BOSTON COMMUNITY LOAN FUND

Application to Mercy Partnership Fund

Submitted:

November 29, 2011

Elyse Cherry, CEO
Michelle Volpe, 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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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

Michelle Volpe
President
Boston Community Loan Fund

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 29, 2011

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

Via Email: Jolt1@sbcglobal.net

Dear Sister Corinne,

Following up on your email exchange with Jessica Brooks and your conversation with Elyse Cherry at the OFN Conference in Minneapolis, it is with great pleasure that we submit this application to Mercy Partnership Fund for a $600,000 loan to Boston Community Loan Fund. We have enjoyed having Mercy Partnership Fund as partners in our work and would be delighted to grow our relationship to $1,000,000.

For over 26 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 $335 million in financing to community development projects. Our loans have helped:

- Build or preserve affordable homes for 11,000 families and individuals
- Strengthen more than 300 community organizations
- Support child care facilities serving over 7,200 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

An increase in the loan from Mercy Partnership into our revolving loan fund would further this work, providing important new capital for borrowers and communities struggling in this deep and protracted economic crisis.

Attached please find the Mercy Partnership Fund application form, together with the requested attachments. Please note, because the Loan Fund is 26-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 617-427-3509 or email me at mvolpe@bostoncommunitycapital.org.

We appreciate working with you!

Warmest regards,

Michelle Volpe

Michelle Volpe
Loan Fund President

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 Partnership Fund

APPLICATION

Date November 29, 2011

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: mvolpe@bostoncommunitycapital.org

Contact Person: Michelle Volpe Position: President

Chair of the Board: Charles Clark

Legal Structure: *(check one)*

X *Non-Profit Corporation*
____ *For-Profit Corporation*
____ *Cooperative*
____ *Other (please specify)*

Total funds required for project: N/A

Requested from MPF (give minimum & maximum amount):

Amount: $600,000 Interest Rate: 3 % Term: 5 years

Collateral and position available: None – Loans to Boston Community Loan Fund are unsecured; only recourse is to the Loan Fund itself

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

$300,000 loan at 3% for 5 years.

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 $335 million in financing to community development projects. Our loans have helped:

- Build or preserve affordable homes for 11,000 families and individuals
- Strengthen more than 300 community organizations
- Support child care facilities serving over 7,200 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 26 year history, BCLF has experienced loan losses of less than 1/30th 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	$3,430,267	closed
Banks	$16,225,000	closed
Civic organizations	$1,642,197	closed
Foundations	$8,107,137	closed
Individuals	$4,611,965	closed
Intermediaries	$12,415,000	closed
Religious organizations	$2,642,963	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	27	19
Management Staff	6	4
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 26-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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M ☐
C.A. ☐

ARTICLE III

rporation has one or more classes of members, the designation of such classes, the manner of election or appointments, the duration of membership and 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"

[illegible] Articles of Amendment

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
esident:	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 Mionis,	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 19 94

Effective date

Michael Joseph Connolly

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 personnally 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 or 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 19 97.

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

Beate Mean, *President / ~~*Vice President~~

[illegible], *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

1121 CH

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 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 single sheet so long as each article requiring each such addition is clearly indicated.

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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

POWERS OF BOSTON COMMUNITY LOAN FUND, INC. 4A-I.

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 30th 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

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

CD-180-5

The Commonwealth of Massachusetts

MICHAEL J. CONNOLLY

Secretary of State

ONE ASHBURTON PLACE, BOSTON, MASS. 02108

FEDERAL IDENTIFICATION 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.

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 — President/~~Vice President~~

Elyse Cherry

James Walsh — Clerk/~~Assistant Clerk~~

James Walsh

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

September 30, 2011	Loan Fund	Managed Assets	Venture Fund	Holding Company	Aura Mortgage	Energy Advantage	NSP Residential	Total	SUN Initiative	Total Consolidated
ASSETS										
Cash and Cash Investments										
Cash and Cash Investments	18,835,977	11,626,869	799,469	384,196	937,033	590,474	1,147,689	34,321,707	5,550,998	39,872,705
Funds held for others	3,330,165	5,364,430	0	0	133,234	0	187,429	9,015,258	0	9,015,258
Total, Cash and Cash Investments	22,166,142	16,991,299	799,469	384,196	1,070,267	590,474	1,335,118	43,336,965	5,550,998	48,887,963
Accounts Receivable										
Operating accounts receivable	6,083	14,234,544	0	1,250	71,052	0	265,815	14,578,744	2,836	14,581,580
Grants receivable	0	0	0	237,500	0	0	0	237,500	0	237,500
Principal and interest payments	594,099	0	0	5,798	0	215,037	0	814,934	0	814,934
Total, Accounts Receivable	600,182	14,234,544	0	244,548	71,052	215,037	265,815	15,631,177	2,836	15,634,013
Loans Receivable (net of participations)										
Loans Receivable	0	58,690	0	858,168	2,215,658	0	0	3,132,516	0	3,132,516
Loans Receivable (Solar Energy & SUN Initiative)	588,823	0	0	0	0	0	0	588,823	0	588,823
Loan Receivable (net of participations)	78,184,577	0	0	0	0	0	0	78,184,577	12,196,552	90,381,129
Total, Loans Receivable	78,773,400	58,690	0	858,168	2,215,658	0	0	81,905,916	12,196,552	94,102,468
Operating Reserve	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	(4,814,380)	0	0	(328,254)	(466,804)	0	0	(5,609,439)	(2,413,209)	(8,022,648)
Total, Loans Receivable (net of reserves)	73,959,020	58,690	0	529,914	1,748,853	0	0	76,296,477	9,783,343	86,079,820
Other Assets										
Prepaid expenses and security deposit	69,360	0	0	27,555	5,430	53,783	(37,239)	118,890	0	118,890
Fixed assets (net of depreciation)	0	0	0	97,201	0	3,179,520	30,128	3,306,849	3,424,405	6,731,254
Intercompany Receivable/(Payable)	0	2,829,081	0	(647,708)	(1,135,230)	(500,000)	1,038,048	1,584,191	(1,584,191)	0
Membership in NMTC CDE I-XII, LLC	0	46,834	0	0	0	0	0	46,834	0	46,834
Membership in Ventures I & II, LLC	0	0	6,121,600	0	0	0	0	6,121,600	0	6,121,600
Membership in Aura Mortgage, LLC	0	0	1,170,000	0	0	0	0	1,170,000	0	1,170,000
Membership in BCC SEA QALICB I, LLC	0	0	0	0	0	388	0	388		388
Membership in Energy Advantage	0	0	0	800,000	0	0	0	800,000	0	800,000
Membership in NSP Residential, LLC	0	0	0	3,400,000	0	0	0	3,400,000	0	3,400,000
Total Other Assets	69,360	2,875,915	7,291,600	3,677,048	(1,129,800)	2,733,691	1,030,938	16,548,752	1,840,214	18,388,966
TOTAL ASSETS	96,794,703	34,160,447	8,091,069	4,835,706	1,760,372	3,539,202	2,631,871	151,813,371	17,177,391	168,990,762
LIABILITIES AND NET ASSETS										
Liabilities										
Accounts payable and accrued expenses	487,587	0	0	370,112	165,546	8,358	0	1,031,602	251,119	1,282,721
Deferred Revenue	212,764	14,214,727	0	0	0	0	0	14,427,491	0	14,427,491
Investor loans payable	48,845,997	0	15,000	0	0	0	0	48,860,997	15,225,000	64,085,997
Loans payable	15,500,000	0	0	0	0	588,823	0	16,088,823	0	16,088,823
Funds held for others	3,330,165	5,364,430	0	0	133,234	0	187,429	9,015,258	0	9,015,258
Total Liabilities	68,376,512	19,579,157	15,000	370,112	298,780	597,180	187,429	89,424,170	15,476,119	104,900,289
Permanent Capital, Subordinated Debt										
Equity equivalent investments	19,437,719	0	0	0	0	0	0	19,437,719	0	19,437,719
Members' Capital: BCVF investment in Aura Mtg.	0	0	0	0	1,170,000	0	0	1,170,000	0	1,170,000
Members' Capital: BCC investment in Energy Adv.	0	0	0	0	0	800,000	0	800,000	0	800,000
Members' Capital: BCC investment in NSP Resid.	0	0	0	0	0	0	3,400,000	3,400,000	0	3,400,000
Members' Capital: Investment in SUN Financing Init	0	0	0	0	0	0	0	0	3,500,000	3,500,000
Inter-Affiliate Loans	(5,300,000)	0	2,400,000	(100,000)	0	3,000,000	0	0	0	0
Total Permanent Capital, Sub debt	14,137,719	0	2,400,000	(100,000)	1,170,000	3,800,000	3,400,000	24,807,719	3,500,000	28,307,719
Net Assets and Equity										
Temporarily Restricted										
Net assets temp. rest. (perm cap/investment)	878,816	0	0	0	0	0	0	878,816	0	878,816
Net assets temp. rest. (other)	0	0	0	1,497,237	254,750	0	0	1,751,987	18,750	1,770,737
Total Net Assets Temporarily Restricted	878,816	0	0	1,497,237	254,750	0	0	2,630,803	18,750	2,649,553
Unrestricted										
Net Assets, Unrestricted	10,382,317	14,581,290	5,676,069	3,055,568	(713,157)	(857,976)	(955,558)	31,168,553	(1,817,478)	29,351,075
Net assets, unrest. Designated Loan Loss Reserve	2,886,839	0	0	0	750,000	0	0	3,636,839	0	3,636,839
Net assets, unrest. Designated Special Programs	132,500	0	0	0	0	0	0	132,500	0	132,500
Fixed Assets 12/31/10	0	0	0	12,788	0	0	0	12,788	0	12,788
Net Assets, Unrestricted	13,401,656	14,581,290	5,676,069	3,068,356	36,843	(857,976)	(955,558)	34,950,680	(1,817,478)	33,133,202
Total Net Assets	14,280,472	14,581,290	5,676,069	4,565,593	291,593	(857,976)	(955,558)	37,581,484	(1,798,728)	35,782,756
TOTAL LIABILITIES AND NET ASSETS	96,794,703	34,160,447	8,091,069	4,835,706	1,760,372	3,539,202	2,631,871	151,813,371	17,177,391	168,990,762

(UNAUDITED) September 30, 2011	Loan Fund 2011	Managed Assets 2011	Ventures Fund 2011	BCC 2011	Aura Mortgage 2011	Energy Advantage 2011	NSP Residential 2011	Admin 2011	Total 2011	SUN Initiative 2011	Total Consolidated 2011
Summary											
FINANCIAL INCOME											
Interest on Loans	3,791,497	12,372	0	111,209	73,292	0	0	0	3,988,370	395,203	4,383,573
Interest on Cash/Investments	62,900	103,656	0	3,538	1,968	0	2,614	0	174,675	41,449	216,124
Management Fees	0	2,017,694	484,425	0	0	0	0	0	2,502,119	0	2,502,119
NMTC Upfront Fees	0	1,803,237	0	0	0	0	0	0	1,803,237	0	1,803,237
Share of Income (Loss) {NMTC} {VF}	0	365	0	0	0	0	0	0	365	0	365
Secondary Market Servicing Fees	72,586	0	0	0	0	0	0	0	72,586	0	72,586
Provision for Loan Loss Recovery	0	0	0	0	0	0	0	0	0	0	0
Loan Origination Fees (Borrowers	179,216	0	0	0	24,449	342	0	0	204,006	61,080	265,086
TOTAL FINANCIAL INCOME	4,106,199	3,937,323	484,425	114,747	99,708	342	2,614	0	8,745,357	497,732	9,243,089
FINANCIAL EXPENSE											
Investor Interest	1,951,059	0	53,908	67,315	0	67,315	0	0	2,139,597	449,906	2,589,503
Financing Fees	9,507	0	0	1,500	10,000	0	0	0	21,007	0	21,007
Line of Credit Interest	44,628	0	0	0	0	27,979	0	0	72,607	0	72,607
Provision for Loan Losses	741,517	0	0	0	0	0	0	0	741,517	0	741,517
TOTAL FINANCIAL EXPENSE	2,746,711	0	53,908	68,815	10,000	95,295	0	0	2,974,728	449,906	3,424,634
Net Financial Income	1,359,488	3,937,323	430,517	45,932	89,708	(94,953)	2,614	0	5,770,629	47,826	5,818,455
PROGRAM INCOME											
Program Services and Fees											
Program Revenue	0	0	0	233,980	0	404,324	103,423	0	741,727	110,091	851,818
Miscellaneous income	0	0	0	48	0	0	0	0	48	0	48
Total Program Services and Fees	0	0	0	234,028	0	404,324	103,423	0	741,776	110,091	851,867
Grant Income											
Individuals	0	0	0	50,340	0	0	0	0	50,340	0	50,340
Religious Organizations	0	0	0	6,067	0	0	0	0	6,067	0	6,067
Foundations	0	0	0	101,000	0	0	0	0	101,000	0	101,000
Financial Institutions	0	0	0	9,000	26,702	0	0	0	35,702	0	35,702
Corporations	0	0	0	250	0	0	0	0	250	0	250
Grant Released - Energy Advantage	0	0	0	37,705	0	0	0	0	37,705	0	37,705
Grant Released - GBPN	0	0	0	0	0	0	0	0	0	0	0
Grant Released - Operating	0	0	0	0	0	0	0	0	0	0	0
Grant Released - NSP	0	0	0	0	56,250	0	0	0	56,250	56,250	112,500
Total Grant Income	0	0	0	204,362	82,952	0	0	0	287,314	56,250	343,564
TOTAL PROGRAM INCOME	0	0	0	438,391	82,952	404,324	103,423	0	1,029,090	166,341	1,195,431
Inter-affiliate support	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	1,359,488	3,937,323	430,517	484,323	172,660	309,371	106,037	0	6,799,720	214,167	7,013,887

