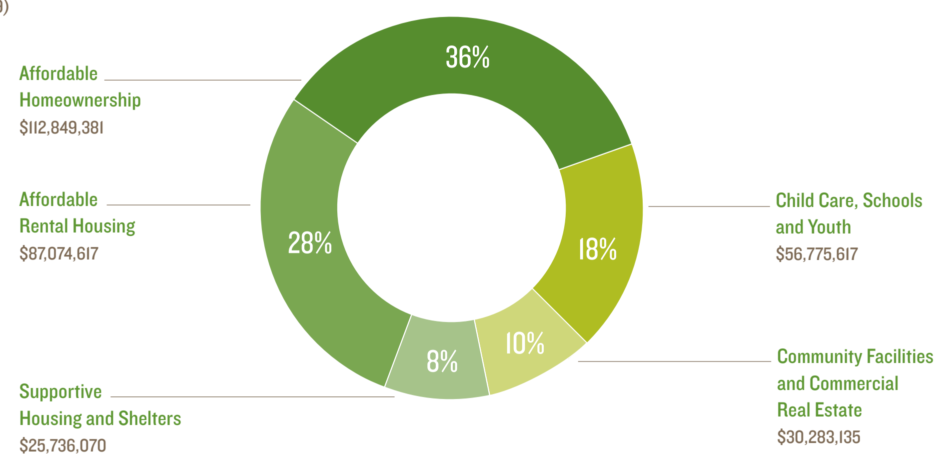
(as of 12/31/2009)



BOSTON COMMUNITY LOAN FUND LOANS BY TYPE 1985–2009 CUMULATIVE

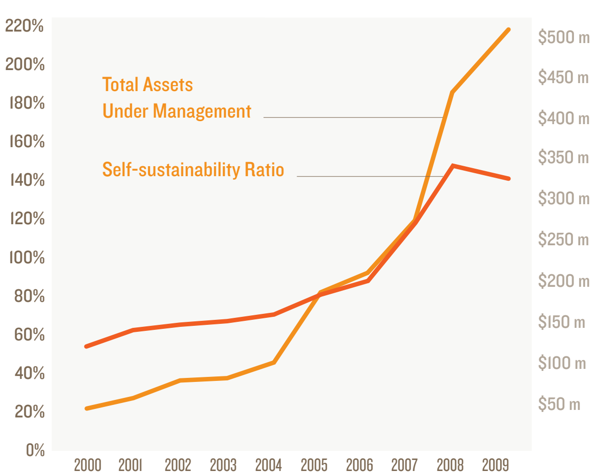
(as of 12/31/2009)

Subtotal Housing	+	$225,660,068
Subtotal NonHousing		$87,058,752
Total	=	$312,718,820



SELF-SUSTAINABILITY RATIO

(as of 12/31/2009)



PERSONNEL EXPENSE AS PERCENTAGE OF ASSETS UNDER MANAGEMENT

(as of 12/31/2009)

Las Ventas, a specialty grocery store at 700 Harrison, in Boston's South End, provides Spanish foods, including bocadillos, meats, cheeses and imported spices. The location represents the first new retail space on this part of Harrison Avenue in three decades.

©Marilyn Humphries

25 YEARS

MISSION STATEMENT

Boston Community Capital's mission is to build healthy communities where low-income people live and work. To this end, we finance affordable housing, child care facilities, arts programs, schools, health clinics, youth programs and other community services; invest equity dollars into businesses that create social and financial returns; and develop new financial tools that connect low-income communities to mainstream financial markets. We serve as a vehicle for a wide range of investors, including individuals, institutions and faith-based organizations. Working together, we achieve the cost-effective access to capital that is a key to building healthy communities.

1984

The Housing Concerns Committee of Old South Church asks the Institute for Community Economics (ICE) to initiate and guide the development of a revolving loan fund for low-income housing in the Boston area.

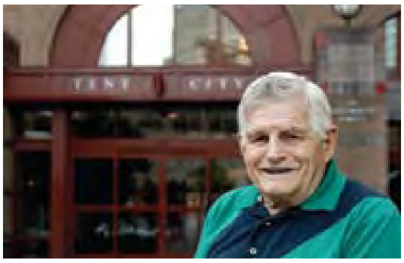
In December, the Boston Community Loan Fund (BCLF) incorporates.