(UNAUDITED) September 30, 2011	Loan Fund 2011	Managed Assets 2011	Ventures Fund 2011	BCC 2011	Aura Mortgage 2011	Energy Advantage 2011	NSP Residential 2011	Admin 2011	Total 2011	SUN Initiative 2011	Total Consolidated 2011
PROGRAM EXPENSES											
Human Resources Expenses											
Salary Expense	631,168	560,106	392,889	240,895	55,616	79,006	99,594	141,196	2,200,470	624,183	2,824,653
Benefits and Payroll Taxes											
Federal payroll taxes	33,375	14,162	16,840	12,198	7,682	3,449	15,042	5,976	108,724	0	108,724
State Payroll taxes	0	0	0	0	0	0	0	0	0	0	0
Fringe benefits	118,596	36,270	46,851	32,965	5,871	10,144	9,785	32,738	293,220	0	293,220
Allocation											
Total benefits and payroll taxes	151,971	50,432	63,690	45,162	13,553	13,593	24,827	38,714	401,944	0	401,944
as % of Salary expense									18.3%		14.2%
Total Human Resources expenses	783,139	610,538	456,580	286,058	69,169	92,599	124,421	179,911	2,602,414	624,183	3,226,597
Consultants/Subcontractors											
Construction Consultants	0	0	0	0	0	0	0	0	0	0	0
Temporary Help	0	0	0	0	0	0	0	0	0	0	0
Organizational/New Initiatives	0	0	0	0	0	0	0	0	0	0	0
Consulting Staffing	2,828	0	0	64,263	24,327	16,427	0	0	107,844	121,450	229,294
Total Consultant/Subcontract Expense	2,828	0	0	64,263	24,327	16,427	0	0	107,844	121,450	229,294
Other Program Expense											
Memberships	200	0	3,500	11,783	0	400	(434)	373	15,822	0	15,822
Travel	3,838	0	4,385	6,183	954	1,194	5,569	287	22,410	0	22,410
Legal and NMTC	6,943	16,372	6,114	11,481	3,776	19,352	13,399	0	77,438	11,377	88,815
Miscellaneous taxes and fees	0	0	0	0	0	456	0	0	456	0	456
Hiring	0	0	0	1,542	720	0	1,900	485	4,647	0	4,647
Staff Development	1,325	0	295	459	5,322	0	1,938	184	9,523	0	9,523
Service/Operation & Maintenance	0	0	0	0	0	34,678	0	0	34,678	0	34,678
Meetings	1,127	0	14	3,446	25	100	1,939	4,609	11,260	0	11,260
Investment Fees	0	0	0	0	0	0	0	0	0	0	0
Grant Expense related to Energy Advantage	0	0	0	38,300	0	3,446	0	0	41,746	0	41,746
Grant Expense related to GBPN	0	0	0	0	0	0	0	0	0	0	0
Grant Expense related to Operating	0	0	0	0	0	0	0	0	0	0	0
Property Operating Expense	0	0	0	0	0	0	80,721	0	80,721	0	80,721
Accounting and Audit	3,815	0	0	0	8,300	5,024	0	42,803	59,942	5,400	65,342
Total Other Program Expenses	17,248	16,372	14,308	73,193	19,098	64,650	105,032	48,742	358,643	16,777	375,420
Marketing											
Annual Report	0	0	0	59,569	0	0	0	0	59,569	0	59,569
Annual Meeting	0	0	0	0	0	0	0	0	0	0	0
Annual Appeal	0	0	0	0	0	0	0	0	0	0	0
Printed Marketing Materials	0	0	0	3,082	550	0	88,487	0	92,119	173,850	265,969
Electronic Marketing (Web Site)	0	0	180	9,693	549	30	20	0	10,471	0	10,471
Events and Community Support	0	0	0	21,895	0	0	0	0	21,895	0	21,895
Total Marketing	0	0	180	94,238	1,099	30	88,507	0	184,054	173,850	357,904

(UNAUDITED) September 30, 2011	Loan Fund 2011	Managed Assets 2011	Ventures Fund 2011	BCC 2011	Aura Mortgage 2011	Energy Advantage 2011	NSP Residential 2011	Admin 2011	Total 2011	SUN Initiative 2011	Total Consolidated 2011
Office Operations Expenses											
Rent	0	0	0	0	14,836	0	14,836	87,501	117,172	0	117,172
Software Consultant	0	0	0	0	25,865	0	0	3,825	29,690	0	29,690
Technology Consultants	0	0	0	0	0	0	0	79,026	79,026	0	79,026
Occupancy/Utilities	0	0	0	0	33	0	5,424	16,153	21,610	0	21,610
Telephone (incl. internet)	0	0	1,398	341	3,430	0	26,766	36,582	68,516	0	68,516
Supplies	16	0	132	0	6,753	1,094	11,349	27,445	46,789	165	46,954
Printing/Copying	0	0	0	0	0	0	0	0	0	0	0
Postage & Delivery	0	0	18	818	0	0	94	8,094	9,024	0	9,024
Equipment Repairs and leases	0	0	0	0	0	0	187	3,915	4,102	0	4,102
Office Equipment	0	0	0	0	0	0	987	6,045	7,032	0	7,032
Loss on Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	212,133	3,043	43,669	258,846	56,672	315,518
Less Allocation to SUN Initiative Financing	0	0	0	0	(39,567)	0	(44,022)	0	(83,589)	83,589	(0)
Total Office Operations	16	0	1,548	1,159	11,349	213,227	18,663	312,254	558,217	140,426	698,643
Organizational Support Expenses											
Insurance	0	0	0	0	8,309	48,203	11,740	18,677	86,929	0	86,929
Bank Fees	15	0	0	0	37	0	32	519	603	0	603
Filing Fees	0	7,375	0	0	109	1,000	52	0	8,536	109	8,645
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0
Less Allocation to SUN Initiative Financing	0	0	0	0	(6,275)	0	(7,850)	0	(14,125)	14,125	0
Total Organizational Support	15	7,375	0	0	2,180	49,203	3,974	19,196	81,943	14,234	96,177
New Initiatives											
Neighborhood Sustainability	0	0	0	6,837	0	0	0	0	6,837	0	6,837
Total New Initiatives	0	0	0	6,837	0	0	0	0	6,837	0	6,837
Total Expenses	803,246	634,285	472,615	525,749	127,221	436,136	340,597	560,102	3,899,951	1,090,920	4,990,871
Staff Percentage allocation #1	208,781	3,367	67,349	20,205	10,102	6,735	20,205	(336,744)		0	0
Staff Percentage allocation #2	134,015	11,168	11,168	22,336	11,168	11,168	22,336	(223,358)		0	0
Allocation of Administrative Cost	342,796	14,535	78,517	42,540	21,270	17,903	42,540	(560,102)		0	0
Less Allocation to SUN Initiative Financing					(17,342)		(32,062)		(49,404)	49,404	0
Total Expenses After Spread Admin	1,146,042	648,821	551,132	568,289	131,149	454,039	351,076	0	3,850,547	1,140,324	4,990,871
Less Allocation to Capital	0	0	0	0	0	0	0	0	0	0	0
Program Surplus (Deficit) from Operations (2011)	213,447	3,288,503	(120,614)	(83,966)	41,511	(144,668)	(245,039)	0	2,949,173	(926,157)	2,023,016
Unrealized gain (loss) on Investments	0	0	0	0	0	0	0	0	0	0	0
Realized gain (loss) on Investments	0	0	0	0	0	0	0	0	0	25,416	25,416
Support for lending activities	0	0	0	0	0	0	0	0	0	0	0
Share of Surplus (Deficit) of Ventures I LLC	0	0	1,119,591	0	0	0	0	0	1,119,591	0	1,119,591
Share of Surplus (Deficit) of Ventures II LLC	0	0	213,558	0	0	0	0	0	213,558	0	213,558
Changes in Unrestricted Net Assets	213,447	3,288,503	1,212,535	(83,966)	41,511	(144,668)	(245,039)	0	4,282,322	(900,741)	3,381,581

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
Portfolio Management Report-September 30, 2011

STATISTICAL PROFILE	Amount	Number
Loans outstanding (net of participations)	78,768,037	105
Commitments not closed (net of expected participations)	5,708,895	9
Undisbursed amounts on closed loans and undrawn LOC balances (net)	18,257,223	19

LIQUIDITY AND INTEREST RATE ANALYSIS		Cost of Funds
Investor loans payable (regular)	48,845,997	3.83%
Permanent capital (subordinated debt)	17,137,719	2.75%
Revolving Line of Credit	15,500,000	3.88%
Permanent capital (regular)	13,401,656	0.00%
Total loan capital	94,885,372	3.10%
		Interest Rate
less: loans outstanding (net loans receivable from borrowers)	(78,768,037)	6.67%
Undisbursed loan capital	16,117,335	0.00%
weighted average interest rate on cash	94,885,372	5.54%
estimated net spread		2.43%
Projected Changes in Liquidity		
less: net expected disbursements (repayments) on committed loans and lines of credit (90 days)	3,975,887	
less: Liquidity requirement (greater of investor loans maturing in 6 months or 10% of loans payable)	(4,884,600)	
Minimum liquidity	15,208,622	
Available on Revolving Line of Credits	22,300,000	
plus: net new loan capital committed and expected within 90 days	0	
Projected liquidity	37,508,622	

PORTFOLIO MANAGEMENT POLICIES

Loan loss reserve	*Minimum* 5%	
Composite risk rating of loan portfolio		8.16%
Reserve based on composite rating		6,427,472
Actual reserve (greater of 5% or risk-based rating)		7,701,219
Percentage of outstanding loan balance		9.78%
historical total: borrower losses		108,396
Equity	*Minimum* 12%	
Permanent capital goal (not including pass-thru sub debt)		11,386,245
Actual permanent capital (not including pass-thru sub debt)		30,539,375
Permanent capital as % of total capital (not incl pass-thru sub debt)		32.19%

PORTFOLIO BALANCE POLICIES
(pass-thru subordinated debt

*Maximum loan size (10% of total capital) **(1)***	11,718,537	10%
Largest loans (net of non-recourse participations)		
MATCH School Investment Fund	6,822,929	5.8%
Whittier Street Health Center	5,800,000	4.9%
Headstart Facility - The Leaguers Investment Fund	4,820,000	4.1%
Renaissance Lofts - Fairbanks Development	4,078,408	3.5%
New Boston/bc Upper Tier Entity - Errichetti	3,794,804	3.2%
*Maximum loans outstanding to single borrower (15% of total capital) **(1)***	17,577,806	15%
Amounts reflect non-recourse participations		
Largest Borrowers (net of non-recourse participations)		
Mitchell Properties	7,138,563	6.1%
Beacon Communities	6,857,828	5.9%
Media and Technology	6,822,929	5.8%
Whittier Street Health Center	5,800,000	4.9%
Jamaica Plain NDC	5,145,386	4.4%

COLLECTION STATUS	Number	Payments Past Due	Principal Balance (net)	% of all Oustanding
30-61 days late	2	3,865.40	403,168.23	0.5%
62-90 days late	1	3,650.50	376,286.88	0.5%
90+ days late	3	111,593.74	4,108,964.71	5.2%
Totals	6	119,109.64	4,888,419.82	6.2%

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

BOSTON COMMUNITY LOAN FUND, INC.

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

BOSTON COMMUNITY LOAN FUND, INC.

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DECEMBER 31, 2009 AND 2008

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Alexander Aronson Finning
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

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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		
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.

BOSTON COMMUNITY LOAN FUND, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

(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, 2010 AND 2009
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BOSTON COMMUNITY LOAN FUND, INC.

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DECEMBER 31, 2010 AND 2009

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Alexander Aronson Finning
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

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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, 2010 and 2009, 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 audit 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, 2010 and 2009, 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
April 15, 2011

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,163,431	$ 9,675,694
Cash and cash equivalents - escrow funds	4,613,788	6,179,539
Current portion of loans and interest receivable, net of allowance for loan losses of $1,718,705 and $2,363,827 as of December 31, 2010 and 2009, respectively	24,126,932	23,207,304
Other current assets	84,950	103,200
Total current assets	36,989,101	39,165,737
INVESTMENTS	1,882,353	1,801,470
LOANS AND INTEREST RECEIVABLE, net of current portion, and allowance for loan losses of $2,413,117 and $772,253 as of December 31, 2010 and 2009, respectively	53,799,006	41,947,241
AFFILIATE LOANS RECEIVABLE	6,112,000	5,300,000
Total assets	$ 98,782,460	$ 88,214,448
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of loans payable	$ 4,944,303	$ 9,783,408
Current portion of permanent loan capital - subordinated loans payable	46,082	172,698
Interest and accounts payable	370,327	552,408
Escrow funds	4,613,788	6,179,539
Total current liabilities	9,974,500	16,688,053
LOANS PAYABLE, net of current portion	59,710,440	43,489,831
PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE, net of current portion	15,031,220	15,077,302
Total liabilities	84,716,160	75,255,186
NET ASSETS:		
Unrestricted -		
General	9,168,870	8,617,773
Board designated for permanent loan capital and special programs	1,132,500	1,132,500
Board designated for loan loss reserves	2,886,839	2,331,898
Total unrestricted	13,188,209	12,082,171
Temporarily restricted	878,091	877,091
Total net assets	14,066,300	12,959,262
Total liabilities and net assets	$ 98,782,460	$ 88,214,448

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
UNRESTRICTED NET ASSETS:		
OPERATING REVENUES:		
Financial and earned revenues -		
Interest on loans, net	$ 4,519,651	$ 4,539,971
Loan fees and other	631,891	356,651
Investment income	78,153	149,295
Net loan loss provision	(995,742)	(1,097,271)
Less - interest expense	(2,549,333)	(2,581,427)
Net financial and earned revenues	1,684,620	1,367,219
Grants and contributions	-	1,000,000
Total operating revenues	1,684,620	2,367,219
OPERATING EXPENSES:		
Personnel	1,232,515	1,258,275
Office operations	167,814	134,630
Consultants	54,667	47,043
Accounting and investment fees	46,335	47,672
Marketing	37,087	32,303
Insurance and other	17,245	13,263
Travel	14,696	15,861
Legal	8,223	4,892
Total operating expenses	1,578,582	1,553,939
Changes in unrestricted net assets from operations	106,038	813,280
OTHER CHANGES IN UNRESTRICTED NET ASSETS -		
Grants from affiliate for support of new initiatives	1,000,000	1,500,000
Changes in unrestricted net assets	1,106,038	2,313,280
TEMPORARILY RESTRICTED NET ASSETS -		
Grants and contributions	1,000	1,015
Changes in temporarily restricted net assets	1,000	1,015
Changes in net assets	$ 1,107,038	$ 2,314,295

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, 2010 AND 2009

	UNRESTRICTED	UNRESTRICTED - BOARD DESIGNATED		TEMPORARILY RESTRICTED	
	GENERAL	PERMANENT LOAN CAPITAL AND SPECIAL PROGRAMS	LOAN LOSS RESERVES	PERMANENT LOAN CAPITAL	TOTAL
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
Changes in net assets	1,106,038	-	-	1,000	1,107,038
Transfers of unrestricted net assets	(554,941)	-	554,941	-	-
NET ASSETS, December 31, 2010	$ 9,168,870	$ 1,132,500	$ 2,886,839	$ 878,091	$ 14,066,300

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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,107,038	$ 2,314,295
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net loan loss provision	995,742	1,097,271
Grants for capital and investment uses	(1,000)	(1,015)
Grants from affiliate for support of new initiatives	(1,000,000)	(1,500,000)
Changes in operating assets and liabilities:		
Other current assets	18,250	19,284
Interest and accounts payable	(182,081)	233,779
Deferred loan fees	(3,039)	21,579
Interest receivable	277,868	(450,495)
Net cash provided by operating activities	1,212,778	1,734,698
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of affiliate loans receivable	(812,000)	-
Issuance of loans receivable	(21,862,483)	(12,312,897)
Principal payments of loans receivable	7,820,519	8,321,866
Net investment activity	(80,883)	(77,407)
Net cash used in investing activities	(14,934,847)	(4,068,438)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Grants for capital and investment uses	1,000	1,015
Grants from affiliate for support of new iniatives	1,000,000	1,500,000
Proceeds from loans payable	16,449,598	1,302,784
Principal payments on loans payable	(5,068,094)	(1,233,000)
Principal payments of subordinated loans payable	(172,698)	-
Net cash provided by financing activities	12,209,806	1,570,799
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,512,263)	(762,941)
CASH AND CASH EQUIVALENTS, beginning of year	9,675,694	10,438,635
CASH AND CASH EQUIVALENTS, end of year	$ 8,163,431	$ 9,675,694
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -		
Cash paid for interest	$ 2,529,600	$ 2,556,865

The accompanying notes are an integral part of these statements.

BOSTON COMMUNITY LOAN FUND, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

(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, including the following entities with which the Loan Fund conducts substantive business:

- **SUN Initiative Financing, LLC** (SUN Financing), a Massachusetts limited liability company established to finance the operations of the Stabilizing Urban Neighborhoods Initiative (SUN Initiative). SUN Financing is controlled by the Holding Company by virtue of common management. The goal of the SUN 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.

Fair Value

The Loan Fund follows the Fair Value Measurements and Disclosures standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and expand disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. 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.

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 $4,613,788 and $6,179,539 in escrow for outside parties as of December 31, 2010 and 2009, 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)

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 2010 and 2009, the Board of Directors designated $554,941 and $256,856, 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 $1,000,000 and $1,500,000 for 2010 and 2009, respectively, and are shown as grants from affiliate for support of new initiatives in the accompanying statements 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, 2010 and 2009.

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. 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 follows 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, 2010, 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.

(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $2,689,736 and $3,254,701 to loan participants (see Notes 3 and 5) in 2010 and 2009, 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.

Loan Loss Provision

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.

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 comprising the Corporation (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

Subsequent events have been evaluated through April 15, 2011, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

(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.

Loans receivable bear interest at rates ranging from approximately three to fourteen percent (3% - 14%) 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. The Loan Fund's five largest outstanding loans receivable were approximately 32% and 33% of the portfolio as of December 31, 2010 and 2009, respectively.

	2010		2009	
Type	Number Of Loans	Net Loan Amount	Number Of Loans	Net Loan Amount
Site Acquisition	25	$24,133,138	26	$20,005,718
Construction	35	23,137,474	38	17,975,694
Permanent	25	19,160,932	21	15,299,299
Organizational	11	8,887,085	12	8,931,324
Predevelopment	10	6,536,447	7	5,601,077
	106	81,855,076	104	67,813,112
Interest receivable on above loans		467,258		745,126
		$82,322,334		$68,558,238

(3) LOANS AND INTEREST RECEIVABLE (Continued)

Portfolio Lending (Continued)

Loans receivable of the Loan Fund are presented net of third party loan participations of $42,676,824 and $48,915,941 as of December 31, 2010 and 2009, 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 $467,258 for the years ending after December 31, 2010, are as follows:

Year	
2011	$25,845,637
2012	21,534,120
2013	6,255,721
2014	4,240,028
2015	10,074,347
Thereafter	14,372,481
	82,322,334
Adjustment for deferred loan fees (see Note 2)	(264,574)
Less - allowance for loan losses (see Note 4)	(4,131,822)
	$77,925,938

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

The Loan Fund had committed approximately $14,700,000 and $17,700,000 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, 2010 and 2009, 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 Financing (see Note 1), respectively, to support their programs (see page 12). During 2010, SUN Financing drew down and repaid $2,582,394 under this agreement and paid $9,146 of interest to the Loan Fund. During 2010, SEA drew down $812,000 under the agreement and paid $1,802 of interest to the Loan Fund (see page 12). 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.

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, 2010, there is a guarantee of $4,600,000 for one loan receivable under this agreement. During 2010 and 2009, the Loan Fund has not received any amounts under this agreement.

(3) LOANS AND INTEREST RECEIVABLE (Continued)

Special Tax-Credit Lending

As of December 31, 2010 and 2009, the Loan Fund entered into ten and four 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 and amount to $238,317 and $80,774, for 2010 and 2009, respectively. Total outstanding principal balances are $92,169,990 and $29,049,436 as of December 31, 2010 and 2009, 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, 2010 and 2009. The provision associated with these allowances is netted with the value of the tax credit donation.

Affiliate Loans Receivable

In December, 2009, the Loan Fund entered into a Note Purchase Agreement, and into an initial unsecured note under this agreement, with SUN Financing (see Note 1). Under this note, the Loan Fund made a commitment to make advances to SUN Financing from time to time in the aggregate principal amount of $10,000,000. Funds advanced are used to acquire and refinance homes at risk of foreclosure. During 2010, SUN Financing drew, and repaid, $2,582,394 of advances under this agreement and paid $9,146 of interest to the Loan Fund (see page 11).

As of December 31, 2010 and 2009, the Loan Fund loaned $2,300,000 of the proceeds of the permanent loan capital – subordinated loans payable (see Note 6) to the Venture Fund (see Note 1) to finance a portion of certain investments of the Venture Fund. As of December 31, 2010 and 2009, the Loan Fund also loaned $3,000,000 of the permanent loan capital – subordinated loans payable to SEA (see Note 1) to finance a portion of certain assets of SEA. These intercompany loans bear interest at three percent, payable quarterly, are unsecured, and mature between 2018 and 2020. Interest on these borrowings totaled $159,000 in 2010 and 2009.

In addition, in 2010, SEA drew $812,000 on the $5,000,000 line of credit it has with the Loan Fund to finance a portion of certain assets of SEA (see page 11). This intercompany loan bears interest at six percent, payable quarterly, and is secured by first priority pledge and assignment of certain SEA assets and contracts related to these assets. These borrowings are included in affiliate loans receivable in the accompanying combining statement of financial position. The loan payable matures in August, 2012. Subsequent to December 31, 2010, $625,000 of this amount has been converted to permanent financing in accordance with the agreement

(3) LOANS AND INTEREST RECEIVABLE (Continued)

Affiliate Loans Receivable (Continued)

Maturities of all affiliate loans receivable as of December 31, 2010, are as follows:

Year	SEA	Venture Fund	Total
2011	$ -	$ -	$ -
2012	812,000	-	812,000
2013	-	-	-
2014	-	-	-
2015	-	-	-
Thereafter	3,000,000	2,300,000	5,300,000
Affiliate loans receivable	$3,812,000	$2,300,000	$6,112,000

(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:

	2010	2009
Allowance for loan losses (see below)	$4,131,822	$3,136,080
Board designated net assets for loan loss reserves (see Note 2)	2,886,839	2,331,898
	$7,018,661	$5,467,978

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.

(4) ALLOWANCE FOR LOAN LOSSES AND LOAN LOSS RESERVES (Continued)

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:

	2010	2009
Balance, beginning of year	$3,136,080	$2,014,810
Loan loss provision	995,742	1,097,271
Adjustment for non-accrual loans receivable	-	23,999
Balance, end of year	$4,131,822	$3,136,080

(5) LOANS PAYABLE

Loans payable of the Loan Fund represent loans by approximately 290 lenders ("investors") in principal amounts ranging from $2,000 to $10,000,000. 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 3% (3.26% and 3.23% at December 31, 2010 and 2009, respectively). As of December 31, 2010, $10,650,000 was outstanding under this agreement. There were no amounts outstanding under this agreement as of December 31, 2009. The line of credit expires in 2012.

The Loan Fund also had 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). As of December 31, 2009, $4,000,000 was outstanding under this agreement. During 2010, the line of credit with FNMA was repaid and the line of credit was not renewed.

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 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. As of December 31, 2010 and 2009, $10,780,000 and $7,780,000 was outstanding on this line of credit, respectively, and is included in loans payable in the accompanying statements of financial position. Funds advanced under three draws bear interest at rates ranging from 3.24% to 4.26%. 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, 2010 and 2009. There was $500,000 outstanding under this agreement as of December 31, 2010 and 2009.

(5) 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, 2010 and 2009, 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:

	2010	2009
Lines of credit	$21,930,000	$12,280,000
Other loans payable	42,724,743	40,993,239
	$64,654,743	$53,273,239

Maturities of all loans payable as of December 31, 2010, are as follows:

Year	
2011	$ 4,944,303
2012	18,500,381
2013	1,873,666
2014	9,984,237
2015	4,379,287
Thereafter	24,972,869
Total loans	$64,654,743

The current maturities as of December 31, 2010 and 2009, include $537,983 and $342,909, 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 (35 and 36 individual loans as of December 31, 2010 and 2009) 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 in 2020 and 2021. 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.

(6) PERMANENT LOAN CAPITAL - SUBORDINATED LOANS PAYABLE (Continued)

Maturity dates of principal over the next five years as of December 31, 2010, are as follows:

2011	$ 46,082
2012	$ 47,013
2013	$ 47,962
2014	$ 47,931
2015	$ 49,917
Thereafter	$14,838,397

The Loan Fund has loaned $5.3 million of the proceeds of its permanent loan capital – subordinated loans payable to the Venture Fund and SEA (see Note 3). The remaining proceeds of $9,777,302 and $9,950,000 as of December 31, 2010 and 2009, respectively, have been held as permanent loan capital of the Loan Fund.

(7) RECLASSIFICATION

Certain amounts in the 2009 financial statements have been reclassified to conform with the 2010 presentation.

Boston Community Capital Organizational Chart November 2011

*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, and the President of Boston Community Venture Fund, an affiliate of Boston Community Capital. Ms. Cherry helped found Boston Community Capital 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 Boston Community Capital from a start-up organization to what is, today, a national model for community investment. During Ms. Cherry's thirteen-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, Boston Community Capital 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, a mortgage lender aimed at stabilizing urban neighborhoods, a real estate acquisition entity, 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 $650 million in low-income communities, has financed more than 11,100 affordable homes and 800,000 square feet of inner city commercial real estate, has invested in more than twenty companies, and has created or preserved more than 1,500 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 currently serves on the Advisory Committee to the Massachusetts Office of Consumer Affairs and Business Regulation, the Boards of The Philanthropic Initiative and The Forsyth Institute, 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. She served as a member of Massachusetts Governor Deval Patrick's nineteen-member statewide transition team. She is a recent past Chair of both the Massachusetts Cultural Council and 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. 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.

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.

Amy Feind Reeves, Executive Vice President, Chief Operating Officer
Amy joined Boston Community Capital as a senior executive in October 2011 to support the strategic and operational growth of the organization. She is responsible for managing all aspects of day to day operations and works with other senior managers to integrate and facilitate long term growth. Amy is focused on further developing BCC's culture of continuous improvement and preparing the organization for substantial near term growth. She has held similar positions with United Biosource Corporation (a unit of Medco Corp.), Houghton Mifflin Harcourt, and The Customer Management Group, where she was a founding partner. She is an alumna of Arthur D. Little and The Bank of New York. Amy graduated *cum laude* from Wellesley College and received an MBA from The Tuck School at Dartmouth College. She additionally serves as a moderator for leadership education programs at Harvard Business Publishing.

Sundee Aungkhin, Underwriter

Sundee joined Boston Community Capital in August 2011. As Underwriter for BCC's SUN Initiative, Sundee analyzes client's eligibility before making an offer on their home. For the past fifteen years she has been working at various levels of the residential mortgage industry, particularly in underwriting. She has vast knowledge of home mortgage financing from loan origination to the sale of loans to the secondary market and has been successful in training mortgage loan officers, processors, and underwriters. She graduated *Cum Laude* from UMass Boston with a B.A. in Spanish Literature. Sundee is a licensed real estate agent in MA.

Gail D. Berlinger, Portfolio Manager
Gail joined Boston Community Capital in January 2007 as Portfolio Manager for the Loan Fund. She collects information and develops reporting on the social, economic, and environmental impact of Boston Community Loan Fund's holdings. She is also responsible for monitoring compliance and trends within the portfolio, and conducting loan and portfolio reviews. Prior to joining BCLF, Gail worked as a Portfolio Manager with Boston Capital, where she was responsible for the ongoing portfolio management and investor reporting for over $1 billion in gross equity across multi-investor corporate and direct placement LIHTC funds. Gail has also worked as an Investment Analyst with Boston Capital, serving as the primary asset management contact for a portfolio of LIHTC properties nationwide. She began her career in property management, holding positions with Federal Management Company and Boston Union Realty. Gail has volunteered with Transition House, participating in 30 hours of training as a confidential domestic violence advocate and completing a term as Board Treasurer. She currently serves on the Advisory Board for the Theta

Omicron (MIT) Chapter of Alpha Chi Omega sorority, and volunteers as a facilitator for ULI's UrbanPlan program. She graduated with Honors from Rutgers University and holds a Master's degree in Urban Affairs from Boston University. Her graduate studies focused on the application of planning tools to address economic disparity and social inequality.

Nora Bloch, Senior Loan Officer
Nora Bloch joined Boston Community Capital in 2011. She markets Boston Community Loan Fund to potential borrowers, underwrites loan requests, and conducts ongoing portfolio management. Prior to joining the Loan Fund, Nora was a Vice President in Community Development Lending for ten years at Wainwright Bank & Trust, and its successor Eastern Bank. Nora shares her Senior Loan Officer position with her colleague Sarah Kitterman as a job share, which Nora and Sarah began at Wainwright Bank. She is a graduate of Grinnell College in Iowa and holds a Masters in Public and Private Management from Yale University. Nora is an active volunteer with the Jamaica Plain Neighborhood Development Corporation, Boston Healthcare for the Homeless, and the Escuela Rafael Hernández Parent Council. She lives in Jamaica Plain with her spouse and two children.

Jessica Brooks, Vice President 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.

Anthony Buchanan, Accounting Associate
Tony joined BCC in January 2011 as an Accounting Associate. As Accounting Associate, Tony provides accounting and loan servicing support for Boston Community Capital and its Affiliates. Before joining BCC, Tony worked with Lena Park CDC, as a Senior Accounting Clerk and prior to that, as Cash Reconciliation Representative at National Amusements Theatres. Tony graduated from Johnson C. Smith University in Charlotte, NC with a B.S. in Business Administration and concentration in Accounting.

Stephanie Caponigro, In-House Counsel
Stephanie joined Boston Community Capital in November 2011 as in-house counsel. Stephanie currently reviews title examinations, purchase and sale agreements and negotiates short sales and purchases of Real Estate Owned properties. She obtained a degree in Business Management from Suffolk University in 1998 and her J.D. from Suffolk University Law School in 2002. She has ten years of residential real estate experience which includes representing Buyers, Sellers and Lenders, as well as representing Lenders in residential foreclosure matters. She also obtained her LL.M. in Banking and Financial Law from Boston University in 2010.

Denise Ciaccio, Loan Processor
Denise joined Boston Community Capital in August 2011. As Loan Processor for BCC's SUN Initiative, Denise works to prepare and complete client files for underwriting. Denise brings to this position over thirteen years of processing and originating experience working for the Mortgage Center of America as a Loan Processor/ Loan Consultant where she managed the office and worked under ten loan officers to help them clear and close their loans.

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.

Constance Delzant, Negotiatior
Constance joined Boston Community Capital in March 2011. As a Negotiator for BCC's SUN Initiative, Constance negotiates short sales and purchases of Real Estate Owned properties with servicers and lenders. When necessary, she will also negotiate debt settlements on behalf of SUN Initiative clients. Prior to joining BCC, Constance worked as French attorney licensed with the Paris Bar. In Paris, she had a strong litigation practice with a focus in commercial and contract law. In 2007, Constance decided to specialize further in Banking and Finance and attended Boston University School of Law. Constance graduated in 2008 with a Master's in Banking and Financial Law (LL.M) and a concentration in Securities Transactions. Most recently, Constance worked as a HUD approved Housing Counselor and Foreclosure Prevention Manager at the Neighborhood of Affordable Housing (NOAH) where she assisted over 400 homeowners requesting short sales, home loan modifications and other workouts under the US Treasury's *Making Home Affordable Program* and/or investor guidelines.