1985

In May, BCLF holds its first annual meeting and elects its first 12-member Board of Directors. Board includes Nikki Flionis, President; David Wiley, Vice President; Jerome Groskind, Treasurer; Elyse Cherry, Clerk/Secretary, and James Walsh, Member.

In July, DeWitt Jones joins as a full-time fund manager.

On August 9, BCLF receives its first loan from Terri Ragot and, in turn, makes a loan to Tent City.



Tent City today

1986

By close of year one, BCLF has 19 investors and a loan pool of over $440,000; it leverages an additional $65 million in public and private financing to create or preserve over 360 units of affordable housing. Nine loans have been repaid and all loan payments are on schedule.

BCLF provides first loan over $100,000 to Casa Myrna Vazquez.

Membership nearly doubles from 35 to 68.

BCLF joins 25 other loan funds around the country to establish the National Association of Community Development Loan Funds (now Opportunity Finance Network).

1987

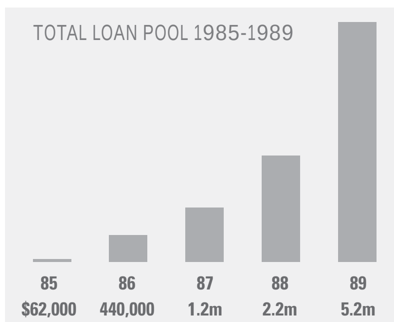
Initiates bridge lending program with loan to Dimock Community Health Center/Social Justice for Women.

1988

Makes first loan over $200,000 to Rehoboth Bethel Development Corporation.

1989

Lends $1.7 million, doubling cumulative lending to date.



Total loan pool grows to over $5 million from more than 300 investors, which the organization uses to provide or preserve over 1,000 affordable housing units with no loan losses.

Staff expands to five.

Collaborates with Boston Aging Concerns on the "100 Rooms Campaign," renovating 100 lodging house rooms.

1990

In the face of the banking and real estate collapse, BCLF establishes – and meets – goal of restructuring its portfolio without losing a single investor dollar or a single unit of housing.

1991

Grows long-term lending capacity five-fold to $1 million, by actively seeking five-year loans from investors.

1992

Hosts the National Association of Community Development Loan Funds (NACDLF) Annual Conference.

Expands lending area to Cambridge, Massachusetts with loan to the Cambridge and Somerville Cooperative Apartment Project (now Cascap).

1993

Broadens its mission to include community development lending, and provides working capital to allow a community organization to restructure its finances.

Cooperative Home Care of Boston is BCLF's first business borrower, a pre-cursor of our Venture Funds. Pictured below: Graduation ceremony for Cooperative Home Care's first class of home health aides.

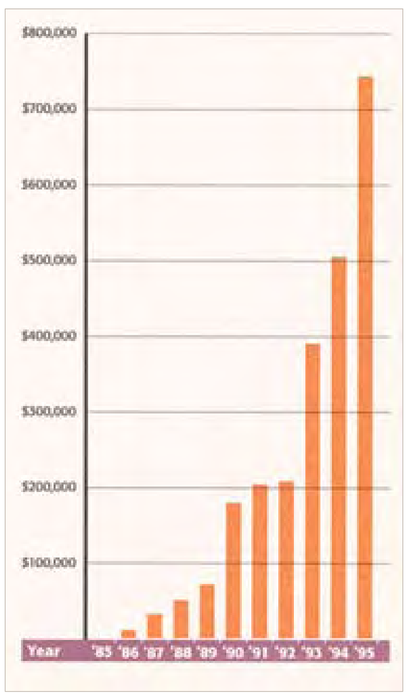
Helps establish the Community Development Venture Capital Alliance (CDVCA).

1994

Establishes One-to-Four Family Program to renovates distressed homes in targeted neighborhoods.

Bill Clinton signs legislation to create the Community Development Financial Institutions Fund.

1995



We are growing. Permanent capital increases to nearly $750,000.

1996

Boston Community Venture Fund initiates a $5 million private placement offering and invests its first $50,000 in WorkSource Staffing Partnership. Pictured below: a WorkSource graduate.

Receives an inaugural award from the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

1997

BCLF becomes Boston Community Capital (BCC), an umbrella organization with three affiliated nonprofits: Boston Community Loan Fund, Boston Community Venture Fund, and Boston Community Managed Assets.