Stephen Donovan, Administrative Assistant
Steve joined Boston Community Capital in August 2011. As Administrative Assistant, he serves as the first point of contact into Boston Community Capital and our partners. He assists in marketing and investor relations; meeting scheduling and coordination; invoicing and record keeping; database upkeep; copying, binding, and mailing jobs; and purchasing and management of copiers, phone systems, office products. He also generally answers to the call of "Help!" Before coming to BCC, Steve served as volunteer and logistics associate at Project Bread's Walk for Hunger, as a project manager for City Year Rhode Island, and as an Americorps National Civilian Community Corps member and team leader. He is a graduate of Plymouth State University.

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, Mortgage Loan Officer, Aura Mortgage Advisors LLC/ SUN Initiative
Jessica Rae Herrmann is a Massachusetts licensed mortgage loan officer (NMLS # 644109). Jessica first joined Boston Community Capital as an intern during the Summer of 2008 and returned full-time as a Intake and Data Specialist in January 2010. Now, as a mortgage loan officer, she works to review and process client applications in 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 B.A. in Economics.

Ryan Kim, Mortgage Loan Officer, Aura Mortgage Advisors LLC/ SUN Initiative
Ryan (Tae Woo) Kim is a Massachusetts licensed mortgage loan officer (NMLS # 284915). Ryan joined Boston Community Capital in December 2009. As a mortgage loan officer with NSP Residential LLC, he assesses distressed residential property values, reviews and processes client applications for BCC's 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 B.A. from University of California at Berkeley and a Master's degree from Harvard University focusing on real estate finance.

Sarah Kitterman, Senior Loan Officer
Sarah Kitterman joined Boston Community Capital in 2011 and is part of a job sharing partnership with Nora Bloch. Together Sarah and Nora market Boston Community Loan Fund to potential borrowers, underwrite loan requests, and conduct ongoing portfolio management. Prior to joining the Loan Fund, Sarah and Nora worked job sharing for ten years at Wainwright Bank on the Community Development Lending Team and then more recently at Eastern Bank after Eastern acquired Wainwright. Prior to joining Wainwright, Sarah worked in BankBoston's Community Development Group as a Loan Officer at First Community Bank. Sarah also has extensive overseas experience working in the field of international development, in particular in Eastern Europe and Asia. A graduate of Harvard University, she also holds a Master's in Business Administration from Columbia University with a specialization in finance and nonprofit management. Sarah lives in Brookline where she is active in the public schools.

Sarah Leighton, Development & Communications Coordinator
Sarah joined Boston Community Capital in August 2010. As Development & Communications Coordinator, Sarah helps maintain relationships with our investors and donors, coordinates our websites and social media activities, and helps organize meetings and events that introduce potential clients and investors to our work. Sarah works closely with the SUN Initiative team, participating in marketing and outreach activities. 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 B.A. 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 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.

Elisabeth Pacl, Administrative Assistant
Liz joined Boston Community Capital in August 2011. As Administrative Assistant, she serves as the first point of contact into Boston Community Capital and our partners. She works closely with our SUN Initiative team and assists in client intake; meeting scheduling and coordination; data entry and record keeping; copying, binding, and mailing jobs; and overseeing copiers, phone systems, and office products. She also generally answers to the call of "Help!" Before coming to BCC, Liz worked as a special education aide for the Carlisle Public Schools, as a marketing and public relations intern at the Handel and Haydn Society and as a Development Intern for Elderhostel, Inc. She is a graduate of Simmons College.

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.

Amy Rose, Real Estate Paralegal
Amy Rose joined Boston Community Capital in August 2011. As Real Estate Paralegal with BCC's SUN Initiative, Amy assists clients with keeping their homes by negotiating and making offers on short sales and Real Estate Owned properties, and preparing necessary documentation. Amy brings to this position over nine years of paralegal experience. Prior to joining BCC, Amy worked as a Mortgage Loan Processor at Admirals Bank, an REO & Foreclosure Paralegal at Portnoy & Greene, P.C., and a Mortgage Officer with Maximum Mortgage Concepts. Amy is a graduate of Kinyon Campbell Business School.

Sharon Shepard, Managing Director, Venture Fund
Sharon Shepard joined Boston Community Capital in February 2001 and is responsible for identifying, structuring, growing, monitoring and exiting investments. Shepard brings to BCC 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, Loan Fund President
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 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.

Peris Wangari, Mortgage Loan Officer, Aura Mortgage Advisors LLC/ SUN Initiative
Peris Judy Wangari is a Massachusetts licensed mortgage loan officer (NMLS # 807345). Peris joined Boston Community Capital in August 2011. As a Mortgage Loan Officer, she works to review and process client applications in the Stabilizing Urban Neighborhoods (SUN) Initiative. Prior to joining BCC, she worked at First North American National bank doing credit analysis and collection management, then she worked as a Mortgage Consultant at Home Banc Mortgage in Atlanta, Georgia. There she worked closely with builders, realtors, and customer referrals and received a recognition award of top volume producing loan officer. Later, Peris joined Countrywide Home Loans in their consumer markets division. Peris has been active in various organizations like the West Georgia Board of Realtors Association, The Network Professional Inc., Atlanta Rescue Partners, and Habitat for Humanity. Peris is a graduate of Kennesaw State University in Georgia and speaks Swahili.

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, and the President of Boston Community Venture Fund, an affiliate of Boston Community Capital. Ms. Cherry helped found Boston Community Capital 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 Boston Community Capital from a start-up organization to what is, today, a national model for community investment. During Ms. Cherry's thirteen-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, Boston Community Capital 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, a mortgage lender aimed at stabilizing urban neighborhoods, a real estate acquisition entity, 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 $650 million in low-income communities, has financed more than 11,100 affordable homes and 800,000 square feet of inner city commercial real estate, has invested in more than twenty companies, and has created or preserved more than 1,500 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 currently serves on the Advisory Committee to the Massachusetts Office of Consumer Affairs and Business Regulation, the Boards of The Philanthropic Initiative and The Forsyth Institute, 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. She served as a member of Massachusetts Governor Deval Patrick's nineteen-member statewide transition team. She is a recent past Chair of both the Massachusetts Cultural Council and 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. 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 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*

Victor Rivera – Chair, Loan Committee

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*

Michelle Volpe – President, Boston Community Loan Fund
Michelle has 16 years of experience at BCC structuring financial transactions for charter schools, social service providers, and non-profit and for-profit real estate developers across New England and down the East Coast. In her role as President, she manages a six person team, a loan portfolio of approximately 100 loans and net loan exposure of approximately $80 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. Michelle is a resident of Somerville, MA.
Board member ex-officio

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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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 benchmarks 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.

SINCE 1985, BOSTON COMMUNITY CAPITAL HAS COMMITTED MORE THAN $250 MILLION TO LOW-INCOME 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 HAD OPERATING SURPLUSES IN 5 OF THE LAST 6 YEARS.

- 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

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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%**

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 Financial Data Input Chart.

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. Sufficient Equity to Raise New Capital – 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. Liquidity to fund the deals outlined in Chart D - 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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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

Boston Community Capital Report

Boston Community Capital

March 2011

Boston Community Capital – March 2011 Report
Review of 2010 Accomplishments and 2011 Goals

February 24, 2011

We look forward to seeing you at our board meeting on **Thursday, March 3 at 1:30 p.m. at the BCC office.** As is our custom for the year's first board meeting, we will focus the meeting on the 2011 goals and budget, including a review of our accomplishments in 2010.

2011 Budget Summary

We are pleased to present our 2011 Goals and our review of 2010 accomplishments. This memo provides background for our proposed 2011 Budget, which is presented in a separate memo. The Finance Committee will meet to review this budget prior to the Board meeting and will present its recommendation to the Board.

We had an exceptional financial year in 2010, ending the year with a surplus of $8.5 million, increasing total resources under management from just over $400 million to over $525 million, and achieving our programmatic goals (except for the slower than anticipated growth in the SUN Initiative lending volume) —all in very challenging economic times.

Our proposed 2011 budget has total revenues of $13.3 million, total operating expenses of $5.3 million and total financial expenses of $3.8 million resulting in a surplus of $3.7 million. We are projecting total resources under management by the end of 2011 to be just over $580 million. Please note that for 2011, we are separating the budgeting for the SUN/Aura/NSP activities from the rest of the BCC. Therefore, these figures do not yet include any budget numbers for SUN/Aura/NSP. We will finalize the SUN/Aura/NSP budget in the next month and will present a revised consolidated budget to the Board at that time.

Our numbers only tell part of our story in 2010; equally important is what our growth, strength and capacity have allowed us to take on. During this recession, we've seen commercial banks either too weak or too cautious to help their customers survive this crisis. We believe that CDFIs have a different obligation to communities in this economy. We have been building our capacity so that we are able to act on that obligation.

2010 Accomplishments

As you know, over the past half dozen years, we have planned for challenging economic times—by building our capacity, market position, strategic relations, and especially our financial strength—so that we can both maintain our core activities and play a broader role in helping protect and strengthen low-income communities. In 2010, we were able to leverage those resources and relationships to expand our ability to help individuals and communities combat the foreclosure and economic crises while preserving the integrity and capacity of our core programs.

- We were the winner of the national Wachovia/Wells Fargo NEXT award, our industry's highest award, and received an AAAPlus2 CARS rating, one of the highest, both in

recognition of our core strength and our innovation in the face of challenging economic times of our country and especially the communities we serve.

- We began rebranding BCC as a national organization to reflect where we are currently operating. We now have a much more significant national presence, with national press coverage in the New York Times, on PBS, in three Federal Reserve Bank publications and among many other national and local articles. The NEXT award and Elyse's acceptance speech in front of over 800 OFN attendees was covered nationally. We began new relationships with Citicorp, JP Morgan Chase, Wells Fargo, and the Open Society Institute, and as well as with national funders, including the Kresge Foundation, Casey Foundation, Mercy Housing, and expanded long standing ones with the Heron, Calvert and MacArthur Foundations.
- We closed on over $160 million in NMTC transactions from our Round VI and VII allocations, earning $8 million in upfront fees and an additional $12.8 million as ongoing fees over the next several years. We applied for an additional $150 million Round VIII allocation. There were more than $23 billion in applications for this $3.5 billion funding round and we just received word that **we were awarded a $53 million allocation**.
- We aggressively launched our foreclosure prevention initiatives through Aura/NSP and created our first retail customer program. Our SUN (Stabilizing Urban Neighborhoods) initiative -- which operates without the need for public subsidy -- is the only effort we know about that is helping families in foreclosure stay in their own homes; it is also beginning to serve as a model for efforts in other cities across the country. We raised over $30 million in new capital from sources typically unavailable to CDFIs, began active lending, attracted significant national media and policy attention, and started the process of developing a secondary market. While we are substantially behind schedule on mortgages, we have built a platform to expand both in Massachusetts and in other regions.
- Our solar initiative has developed nearly 2 megawatts of clean, renewable, affordable electric generation, nearly all serving low income residents, and making us the largest third-party owner of solar power in the state. We are currently structuring an innovative financing vehicle, using the new Massachusetts Solar Renewable Energy Certificates (SREC) program and New Markets, to expand our ability to provide low-cost, fixed rate solar electricity to low income affordable housing developments. We began our energy conservation financing initiative with demonstration projects in Springfield, Brighton and Jamaica Plain.
- Our Loan Fund was able to work pro-actively with our borrowers to ensure that existing projects could weather the recession and that proposed projects are positioned to move ahead quickly when market conditions and public funding improve. We exceeded our goals with over $49 million in new loan commitments and expanded our leveraged lending, historic tax credit pass through lending, charter school and health center loans. The Loan Fund continued to support the mortgage foreclosure, solar and energy conservation work of our affiliates.
- The Venture Fund continued to manage its portfolio investments and saw significant growth with Accelero, Eating Well, ZipCar and Castion (now part of ThermoEnergy). We continue to explore a third fund, aimed at clean tech investments, though are holding off on any decisions until our first two funds mature and the market for venture funding improves.

- We formally launched Wegowise in March, with Andrew taking on additional responsibilities as interim CEO. By year end, Wegowise had the largest energy tracking data base of multifamily properties in the county.
- We also began the initial work on a business plan to purchase and hold scattered site rental properties.
- On the operations side, we created and launched a new website, our annual report was again very well received, we secured office space at 57 Warren Street for the SUN/Aura, and we upgraded (including greening) both office spaces. We also began the process to assess and address both our senior management and administrative needs as we become a larger, more complex, and more retail organization.

Goals for 2011

For 2011, we have four broad goals for BCC:

- Develop strategic plan for the next five years
- Continue our core work in the Loan Fund, Venture Fund and New Markets activity
- Expand the activity of our new business lines—SUN/Aura/NSP, BCC Solar Energy Advantage, and Wegowise—so that achieve operational sustainability
- Enhance our staffing and administrative platform to support our current operations, new business lines and our new strategic plan

Our more detailed goals include:

Organizational Development

Capacity and strategy

- Continue to focus on staffing to assure that we have sufficient staff to pursue our mission in the most effective, efficient manner, and assure that the BCC core culture carries over to the operating affiliates while at the same time assessing whether our flexibility works with the new operating companies as they grow
- Strengthen our ability to execute by adding to our senior management team
- Understand/mitigate the risks of adding a regulated business (Aura) to the BCC family of businesses
- Maintain active role in local and national policy discussions that impact CDFIs and our communities with particular attention to the changing federal and state budget realities
- Complete our next strategic plan

Infrastructure

- Review our current tech support needs and vendors
- Support expanded business lines with additional administrative support as necessary
- Determine staffing/support for additional and streamlined compliance/reporting requirements
- Continue office upgrade

Development

- Support capitalization and marketing needs of affiliates, including closing proposals and applications currently in discussion
- Expand and streamline electronic media (website, social networking)
- Continue annual reporting and marketing activities
- Pursue Federal Home Loan Bank membership for BCLF or SUN

Core Operations

Loan Fund

- Continue to support the expansion of the Loan Fund and to examine its lines of business
- Continue new lending to health centers, charter schools, leveraged loans and tax credit financing
- Continue financing to support affiliate activities: SUN, SEA, and scattered site projects

Venture Fund

- Continue in harvest mode for our venture funds
- Complete PPM for third venture fund if conditions warrant

New Markets

- Close on the $53 million Round VII NMTC award,
- Apply for new round, if eligible

New Business Lines

Sustainability Initiatives

- Develop and implement SEA's solar finance business model using NMTC allocations
- Complete initial conservation financing projects, including deep energy retrofit demonstration
- Develop multi-family conservation financing activity in conjunction with the Loan Fund
- Grow Wegowise so that it can attract outside investors
- Begin the implementation of a conservation strategy for low-income homeowners

SUN/Foreclosure

- Bring lending volume up to projections
- Expand SUN outside of Boston/Revere
- Explore expansion of SUN outside of Massachusetts
- Achieve a secondary market sale of SUN's mortgages
- Continue to add capital to the mortgage business through PRI's and other investments

New Initiatives

- Explore and, potentially, implement an acquisition strategy for 1-4 family buildings so as to maintain them long-term as affordable rental properties, including understanding/mitigating the risks of scattered site property management
- Pursue workable regulations to implement the $2 billion CDFI bond authorization
- Continue to explore other means of reducing expenses for low-income home owners

Organizational Culture Assessment

As we reported last meeting and as indicated in our goals, we have been assessing our organizational culture, what skills and positions we need to attract as we grow in the future, and what type of person thrives here. Part of that work has been with Wynne Miller and Michael Madera, two organizational development and human resources consultants. Wynne and Michael have been conducting a series of assessments to look at both individual and organizational performance and how they are aligned with BCC's work and mission. The individual assessments are confidential tools that each employee can use to help understand their strengths within the organization. The organizational-wide culture assessment showed a very high degree of alignment with among BCC's mission, operations, and culture. Elyse will report more on this assessment at the meeting.

CARS

We received our CARS rating of AAAPlus2 rating, the same rating that we received three years ago and one of the highest ratings awarded. The CARS rating includes both the rating and a detailed written assessment. The letter ratings demonstrate social impact, with AAA being the highest. The plus is awarded to organizations that have an active and successful public policy agenda. The numerical numbers, from 1 to 5, with 1 being the highest, indicate financial strength. The detailed written analysis, prepared by the analysts who did the site visit and document review, captured the complexity, mission and innovation of our organization very well and was a very positive and compelling report. While the written report is the primary basis for the rating, the rating committee appeared to be concerned about BCC's commitment to innovation and new business initiatives, and voted for the slightly lower rating. We believe that CDFIs' roles must be as innovators, and that role creates an inherent tension with a formalized, regulatory-driven ratings process.

Foreclosure Relief Activities

Our lending volume continues to remain below our projections though our recent new marketing efforts appear to be strengthening our pipeline. Through the middle of February quarter, we've closed on 65 properties for a total of $12.2 million. We have five additional mortgages in the closing process and offers out on an additional 36 properties. However, for 2011, we were about 30% of our lending goal. We have received a $450,000 grant as part of the Attorney General's settlement with Morgan Stanley, continue to pursue additional sources of both debt and loss reserve capital, and while the NEXT award will allow us to expand the geographic focus of the SUN initiative, most likely to include Lawrence, Lowell, and Brockton, we continue to focus on expanding our marketing and building our pipeline. With one exception, the portfolio continues to perform well. A full report is in the board packet.

New Markets Tax Credit program

In December, we closed on the $75 million Roseburg deal, an investment with GE for a sustainable forest products company in Oregon and northern California. We have committed the remaining $10 million from our Round VI allocation with TD Banknorth for BCC SEA's next round of solar projects. The initial $5 million TD/SEA transaction is scheduled to close on March 15, 2011, with the second $5 million later in the spring. **We just received notice (today) that we were awarded a $53 million NMTC allocation from the NMTC Round VII**.

Finance Update

We had a very strong year in 2010, with a consolidated surplus of $8.5 million. The final result included $3.7 million in upfront fees from GE's Roseburg NMTC transaction, which closed in December. The financial statements and narrative give full detail on our year-to-date performance.

Energy Advantage

As we reported at the last meeting, BCC Solar Energy Advantage (SEA) is developing 520 kilowatts installations with the Greater Boston Food Bank in Roxbury and the Quaboag Regional School District outside of Worcester. All these projects should be completed by early 2011. In addition, we put together an innovative financing structure that combines NMTC and the renewable energy tax credit. TD Banknorth has committed to purchase the tax equity for the initial $5 million transaction, which will include installations at the Cambridge Housing Authority's LBJ apartments (also undergoing a major energy efficiency update), the Coalition for a Better Acre's North Canal development in Lowell, Lawrence Community Works' Union Crossing mill redevelopment, Mitchell Properties' Atlas Lofts renovation in Chelsea, and Beacon Communities' redevelopment of the Old Colony development in South Boston. We are scheduled to close in mid March. We are beginning to develop the pipeline for an additional $5 million transaction, which we expect to close this summer.

On the conservation front, we are moving ahead with both our deep energy retrofit demonstration project with Beacon Communities and our energy conservation financing partnership with MHP. Our project with Beacon is at the Colonial Estates development in Springfield, a 500 unit, 50 year old affordable housing complex. Preliminary design, which has been completed, suggests that the retrofit may be able to reduce heat use by as much as 75-80%. Final design should be completed in March, with construction starting in early spring. We have completed the energy planning for five affordable housing developments in Brighton, Roxbury and Dorchester as the first phase of our partnership with MHP. We are proposing investments that should reduce energy use by at least 30%. With MHP, we are completing the payback and financing analysis over the next several weeks.

Wegowise continues to move forward. It has received a contract to track all non-profit affordable developments in Massachusetts as well as a number of new contracts with private multifamily property owners and managers. It has begun offering tracking for utilities in a number of other states, including New York, California, Minnesota and Illinois.

Loan Fund Update

The Loan Fund exceeded its 2010 lending goals, with over $49 million in new commitments. Further, it has started out 2011 with a strong pipeline, including $13 million in several large transactions that are closing in early 2011. These include a number of large leveraged NMTC loans for community health centers and charter schools. We continue to actively monitor our portfolio. A full report on the Loan Fund's 2010 activity is included in this packet.

Venture Fund Update

Accelero and Eating Well had productive quarters, with substantial new contracts and activity. We restructured our $430,000 note to Castion (now ThermoEnergy), receiving $225,000 in cash, plus additional warrants. ZipCar has received approval for its acquisition of Streetcar Limited (an English car sharing company) and is still moving ahead with its proposed IPO, although no final date or pricing has been set. On the downside, GeoVue was sold in January. It had had a challenging time in this economy and had run out of money. We were repaid $100,000 on our debt, but the sale price did not support any return of our equity. A full report on the Venture Fund portfolio is included in this packet.

Consent Agenda

At this point, we have only two items for the consent agenda:

- Approve December board minutes
- Approve standing authorization of signatories for 2011

Boston Community Capital
BCLF Portfolio Review Meeting
3rd Quarter - 2011
Information Packet

Prepared by Gail D. Berlinger

Boston Community Capital
56 Warren Street
Boston, MA 02119

November 9, 2011
10am

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Boston Community Loan Fund
Lending Activity
Third Quarter 2011 Review

Staffing News:
I am delighted to report that Nora Bloch and Sarah Kitterman joined the BCLF lending team in October, each as a Senior Loan Officer, each working 30 hours per week. Nora and Sarah come to us from Eastern Bank (previously Wainwright Bank). We have worked together in numerous capacities over their careers as vital members of the community development lending community in Boston. After just three weeks it is clear to me that they fit seamlessly with our team and expand both the depth and breadth of our lending capacity. Please join me in welcoming them to BCC!

Year-to-Date Lending Activity:

Through September 30, 2011 the Loan Fund has closed 12 loans totaling $21,921,418 and committed an additional 8 loans ($7,158,895.00) which have not yet been closed. Third quarter activity accounted for 3 loan commitments ($1,650,000) and 4 loan closings ($6,875,000). After a strong start to the year, lending activity has slowed a bit. Several large community facility deals which we expected to commit and/or close this quarter have been delayed. We anticipate that these deals will close, but not until Q4 2011 or early in 2012. Nevertheless, we have achieved 73% of our annual closing target of $30,000,000 and we have a closing pipeline including five projects totaling over $10MM that are projected to closed by year end which will bring closed loans to the budgeted goal.

Loans closed in the third quarter include the following:

- Straight Ahead Pictures (SAP) – BCLF closed a $150,000 loan to SAP to bridge the receipt of Massachusetts Film Tax Credits to support the completion of its film *Becoming Helen Keller*, a documentary biography for public television (American Masters). Straight Ahead Pictures (SAP), is a Massachusetts based production company whose mission is to generate innovative media projects and educational forums to foster community dialogue about contemporary social issues – particularly the experience of people with disabilities.

- ROC USA -- BCLF purchased a $1 million participation in a $2,640,000 loan originated by ROC USA Capital (ROC) to the Wamsutta Residents Association, Inc. (the Association) to finance the Association's acquisition and improvement of its mobile home facility (land and infrastructure) in North Attleboro. Wamsutta Mobile Home Community is an 85-site, age-restricted mobile home community, where more than 80% of current households are below 80% of AMI, and almost 60% of households are below 50% of AMI. Acquisition will allow Association members to control their monthly costs and avoid private market pressures that can drive up rents as land appreciates.

- Hmb LLC -- BCLF closed two permanent loans ($119,000 and $130,000) to a Dorchester, MA developer Steve Bryan, who had purchased and rehabilitated two foreclosed triple-decker properties and converted them into deed restricted affordable

rental housing. In addition to creating affordable housing opportunities, these projects removed blight and provide needed neighborhood stabilization.

Loans committed in the second quarter include the following:

- ELH Kansas Avenue – BCLF committed $3.5 MM to EL Haynes Charter School in Washington, D.C. to facilitate the second phase of renovation to a former District of Columbia school building that has been leased by EL Haynes, which shall ultimately serve 650 students -- grades Pre-K to 2nd on the first and second floors, and grades 9 through 12 on the third floor of the existing building and the second floor of the expansion building.
- Franklin County D.I.A.L/S. E.L.F. -- BCLF committed $50,000 in predevelopment funds for this organization's 3rd affordable housing project for at risk youth. This project will develop 9 units of affordable supported housing for homeless teens.
- Hmb Llc (33 Harold Street) – BCLF provided Steve Bryan, through HMB LLC, an additional $100,000 ten-year term loan commitment to serve as permanent financing on what will be a newly renovated three-unit property at 33 Harold Street in Roxbury. The BCLF loan will take out MHIC acquisition and construction financing as well as developer equity contributed at acquisition.

The total portfolio balance as of September 30, 2011 is $119,483,174 based on gross outstandings, $78,768,037 based on net outstandings, and is made up of 105 loans.

Closing Activity as of September 30, 2011 (YTD)

Gross $	Participated $	Net Hold $	# loans	Annual Target	% Budget Target
$21,921,418	$0	$21,921,418	12	$30,000,000	73%

Commitments as of September 30, 2011 (YTD)

Gross $	Participated $	Net Hold $	# loans	Annual Target	% of Budget Target
$13,158,143	$0	$13,158,143	15	$30,000,000	44%

Applications and Pre-Applications Projected to Close by FYE

Gross $	Participated $	Net Hold $	# loans	% of Annual Closing Target ($30MM)
$ 10,427,000	$ 0	$ 10,427,000	5	107%

Portfolio Performance
We continue to closely monitor our portfolio, with particular focus on loans risk rated 5 or worse, on our largest loans and on the borrowers with whom we have the greatest exposure.

In Q3, staff portfolio management activities were focused on Bridge Housing, preparing to take title to the land on Martha's Vineyard financed with the acquisition loan; Urban Edge, working to close on the transactions that will repay Note B; Cable Mills, working to strengthen our repayment; and The Leaguers, working to improve operating performance to better position the 2015 refinance of that NMTC leverage loan. Staff maintains close contact with Renaissance Lofts, Island Affordable Housing, Paige Academy, Ellington Cooperative, and Shaws Landing.

More details on these loans are provided in the attached reports.

Enclosed in this section are reports that identify concentrations in the portfolio including NMTC concentration, asset sector and loan type which aid us both in understanding the existing portfolio concentrations as well as making decisions on new lending opportunities.

Risk Rating Changes this Quarter
At 9/30/2011 Net Loan Balance Rated 1-4 totaled $ 63,681,040 (81%) and Net Loan Balance Rated 5-8 totaled $15,086,997 (19%). In Q3, the risk rating for Cable Mills was downgraded from a 5 to a 6.

Reserves this Quarter
We increased reserves in Q3 by approximately $250,000. We added $150,000 to the reserve for Cable Mills, bringing that reserve to $500,000, or 15% of the outstanding principal balance, and we added $102,390 to Bridge Housing, bringing that reserve to $965,488, or 42% of the outstanding balance. The Q3 increase in reserves is consistent with budgeted levels.

Restructured Loans
There were no additions to the Restructure Loans Report this quarter. We have included in this report a copy of our Restructured Loans Report, which lists all of the loans in the portfolio that have been restructured over time. Each of these loans has been consistently discussed at our Quarterly Portfolio Monitoring meetings and the progress/challenges noted primarily in the Loans Rated Five or Worse memos.

Non-Accrual
160 Water Street LLC (Cable Mills Project) was put on Non-Accrual in Q3 after the loan became 121+ days delinquent. Twin Oaks/Island Affordable Housing ($191,484.76), the two Paige Academy loans ($961,186.81), together with 160 Water Street ($3,450,000) total $4,597,048 in non-accrual loan balances at quarter end. Please see the Loans Rated 5 or Worse memo for an update on these relationships.

Liquidity Management- Summary
We continue to evaluate our cash position weekly, comparing loan closings, projected pipeline, loan maturities, investor repayments and investor loans coming in. Our capital raising focus has

been to raise longer term, lower cost capital to better match the large seven year NMTC loans and larger and longer term community facility projects in our portfolio and pipeline.

We have had a number of successes in raising additional capital this year, including:
$4,410,000 Small Business Lending Fund, US Treasury EQ2 - 2%, 8 years
$5,000,000 Bank of America, 1%, 10 years
$500,000 grant from Create Jobs for USA Initiative of OFN/Starbucks Corporation
$1,000,000 increase and maturity date extension in Communities at Work loan – 4.3%, now 7 years

We will continue these efforts through 2011 and 2012.