1998

Hosts Treasury Secretary Robert Rubin for an event celebrating the launch of our Venture Fund.

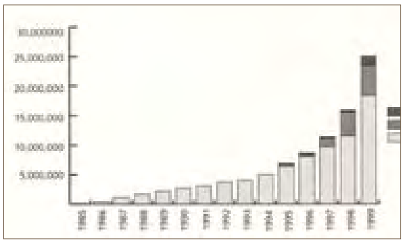
Moves to new offices at Palladio Hall in the heart of Dudley Square, Roxbury.

1999

Writes a five year strategic plan to grow to an $80 million organization.

Broadens geographic reach to encompass the entire state of Massachusetts.

Launches a second $15 million Venture Fund, focused on lending across the Northeast.



Assets under Management reach $26 million

2001

Completes "Realizing Return: A Proposal for the Development of an Exit Strategy for the Community Development Venture Capital Industry."

Successfully exits from venture investment City Fresh Foods, which brings a 17% annual return on investment.

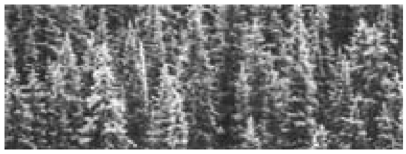
2004

Receives $70 million New Markets Tax Credit award, one of the largest made to any nonprofit in the nation.

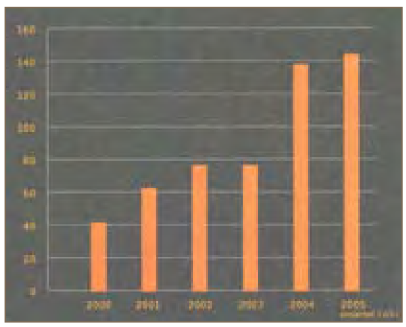
2005

NMTC leverage loan to Media and Technology Charter High (MATCH) School is the first of its kind, paving the way to new expertise in a growing industry.

Funds projects in rural Maine and Washington State, expanding geographic reach nationwide.



Partners with four other organizations to create the Green Building Production Network to provide grants and technical assistance to enable affordable housing projects to have substantial green outcomes.



Assets under Management continue to grow — over $150 million under management on 12/31/05

2006

Receives second New Markets Tax Credit award.

Receives one of the highest ratings possible from the CDFI Assessment and Rating System (CARS).

Launches Aura Mortgage Advisors to combat predatory lending practices and provide low-income communities with affordable home mortgages.

Develops replicable model for financing affordable housing with renewable energy and green design.

2007

Publishes "Recouping the True Costs of Foreclosure," a white paper describing the destabilizing impact of foreclosures on low-income communities in Massachusetts.

Recognized by the Calvert Foundation as one of five "U.S. leaders in promoting affordable housing/responsiblelending solutions to help thwart predatory lending and mortgage foreclosures."

2008

Launches Solar Energy Advantage, to finance renewable energy for affordable housing. SEA becomes the largest third-party owner of solar panels in the Commonwealth of Massachusetts, and a model for the financing of renewable energy.

2009

Launches Stabilizing Urban Neighborhoods (SUN) Initiative to address the foreclosure crisis in low-income communities. SUN helps families facing eviction due to foreclosure remain in their homes by purchasing foreclosed properties at steep discounts and re-conveying them to current occupants with fixed rate mortgages they can afford.

BCC has over $500 million under management.

Residents of Carleton Court in Providence, RI. Located in a former parochial school off Atwells Avenue, the development provides 46 affordable rental apartments for low-income seniors.

Creighton Condominiums provides 16 affordable homes for first-time homeowners on the former site of Blessed Sacrament Church in Jamaica Plain - including six in the relocated 115-year-old rectory.

BCC provided acquisition and construction financing for affordable housing at 270 Centre Street in Jamaica Plain, including an NMTC leverage loan.

The redevelopment plan for the 3.2 acre historic Blessed Sacrament campus includes 81 new affordable homes, new retail space for small-scale businesses, public green space, and commercial space for non-profit youth organizations.

Bilingual child care facilities at 700 Harrison in Boston's South End help create a vibrant street-front and bring valuable services to the neighborhood.

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editor jessica brooks design hecht design copy trevania henderson

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