Commitments 3rd Qtr 2011

Business Name	Loan Name	Commitment Date	Committed	Parti?	Parti $	Net O/S	RR	Rate	Term	Loan Type	Purpose	Use Of Funds	Officer
Elh Kansas Avenue	ELH KANSAS AVE SCHOO	9/27/2011	$3,500,000.00	Y			4			Line of Credit	Construction	Education	Michael Nilles
Franklin County D.I.A.L./s.E.L.F., Inc.	ORANGE ST HOUSING	9/9/2011	$50,000.00	N			4			Line of Credit	Predevelopment	Rental-Affordable	Kathryn McHugh
Hmb Llc	33 HAROLD STREET	9/1/2011	$100,000.00	N						Term	Permanent	Rental-Affordable	Michael Nilles
	Totals:	**3**	$3,650,000.00		$0.00	$0.00							

Commitments YTD 2011

Through September

Business Name	Loan Name	Commitment Date	Committed	Parti?	Parti $	Net O/S	RR	Rate	Term	Loan Type	Purpose	Use Of Funds	Officer
Bcc 481 Nmtc Investment Fund Llc	LEVERAGE LOAN	3/10/2011	$1,481,000.00	N		$1,472,876.00	3	7	120	Line of Credit	Construction	Energy Efficiency	Michelle Volpe
Elh Kansas Avenue	ELH KANSAS AVE SCHOO	9/27/2011	$3,500,000.00	Y			4			Line of Credit	Construction	Education	Michael Nilles
Firehouse Place Inc.	FIREHOUSE PLACE	3/3/2011	$275,000.00	N		$0.00	4	6	19	Line of Credit	Construction	Rental-Affordable	Kathryn McHugh
Franklin County D.I.A.L./s.E.L.F., Inc.	ORANGE ST HOUSING	9/9/2011	$50,000.00	N			4			Line of Credit	Predevelopment	Rental-Affordable	Kathryn McHugh
Hmb Llc	17 DUNLAP STREET	1/11/2011	$170,000.00	N			3			Term	Permanent	Rental-Affordable	Michael Nilles
	498 BLUE HILL AVE	3/3/2011	$130,000.00	N			3			Term	Permanent	Rental-Affordable	Michael Nilles
	33 HAROLD STREET	9/1/2011	$100,000.00	N						Term	Permanent	Rental-Affordable	Michael Nilles
Kipp Academy Lynn Charter School	KIPP LEVERAGE LOAN	3/23/2011	$1,500,000.00	N		$1,500,000.00	4	7	96	Line of Credit	Construction	Education	Michelle Volpe
L.P. Athol Corporation	HYDRO ELECTRIC	2/4/2011	$335,000.00	N			4			Line of Credit	Organizational	Other	Michelle Volpe
Presentation School	PSF BRIDGE LOAN	3/3/2011	$100,000.00	N			4			Line of Credit	Construction	Social Services	Michael Nilles
Preservation Of Affordable Housing	NON-REVOLVING LOC	3/10/2011	$3,000,000.00	N			4		35	Line of Credit	Site Acquisition	Rental-Affordable	Michelle Volpe
Resident Ownership Capital Llc	WAMSUTTA MOBILE	6/16/2011	$1,043,247.73	Y		$1,043,247.73	4	6	118	Term	Permanent	Homeownership-Affordable	Michael Nilles
Straight Ahead Pictures, Inc.	BECOMING HELEN KELLE	5/12/2011	$150,000.00	N		$85,000.00	4	6	12	Line of Credit	Organizational	Cultural and Arts	Kathryn McHugh
Urban Edge Housing Corporation	UELP	3/3/2011	$743,955.00	N			5			Line of Credit	Permanent	Homeownership-Affordable	Kathryn McHugh
	BANCROFT APTS	6/16/2011	$579,940.00	N			5			Line of Credit	Permanent	Rental-Affordable	Kathryn McHugh
	Totals:	**15**	$13,158,142.73		$0.00	$4,101,123.73							

Closed 3rd Qtr 2011

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
Hmb Llc	8 ELWYN ROAD	7/14/2011	$130,000.00	$129,703.35	$0.00		$129,703.35	7.00	3	120	Term	Permanent	Rental-Affordable	Michael Nilles
Hmb Llc	4-6 NELSON STREET	7/14/2011	$119,000.00	$118,728.45	$0.00		$118,728.45	7.00	3	120	Term	Permanent	Rental-Affordable	Michael Nilles
Resident Ownership Capital Llc	WAMSUTTA MOBILE	9/16/2011	$1,043,247.73	$1,043,247.73	$0.00		$1,043,247.73	6.00	4	118	Term	Permanent	Homeownership-Affordable	Michael Nilles
Straight Ahead Pictures, Inc.	BECOMING HELEN KE	7/7/2011	$150,000.00	$85,000.00	$0.00		$85,000.00	6.00	4	12	Line of Credit	Organizational	Cultural and Arts	Kathryn McHugh
Grand Total	# of Loans	4	$1,442,247.73	$1,376,679.53	0.00		$1,376,679.53							

Closed YTD 2011

Through September

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
Bcc 481 Nmtc Investment Fund Llc	LEVERAGE LOAN	3/23/2011	$1,481,000.00	$1,472,876.00	$0.00		$1,472,876.00	7.00	3	120	Line of Credit	Construction	Energy Efficiency	Michelle Volpe
Firehouse Place Inc.	FIREHOUSE PLACE	5/20/2011	$275,000.00	$0.00	$0.00		$0.00	6.00	4	19	Line of Credit	Construction	Rental-Affordable	Kathryn McHugh
Hmb Llc	8 ELWYN ROAD	7/14/2011	$130,000.00	$129,703.35	$0.00		$129,703.35	7.00	3	120	Term	Permanent	Rental-Affordable	Michael Nilles
Hmb Llc	4-6 NELSON STREET	7/14/2011	$119,000.00	$118,728.45	$0.00		$118,728.45	7.00	3	120	Term	Permanent	Rental-Affordable	Michael Nilles
Kipp Academy Lynn Charter School	KIPP LEVERAGE LOAN	5/2/2011	$1,500,000.00	$1,500,000.00	$0.00		$1,500,000.00	7.00	4	96	Line of Credit	Construction	Education	Michelle Volpe
Mary's Center Chc	MARY'S CENTER CHC	2/10/2011	$1,195,000.00	$1,041,254.43	$0.00		$1,041,254.43	7.50	4	78	Term	Permanent	Healthcare	Michael Nilles
Mary's Center Chc	MARY'S ONE DAY LOA	2/10/2011	$10,452,595.00	$0.00	$0.00		$0.00	3.26	4	1	Line of Credit	Site Acquisition	Healthcare	Michael Nilles
Mary's Center Chc	MARY'S CENTER LOC	2/10/2011	$475,575.00	$98,980.08	$0.00		$98,980.08	7.50	4	2	Line of Credit	Construction	Healthcare	Michael Nilles
Mattapan Community Health Center	NEW MCHC HEALTH C	4/28/2011	$2,100,000.00	$1,323,016.28	$0.00		$1,323,016.28	7.50	4	72	Line of Credit	Construction	Healthcare	Michael Nilles
Preservation Of Affordable Housing	NON-REVOLVING LOC	5/1/2011	$3,000,000.00	$0.00	$0.00		$0.00		4	35	Line of Credit	Site Acquisition	Rental-Affordable	Michelle Volpe
Resident Ownership Capital Llc	WAMSUTTA MOBILE	9/16/2011	$1,043,247.73	$1,043,247.73	$0.00		$1,043,247.73	6.00	4	118	Term	Permanent	Homeownership-Affordable	Michael Nilles
Straight Ahead Pictures, Inc.	BECOMING HELEN KE	7/7/2011	$150,000.00	$85,000.00	$0.00		$85,000.00	6.00	4	12	Line of Credit	Organizational	Cultural and Arts	Kathryn McHugh
Grand Total	# of Loans	12	$21,921,417.73	$6,812,806.32	0.00		$6,812,806.32							

Boston Community Loan Fund, Inc.
Palladio Hall 56 Warren St.
Roxbury, MA 02119
Ph: (617)427-8600
Fx: (617)427-9300

Active Pipeline Report

Loan #	Business	Status Date	Loan Amount	Project Address	Purpose	Loan Officer	Participation	Rate
Pre-Application								
SHTC BRIDGE LOAN	Boston Hostel	03/03/2011	1,500,000.00	*Stuart Street, Boston, MA	Site Acquisition	Michelle Volpe	☐	6.00
336 WESTFORD STREET	Caleb Foundation	04/14/2011	250,000.00	336 Westford Street, Lowell, MA	Construction	Kathryn McHugh	☐	6.50
BHP1 REFINANCE	Codman Square Ndc	06/07/2010	500,000.00	*Scattered in 02124	Permanent	Kathryn McHugh	☐	7.00
383 HYPINE	Community Teamwork Incorporated	09/20/2010	155,000.00	383 Hypine Road, Dracut, MA 02816	Construction	Kathryn McHugh	☐	7.00
PEARL MEATS ACQ	Dorchester Bay Economic Developme	06/09/2011	4,550,000.00	196 Quincy Street, Dorchester, MA	Site Acquisition	Kathryn McHugh	☐	7.00
FRANKLIN FIELD PH 1	Fairfield Affiliate	09/30/2011	400,000.00	Woodrow Avenue, Dorchester, MA	Construction	Michael Nilles	☐	7.00
10 CAMERON STREET	Hmb Llc	11/23/2010	106,000.00	10 Cameron St., Dorchester, MA 02122	Permanent	Michael Nilles	☐	7.00
RUTLAND SQ HOUSE	Reed Charitable Trust	09/30/2011	60,000.00	20 Rutland Square, Boston, MA	Construction	Michael Nilles	☐	7.00
AUSTIN CORRIDOR II	Worcester Common Ground	04/30/2011	2,500,000.00	* Worcester, MA 01610	Construction	Kathryn McHugh	☐	7.00
Loan Status Sub-Total	9		10,021,000.00					
Application								
PENNSYLVANIA DEALS	Beacon Communities Development Ll	07/21/2011	6,000,000.00	* Pittsburgh & Philadelphia, PA	Site Acquisition	Michael Nilles	☐	7.00
EXCEL ACADEMY CHELSE	Excel Academy Charter School	06/09/2011	150,000.00	160-180 Second St., Chelsea, MA 02150	Construction	Michael Nilles	☐	7.00
BURBANK STREET	Fenway C D C	08/09/2010	800,000.00	64-70 Burbank Street, Boston, MA 02115	Construction	Kathryn McHugh	☐	7.00
UNION CROSSING	Lawrence Community Works	04/12/2011	492,000.00	Union Street, Lawrence, MA	Predevelopment	Kathryn McHugh	☐	7.00
NEW NORTH CENTRAL	Ncces Foundation, Inc	02/16/2011	6,300,000.00	*25 Newport Street, Fitchburg, MA 01420	Site Acquisition	Michelle Volpe	☑	7.00
NEW HAVERFORD ST	Spectrum Health Services	02/16/2011	4,100,000.00	5201 Haverford Ave., Philadelphia, PA	Construction	Michael Nilles	☑	6.75
Loan Status Sub-Total	6		17,842,000.00					
Committed								
ELH KANSAS AVE SCHOO	Elh Kansas Avenue	09/27/2011	3,500,000.00	4501 Kansas Ave., Washington, D.C. 20011	Construction	Michael Nilles	☑	7.50
ORANGE ST HOUSING	Franklin County D.I.A.L./s.E.L.F., Inc	09/09/2011	50,000.00	15-17 East Main Street, Orange, MA 01364	Predevelopment	Kathryn McHugh	☐	6.00
17 DUNLAP STREET	Hmb Llc	01/11/2011	170,000.00	17 Dunlap Street, Dorchester, MA 02124	Permanent	Michael Nilles	☐	7.00
498 BLUE HILL AVE	Hmb Llc	03/03/2011	130,000.00	498 Blue Hill Ave., Dorchester, MA 02121	Permanent	Michael Nilles	☐	7.00
33 HAROLD STREET	Hmb Llc	09/01/2011	100,000.00	33 Harold Street, Boston, MA 02119	Permanent	Michael Nilles	☐	7.00
HYDRO ELECTRIC	L.P. Athol Corporation	02/04/2011	335,000.00	134 Chestnut Hill Ave., Athol, MA 01331	Organizational	Michelle Volpe	☐	7.00
PSF BRIDGE LOAN	Presentation School	03/03/2011	100,000.00	640 Washington Street, Boston, MA 02135	Construction	Michael Nilles	☐	7.50
UELP	Urban Edge Housing Corporation	03/03/2011	743,955.00	*Scattered Sites, Dorchester, MA 02119	Permanent	Kathryn McHugh	☐	0.00
BANCROFT APTS	Urban Edge Housing Corporation	06/16/2011	579,940.00	* 1-3Bancroft Street, Roxbury, MA 02119	Permanent	Kathryn McHugh	☐	7.00
Loan Status Sub-Total	9		5,708,895.00					
Grand Total	24		33,571,895.00					

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Allston Brighton					
	Ashford Street Limited Partnership				
	ASHFORD STREET	Matthew Aliberti	$169,672.07	0.00	$169,672.07
	Borrower Totals		$169,672.07	0.00	$169,672.07
	Community Condominium Corporation				
	ABCDC CONDOS	Matthew Aliberti	$130,035.23	0.00	$130,035.23
	Borrower Totals		$130,035.23	0.00	$130,035.23
	Sponsor Totals		$299,707.30	0.00	$299,707.30
Arch Street					
	Arch Street Development Llc				
	15 COTTAGE STREET	Kathryn McHugh	$135,643.14	0.00	$135,643.14
	Borrower Totals		$135,643.14	0.00	$135,643.14
	Sponsor Totals		$135,643.14	0.00	$135,643.14
Bcc Solar Energy					
	Bcc 481 Nmtc Investment Fund Llc				
	LEVERAGE LOAN	Michelle Volpe	$1,472,876.00	0.00	$1,472,876.00
	Borrower Totals		$1,472,876.00	0.00	$1,472,876.00
	Bcc Solar Energy Advantage, Inc.				
	SEA CONSTR. LINE	Matthew Aliberti	$588,822.57	0.00	$588,822.57
	Borrower Totals		$588,822.57	0.00	$588,822.57
	Sponsor Totals		$2,061,698.57	0.00	$2,061,698.57
Beacon Communities					
	Bc Adams Street Llc				
	BAKER CHOCOLATE FAC	Michael Nilles	$3,063,024.20	0.00	$3,063,024.20
	Borrower Totals		$3,063,024.20	0.00	$3,063,024.20
	New Boston/bc Upper Tier Entity Llc				
	ERRICHETTI PORTFOLIO	Michelle Volpe	$7,589,607.53	3,794,803.75	$3,794,803.78
	Borrower Totals		$7,589,607.53	3,794,803.75	$3,794,803.78
	Sponsor Totals		$10,652,631.73	3,794,803.75	$6,857,827.98
Bershire Arts & Tech					
	Berkshire Arts And Technology Public C				
	BART LEVERAGED LOAN	Michelle Volpe	$4,807,161.88	3,588,720.04	$1,218,441.84
	BART QLICI NOTE A	Michelle Volpe	$4,517,937.36	4,292,024.14	$225,913.22
	Borrower Totals		$9,325,099.24	7,880,744.18	$1,444,355.06
	Sponsor Totals		$9,325,099.24	7,880,744.18	$1,444,355.06
Beverly Affordable					
	Holcroft Park Homes, Llc				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Beverly Affordable					
	Holcroft Park Homes, Llc				
	HOLCROFT PARK NOTE A	Kathryn McHugh	$2,157,500.00	1,750,013.11	$407,486.89
	HOLCROFT PARK NOTE B	Kathryn McHugh	$263,241.59	0.00	$263,241.59
	Borrower Totals		$2,420,741.59	1,750,013.11	$670,728.48
	Sponsor Totals		$2,420,741.59	1,750,013.11	$670,728.48
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
Bryan					
	Hmb Llc				
	4-6 NELSON STREET	Michael Nilles	$118,728.45	0.00	$118,728.45
	8 ELWYN ROAD	Michael Nilles	$129,703.35	0.00	$129,703.35
	Borrower Totals		$248,431.80	0.00	$248,431.80
	Sponsor Totals		$248,431.80	0.00	$248,431.80
C A S C A P, Inc.					
	C A S C A P Realty Inc.				
	165 WESTERN AVE	Michael Nilles	$265,673.39	239,928.14	$25,745.25
	8 BIGELOW (LISC)	Michael Nilles	$72,402.07	71,399.40	$1,002.67
	8 BIGELOW (NEW)	Michael Nilles	$517,726.12	483,940.11	$33,786.01
	CONDOMINIUMS	Michael Nilles	$137,494.84	124,765.87	$12,728.97
	Borrower Totals		$993,296.42	920,033.52	$73,262.90
	Sponsor Totals		$993,296.42	920,033.52	$73,262.90
Casa Esperanza					
	Nueva Vida Inc.				
	263 EUSTIS ST	Michael Nilles	$133,012.61	119,069.38	$13,943.23
	290.5 EUSTIS ST.	Michael Nilles	$46,777.05	0.00	$46,777.05
	Borrower Totals		$179,789.66	119,069.38	$60,720.28
	Sponsor Totals		$179,789.66	119,069.38	$60,720.28
Citizens For Afforda					

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Citizens For Afforda					
	Citizens For Affordable Housing In New				
	CHRISTINA ST.	Kathryn McHugh	$96,584.43	0.00	$96,584.43
	Borrower Totals		$96,584.43	0.00	$96,584.43
	Sponsor Totals		$96,584.43	0.00	$96,584.43
Com. Action Agency					
	Community Action Agency Of Somerville				
	CAAS - A	Michelle Volpe	$1,313,966.76	0.00	$1,313,966.76
	CAAS - B	Michelle Volpe	$147,811.21	0.00	$147,811.21
	Borrower Totals		$1,461,777.97	0.00	$1,461,777.97
	Sponsor Totals		$1,461,777.97	0.00	$1,461,777.97
Cooke					
	Dorchester Home & Garden Trust, Inc.				
	111 ERIE ST REFI	Matthew Aliberti	$181,706.73	0.00	$181,706.73
	132 ELLINGTON ST	Matthew Aliberti	$151,261.05	0.00	$151,261.05
	134 ELLINGTON STREET	Matthew Aliberti	$114,974.95	0.00	$114,974.95
	52 ELLINGTON STREET	Matthew Aliberti	$228,553.65	0.00	$228,553.65
	Borrower Totals		$676,496.38	0.00	$676,496.38
	Sponsor Totals		$676,496.38	0.00	$676,496.38
Denney					
	Denney, Edward B.				
	103 SPRUCE ST	Kathryn McHugh	$242,915.37	221,615.35	$21,300.02
	80 GROVE STREET	Kathryn McHugh	$151,767.69	138,697.31	$13,070.38
	Borrower Totals		$394,683.06	360,312.66	$34,370.40
	Miles Properties, Inc.				
	PETERBRIDGE	Kathryn McHugh	$94,233.30	81,772.54	$12,460.76
	Borrower Totals		$94,233.30	81,772.54	$12,460.76
	Watershed Properties Inc				
	35 PLEASANT ST	Kathryn McHugh	$218,785.22	0.00	$218,785.22
	Borrower Totals		$218,785.22	0.00	$218,785.22
	Sponsor Totals		$707,701.58	442,085.20	$265,616.38
Dial Self Teen Svcs					
	Franklin County D.I.A.L./s.E.L.F., Inc.				
	ABBOTT STREET	Kathryn McHugh	$192,188.62	0.00	$192,188.62
	Borrower Totals		$192,188.62	0.00	$192,188.62
	Sponsor Totals		$192,188.62	0.00	$192,188.62
Dorchester Bay E D C					
	65 Bay Street L L C				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Dorchester Bay E D C					
	65 Bay Street L L C				
	BAY STREET	Matthew Aliberti	$845,485.25	0.00	$845,485.25
	Borrower Totals		$845,485.25	0.00	$845,485.25
	Dorchester Bay Economic Development				
	LOC PART 2	Matthew Aliberti	$60,093.43	0.00	$60,093.43
	Borrower Totals		$60,093.43	0.00	$60,093.43
	Dorchester Family Housing L L C				
	QG/DBEDC INFILL	Matthew Aliberti	$69,908.76	0.00	$69,908.76
	Borrower Totals		$69,908.76	0.00	$69,908.76
	Sponsor Totals		$975,487.44	0.00	$975,487.44
Ellington Cooperativ					
	Ellington Cooperative Corporation				
	ELLINGTON COOP	Michelle Volpe	$49,522.58	0.00	$49,522.58
	Borrower Totals		$49,522.58	0.00	$49,522.58
	Sponsor Totals		$49,522.58	0.00	$49,522.58
Etc Development Corp					
	Avivamiento L L C				
	NEPONSET FIELD	Michelle Volpe	$1,275,821.84	0.00	$1,275,821.84
	Borrower Totals		$1,275,821.84	0.00	$1,275,821.84
	Caguas Llc				
	BURKE STUDIOS	Michelle Volpe	$517,784.80	258,723.56	$259,061.24
	Borrower Totals		$517,784.80	258,723.56	$259,061.24
	Sponsor Totals		$1,793,606.64	258,723.56	$1,534,883.08
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
	Sponsor Totals		$10,460,000.00	7,500,000.00	$2,960,000.00
Fairbanks					
	Fairbanks Development Llc				
	REN LOFTS CONSTRUCT	Michael Nilles	$4,078,407.63	0.00	$4,078,407.63
	Borrower Totals		$4,078,407.63	0.00	$4,078,407.63
	Sponsor Totals		$4,078,407.63	0.00	$4,078,407.63
Falmouth Housing					
	Falmouth Housing Corporation				
	POOL B AMEND.	Michael Nilles	$1,297,619.92	707,227.11	$590,392.81

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Falmouth Housing					
	Falmouth Housing Corporation				
	Borrower Totals		$1,297,619.92	707,227.11	$590,392.81
	Sponsor Totals		$1,297,619.92	707,227.11	$590,392.81
Fenway C D C					
	Fenway C D C				
	HEMENWAY ST	Kathryn McHugh	$913,357.77	539,541.36	$373,816.41
	Borrower Totals		$913,357.77	539,541.36	$373,816.41
	Sponsor Totals		$913,357.77	539,541.36	$373,816.41
Fountain Hill Square					
	Fountain Hill Square				
	ROOF & DECK LOAN '07	Michael Nilles	$36,090.24	0.00	$36,090.24
	Borrower Totals		$36,090.24	0.00	$36,090.24
	Sponsor Totals		$36,090.24	0.00	$36,090.24
Harborlight					
	Firehouse Place Inc.				
	FIREHOUSE PLACE	Kathryn McHugh	$0.00	0.00	$0.00
	Borrower Totals		$0.00	0.00	$0.00
	Sponsor Totals		$0.00	0.00	$0.00
Housing Corporation					
	Housing Corporation Of Arlington				
	252-260 MASS AVE ACQ	Michelle Volpe	$500,000.00	0.00	$500,000.00
	252-260 MASS AVE PRE	Michelle Volpe	$287,533.07	0.00	$287,533.07
	Borrower Totals		$787,533.07	0.00	$787,533.07
	Sponsor Totals		$787,533.07	0.00	$787,533.07
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	$793,847.02	0.00	$793,847.02
	Borrower Totals		$793,847.02	0.00	$793,847.02
	Catherine Gallagher Housing Partnersh				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Jamaica Plain N D C					
	Catherine Gallagher Housing Partnersh				
	JPNDC BOTH PERMANENT	Kathryn McHugh	$1,460,892.51	1,209,778.90	$251,113.61
	JPNDC TRANCHE B	Kathryn McHugh	$675,945.12	682,116.55	($6,171.43)
	Borrower Totals		$2,136,837.63	1,891,895.45	$244,942.18
	Church Square Community Partners, Llc				
	BLESSED SACRAMENT	Kathryn McHugh	$1,397,532.63	129,498.79	$1,268,033.84
	Borrower Totals		$1,397,532.63	129,498.79	$1,268,033.84
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$288,563.41	0.00	$288,563.41
	Borrower Totals		$288,563.41	0.00	$288,563.41
	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		$7,166,780.69	2,021,394.24	$5,145,386.45
Jewish Community					
	J C H E I I I				
	87 EDMANDS RD	Kathryn McHugh	$324,808.39	0.00	$324,808.39
	Borrower Totals		$324,808.39	0.00	$324,808.39
	Sponsor Totals		$324,808.39	0.00	$324,808.39
Kipp Academy Lynn					
	Kipp Academy Lynn Charter School				
	KIPP LEVERAGE LOAN	Michelle Volpe	$1,500,000.00	0.00	$1,500,000.00
	Borrower Totals		$1,500,000.00	0.00	$1,500,000.00
	Sponsor Totals		$1,500,000.00	0.00	$1,500,000.00
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
Mary's Center Chc					
	Mary's Center Chc				
	MARY'S CENTER CHC	Michael Nilles	$1,041,254.43	0.00	$1,041,254.43
	MARY'S CENTER LOC	Michael Nilles	$98,980.08	0.00	$98,980.08
	Borrower Totals		$1,140,234.51	0.00	$1,140,234.51
	Sponsor Totals		$1,140,234.51	0.00	$1,140,234.51
Mattapan Community					
	Mattapan Community Health Center				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Mattapan Community					
	Mattapan Community Health Center				
	NEW MCHC HEALTH CENT	Michael Nilles	$1,323,016.28	0.00	$1,323,016.28
	Borrower Totals		$1,323,016.28	0.00	$1,323,016.28
	Sponsor Totals		$1,323,016.28	0.00	$1,323,016.28
Mccrea					
	Kevin R. Mccrea				
	45 THORNDIKE ST	Michelle Volpe	$168,306.21	0.00	$168,306.21
	FORECLOSURE LOC	Michael Nilles	$94,822.31	0.00	$94,822.31
	Borrower Totals		$263,128.52	0.00	$263,128.52
	Sponsor Totals		$263,128.52	0.00	$263,128.52
Media And Technology					
	Match School Investment Fund Llc				
	MATCH SCHOOL	Michelle Volpe	$11,097,928.83	4,275,000.00	$6,822,928.83
	Borrower Totals		$11,097,928.83	4,275,000.00	$6,822,928.83
	Sponsor Totals		$11,097,928.83	4,275,000.00	$6,822,928.83
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	$288,563.41	0.00	$288,563.41
	Borrower Totals		$288,563.41	0.00	$288,563.41
	Sponsor Totals		$3,688,563.41	0.00	$3,688,563.41
Mitchell Properties					
	160 Water Llc				
	CABLE MILLS - MP	Michael Nilles	$3,450,000.00	0.00	$3,450,000.00
	Borrower Totals		$3,450,000.00	0.00	$3,450,000.00
	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	$288,563.41	0.00	$288,563.41
	Borrower Totals		$288,563.41	0.00	$288,563.41
	Sponsor Totals		$7,138,563.41	0.00	$7,138,563.41
Mount Pleasant Homes					
	Mount Pleasant Homes				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Mount Pleasant Homes					
	Mount Pleasant Homes				
	MT PLEASANT BRIDGE	Matthew Aliberti	$1,419,751.63	0.00	$1,419,751.63
	MT PLEASANT LEVERAGE	Matthew Aliberti	$2,249,675.00	0.00	$2,249,675.00
	Borrower Totals		$3,669,426.63	0.00	$3,669,426.63
	Sponsor Totals		$3,669,426.63	0.00	$3,669,426.63
N D C Of Grove Hall					
	Nu Life Real Estate Development Llc				
	NU LIFE SUBORD. CONS	Michelle Volpe	$376,286.88	0.00	$376,286.88
	Borrower Totals		$376,286.88	0.00	$376,286.88
	Sponsor Totals		$376,286.88	0.00	$376,286.88
Noah					
	Neighborhood Of Affordable Housing				
	LOC BORDER ST.	Michael Nilles	$82,205.43	0.00	$82,205.43
	Borrower Totals		$82,205.43	0.00	$82,205.43
	Peace Properties, Inc.				
	EUTAW MERIDIAN	Michael Nilles	$12,549.54	14,096.42	($1,546.88)
	Borrower Totals		$12,549.54	14,096.42	($1,546.88)
	Siochain Properties Limited Partnership				
	SIOCHAIN I (LISC)	Michael Nilles	$100,951.90	99,845.06	$1,106.84
	SIOCHAIN I (NEW)	Michael Nilles	$194,868.88	175,407.78	$19,461.10
	Borrower Totals		$295,820.78	275,252.84	$20,567.94
	Sponsor Totals		$390,575.75	289,349.26	$101,226.49
November Collective					
	November Collective Cooperative Corp.				
	NOVEMBER COLLECTIVE	Michael Nilles	$113,658.39	0.00	$113,658.39
	Borrower Totals		$113,658.39	0.00	$113,658.39
	Sponsor Totals		$113,658.39	0.00	$113,658.39
Nu Life Development					
	Nu Life Real Estate Development Llc				
	NU LIFE SUBORD. CONS	Michelle Volpe	$376,286.88	0.00	$376,286.88
	Borrower Totals		$376,286.88	0.00	$376,286.88
	Sponsor Totals		$376,286.88	0.00	$376,286.88
Nuestra Comunidad					
	Bartlett Place Land, Inc.				
	BARTLETT PLACE	Kathryn McHugh	$228,386.64	0.00	$228,386.64
	Borrower Totals		$228,386.64	0.00	$228,386.64
	Roxbury Development Corporation				

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Nuestra Comunidad					
	Roxbury Development Corporation				
	BOHIO	Kathryn McHugh	$1,123,327.69	0.00	$1,123,327.69
	Borrower Totals		$1,123,327.69	0.00	$1,123,327.69
	Sponsor Totals		$1,351,714.33	0.00	$1,351,714.33
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.				
	PAIGE 2ND MORTGAGE	Kathryn McHugh	$467,479.95	0.00	$467,479.95
	PAIGE 3RD MORTGAGE	Kathryn McHugh	$488,082.98	0.00	$488,082.98
	Borrower Totals		$955,562.93	0.00	$955,562.93
	Sponsor Totals		$955,562.93	0.00	$955,562.93
Park View					
	Park View Cooperative Corporation				
	PARKVIEW SL I	Michelle Volpe	$7,114.30	0.00	$7,114.30
	Borrower Totals		$7,114.30	0.00	$7,114.30
	Sponsor Totals		$7,114.30	0.00	$7,114.30
Pine Street Inn Inc.					
	Pine Street Inn, Inc.				
	124 PARK ST	Michelle Volpe	$60,247.20	0.00	$60,247.20
	Borrower Totals		$60,247.20	0.00	$60,247.20
	Sponsor Totals		$60,247.20	0.00	$60,247.20
Preservation Of					
	Preservation Of Affordable Housing				
	NON-REVOLVING 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
Quincy Geneva					
	Dorchester Family Housing L L C				
	QG/DBEDC INFILL	Matthew Aliberti	$69,908.76	0.00	$69,908.76
	Borrower Totals		$69,908.76	0.00	$69,908.76

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Quincy Geneva					
	Sponsor Totals		$69,908.76	0.00	$69,908.76
Resident Ownership					
	Resident Ownership Capital Llc				
	WAMSUTTA MOBILE	Michael Nilles	$1,043,247.73	0.00	$1,043,247.73
	Borrower Totals		$1,043,247.73	0.00	$1,043,247.73
	Sponsor Totals		$1,043,247.73	0.00	$1,043,247.73
Salem Harbor C D C					
	Salem Point Rental Properties				
	PARKING LOT	Michelle Volpe	$19,397.59	0.00	$19,397.59
	Borrower Totals		$19,397.59	0.00	$19,397.59
	Sponsor Totals		$19,397.59	0.00	$19,397.59
Scott					
	Transformations, Inc.				
	PINE HILLS VILLAGE	Michelle Volpe	$175,000.00	0.00	$175,000.00
	Borrower Totals		$175,000.00	0.00	$175,000.00
	Sponsor Totals		$175,000.00	0.00	$175,000.00
Smile Pre-School Inc					
	Smile Pre-School, Inc.				
	PRESCHOOL PARTIC	Michelle Volpe	$131,930.69	0.00	$131,930.69
	Borrower Totals		$131,930.69	0.00	$131,930.69
	Sponsor Totals		$131,930.69	0.00	$131,930.69
Somerville Community					
	Linden Street Limited Partnership				
	LINDEN ST CONSTRUCTI	Michelle Volpe	$392,026.67	357,351.27	$34,675.40
	LINDEN ST PARTICIPAT	Michelle Volpe	$351,138.01	0.00	$351,138.01
	Borrower Totals		$743,164.68	357,351.27	$385,813.41
	Somerville Community Corporation				
	WALNUT STREET	Michelle Volpe	$863,594.11	770,591.90	$93,002.21
	Borrower Totals		$863,594.11	770,591.90	$93,002.21
	Sponsor Totals		$1,606,758.79	1,127,943.17	$478,815.62
Stella					
	Michael A. Stella				
	FORECLOSURE ACQ	Michelle Volpe	$598,800.00	0.00	$598,800.00
	MELBOURNE PLACE	Michelle Volpe	$344,176.36	0.00	$344,176.36
	SCATTERED SITES	Michelle Volpe	$629,946.08	0.00	$629,946.08

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BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Stella					
	Michael A. Stella				
	Borrower Totals		$1,572,922.44	0.00	$1,572,922.44
	Sponsor Totals		$1,572,922.44	0.00	$1,572,922.44
Straight Ahead					
	Straight Ahead Pictures, Inc.				
	BECOMING HELEN KELLE	Kathryn McHugh	$85,000.00	0.00	$85,000.00
	Borrower Totals		$85,000.00	0.00	$85,000.00
	Sponsor Totals		$85,000.00	0.00	$85,000.00
The City School, Inc					
	The City School, Inc				
	TERM LOAN	Michelle Volpe	$146,339.68	0.00	$146,339.68
	WORKING CAPITAL LINE	Michelle Volpe	$28,800.00	0.00	$28,800.00
	Borrower Totals		$175,139.68	0.00	$175,139.68
	Sponsor Totals		$175,139.68	0.00	$175,139.68
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
Turetsky					
	David B. Turetsky				
	TURETSKY	Michael Nilles	$292,316.98	0.00	$292,316.98
	Borrower Totals		$292,316.98	0.00	$292,316.98
	Sponsor Totals		$292,316.98	0.00	$292,316.98
Urban Edge Housing					
	Ennis Highland Ue Llc				
	URBAN EDGE INFILL	Kathryn McHugh	$761,435.99	391,837.00	$369,598.99
	Borrower Totals		$761,435.99	391,837.00	$369,598.99
	Jackson Square Partners, Llc				
	JACKSON SQUARE	Kathryn McHugh	$288,563.41	0.00	$288,563.41
	Borrower Totals		$288,563.41	0.00	$288,563.41
	Urban Edge Housing Corporation				
	41 AMORY ST	Kathryn McHugh	$113,940.74	0.00	$113,940.74
	RESTRUC LOAN A	Kathryn McHugh	$1,282,110.94	0.00	$1,282,110.94
	RESTRUC LOAN B	Kathryn McHugh	$1,248,207.01	0.00	$1,248,207.01
	Borrower Totals		$2,644,258.69	0.00	$2,644,258.69

**** Some loans may have multiple Sponsors***

BCLF One Obligor Exposure Report

As of: 10/1/2011

Sponsor *	Borrowers / Loans *	Officer	Total Amount	Participation	Net Exposure
Urban Edge Housing					
	Sponsor Totals		$3,694,258.09	391,837.00	$3,302,421.09
Viet-Aid					
	1392 Dorchester Avenue, Llc				
	1392 DORCH HOUSE	Kathryn McHugh	$100,876.09	0.00	$100,876.09
	1392 DORCH LISC	Kathryn McHugh	$113,809.79	107,756.44	$6,053.35
	Borrower Totals		$214,685.88	107,756.44	$106,929.44
	Fields Corner Housing Corporation				
	TOLEDO ST	Kathryn McHugh	$98,266.50	89,615.31	$8,651.19
	Borrower Totals		$98,266.50	89,615.31	$8,651.19
	Sponsor Totals		$312,952.38	197,371.75	$115,580.63
Whittier Street					
	Whittier Street Health Center Committee				
	WHITTIER ST BRIDGE	Kathryn McHugh	$5,800,000.00	0.00	$5,800,000.00
	Borrower Totals		$5,800,000.00	0.00	$5,800,000.00
	Sponsor Totals		$5,800,000.00	0.00	$5,800,000.00
Women's Educational					
	Women's Educational Center, The				
	OPERATIONAL LOAN	Michael Nilles	$50,382.05	0.00	$50,382.05
	Borrower Totals		$50,382.05	0.00	$50,382.05
	Sponsor Totals		$50,382.05	0.00	$50,382.05

**** 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
1392 Dorchester Avenue, Llc	1392 DORCH HOUSE	Construction	Term	3	228	12/15/2003	Kathryn McHugh	$280,477.00	$100,876.09	$0.00		$100,876.09	7.00	03/01/2024
1392 Dorchester Avenue, Llc	1392 DORCH LISC	Construction	Term	3	228	12/15/2003	Kathryn McHugh	$153,998.69	$113,809.79	$107,756.44	4.00	$6,053.35	4.00	03/01/2024
160 Water Llc	CABLE MILLS - MP	Site Acquisition	Line of Credit	6	0	6/13/2007	Michael Nilles	$3,450,000.00	$3,450,000.00	$0.00		$3,450,000.00	18.00	09/13/2011
65 Bay Street L L C	BAY STREET	Permanent	Term	5	116	8/1/2001	Matthew Aliberti	$1,000,000.00	$845,485.25	$0.00		$845,485.25	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
Angela Westover Housing Corporation	ANGELA WESTOVER	Permanent	Term	3	202	12/22/2006	Michelle Volpe	$843,791.00	$793,847.02	$0.00		$793,847.02	6.50	10/31/2023
Arch Street Development Llc	15 COTTAGE STREET	Predevelopment	Line of Credit	4	9	8/11/2010	Kathryn McHugh	$200,000.00	$135,643.14	$0.00		$135,643.14	10.00	05/16/2012
Ashford Street Limited Partnership	ASHFORD STREET	Permanent	Term	3	120	4/17/2009	Matthew Aliberti	$175,000.00	$169,672.07	$0.00		$169,672.07	6.50	04/02/2019
Avivamiento L L C	NEPONSET FIELD	Predevelopment	Term	4	18	12/30/2004	Michelle Volpe	$1,250,000.00	$1,275,821.84	$0.00		$1,275,821.84	6.00	12/31/2011
Bartlett Place Land, Inc.	BARTLETT PLACE	Predevelopment	Line of Credit	4	34	12/8/2010	Kathryn McHugh	$300,000.00	$228,386.64	$0.00		$228,386.64	7.00	10/15/2013
Bc Adams Street Llc	BAKER CHOCOLATE F	Construction	Line of Credit	4	60	12/18/2008	Michael Nilles	$3,145,000.00	$3,063,024.20	$0.00		$3,063,024.20	8.50	12/18/2013
Bcc 481 Nmtc Investment Fund Llc	LEVERAGE LOAN	Construction	Line of Credit	3	120	3/23/2011	Michelle Volpe	$1,481,000.00	$1,472,876.00	$0.00		$1,472,876.00	7.00	03/23/2021
Bcc Solar Energy Advantage, Inc.	SEA CONSTR. LINE	Construction	Line of Credit	3	84	8/21/2009	Matthew Aliberti	$5,000,000.00	$588,822.57	$0.00		$588,822.57	6.00	03/31/2018
Berkshire Arts And Technology Public Charte	BART QLICI NOTE A	Site Acquisition	Term	3	432	9/1/2006	Michelle Volpe	$4,600,000.00	$4,517,937.36	$4,292,024.14	2.03	$225,913.22	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	$4,807,161.88	$3,588,720.04	6.50	$1,218,441.84	6.75	08/28/2013
Bridge Housing Corporation	ACQUISITION - COMM	Site Acquisition	Line of Credit	7	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	1	4/25/2000	Michael Nilles	$178,187.00	$137,494.84	$124,765.87	6.50	$12,728.97	7.25	10/31/2011
C A S C A P Realty Inc.	165 WESTERN AVE	Construction	Term	3	1	10/6/1998	Michael Nilles	$365,000.00	$265,673.39	$239,928.14	6.00	$25,745.25	7.00	10/31/2011
C A S C A P Realty Inc.	8 BIGELOW (NEW)	Construction	Term	3	120	9/1/2002	Michael Nilles	$584,323.00	$517,726.12	$483,940.11	6.50	$33,786.01	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	$72,402.07	$71,399.40	3.00	$1,002.67	3.50	09/01/2012
Caguas Llc	BURKE STUDIOS	Construction	Line of Credit	4	84	2/1/2007	Michelle Volpe	$4,400,000.00	$517,784.80	$258,723.56	3.00	$259,061.24	6.50	01/31/2018
Catherine Gallagher Housing Partnership	JPNDC BOTH PERMAN	Permanent	Term	2	240	9/1/2004	Kathryn McHugh	$1,568,957.00	$1,460,892.51	$1,209,778.90	6.50	$251,113.61	7.50	09/01/2024
Catherine Gallagher Housing Partnership	JPNDC TRANCHE B	Construction	Term	2	240	9/1/2004	Kathryn McHugh	$901,853.00	$675,945.12	$682,116.55	4.00	($6,171.43)	4.50	09/01/2024
Church Square Community Partners, Llc	BLESSED SACRAMENT	Site Acquisition	Term	4	19	12/7/2005	Kathryn McHugh	$8,125,000.00	$1,397,532.63	$129,498.79	6.00	$1,268,033.84	6.75	01/01/2012
Citizens For Affordable Housing In Newto	CHRISTINA ST.	Construction	Term	4	240	9/1/2002	Kathryn McHugh	$120,000.00	$96,584.43	$0.00		$96,584.43	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	$1,313,966.76	$0.00		$1,313,966.76	6.00	01/31/2020
Community Action Agency Of Somerville	CAAS - B	Permanent	Term	4	155	2/28/2007	Michelle Volpe	$289,000.00	$147,811.21	$0.00		$147,811.21	6.00	01/31/2020
Community Condominium Corporation	ABCDC CONDOS	Site Acquisition	Term	4	35	5/20/2008	Matthew Aliberti	$420,315.93	$130,035.23	$0.00		$130,035.23	7.25	06/10/2014
David B. Turetsky	TURETSKY	Permanent	Term	4	360	11/16/2010	Michael Nilles	$296,000.00	$292,316.98	$0.00		$292,316.98	4.25	12/01/2040
Denney, Edward B.	80 GROVE STREET	Site Acquisition	Term	3	120	4/3/2002	Kathryn McHugh	$186,900.00	$151,767.69	$138,697.31	6.50	$13,070.38	7.50	04/30/2012
Denney, Edward B.	103 SPRUCE ST	Site Acquisition	Term	3	126	5/15/2002	Kathryn McHugh	$288,000.00	$242,915.37	$221,615.35	6.50	$21,300.02	7.50	11/30/2012
Dorchester Bay Economic Development Corp	LOC PART 2	Organizational	Term	3	59	4/14/2003	Matthew Aliberti	$80,000.00	$60,093.43	$0.00		$60,093.43	7.00	10/31/2013

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
Dorchester Family Housing L L C	QG/DBEDC INFILL	Construction	Term	3	120	7/15/2003	Matthew Aliberti	$1,557,222.00	$69,908.76	$0.00		$69,908.76	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	$181,706.73	$0.00		$181,706.73	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	$114,974.95	$0.00		$114,974.95	8.00	12/01/2026
Dorchester Home & Garden Trust, Inc.	52 ELLINGTON STREET	Permanent	Term	3	120	6/25/2007	Matthew Aliberti	$240,000.00	$228,553.65	$0.00		$228,553.65	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	$151,261.05	$0.00		$151,261.05	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	2	5/7/1999	Michelle Volpe	$80,000.00	$49,522.58	$0.00		$49,522.58	7.00	11/15/2011
Ennis Highland Ue Llc	URBAN EDGE INFILL	Construction	Term	4	240	10/31/2003	Kathryn McHugh	$2,340,000.00	$761,435.99	$391,837.00	4.50	$369,598.99	5.55	04/30/2026
Fairbanks Development Llc	REN LOFTS CONSTRUC	Construction	Line of Credit	6	1	11/27/2006	Michael Nilles	$6,090,000.00	$4,078,407.63	$0.00		$4,078,407.63	0.00	10/31/2011
Falmouth Housing Corporation	POOL B AMEND.	Permanent	Term	3	180	9/8/2004	Michael Nilles	$1,975,000.00	$1,297,619.92	$707,227.11	6.50	$590,392.81	6.50	09/08/2019
Fenway C D C	HEMENWAY ST	Construction	Term	3	3	9/9/1999	Kathryn McHugh	$1,225,000.00	$913,357.77	$539,541.36	6.50	$373,816.41	7.00	12/15/2011
Fields Corner Housing Corporation	TOLEDO ST	Construction	Term	4	4	11/18/1999	Kathryn McHugh	$133,250.00	$98,266.50	$89,615.31	6.00	$8,651.19	7.00	01/15/2012
Firehouse Place Inc.	FIREHOUSE PLACE	Construction	Line of Credit	4	19	5/20/2011	Kathryn McHugh	$275,000.00	$0.00	$0.00		$0.00	6.00	12/15/2012
Fountain Hill Square	ROOF & DECK LOAN '0	Construction	Term	4	84	6/25/2007	Michael Nilles	$78,947.07	$36,090.24	$0.00		$36,090.24	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	$192,188.62	$0.00		$192,188.62	7.25	12/31/2012
Hmb Llc	8 ELWYN ROAD	Permanent	Term	3	120	7/14/2011	Michael Nilles	$130,000.00	$129,703.35	$0.00		$129,703.35	7.00	07/14/2021
Hmb Llc	4-6 NELSON STREET	Permanent	Term	3	120	7/14/2011	Michael Nilles	$119,000.00	$118,728.45	$0.00		$118,728.45	7.00	07/14/2021
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	5	14	6/12/2007	Kathryn McHugh	$4,315,000.00	$2,157,500.00	$1,750,013.11	5.00	$407,486.89	3.96	08/31/2012
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	5	14	6/12/2007	Kathryn McHugh	$485,000.00	$263,241.59	$0.00		$263,241.59	5.00	08/31/2012
Housing Corporation Of Arlington	252-260 MASS AVE AC(	Site Acquisition	Line of Credit	3	36	10/21/2010	Michelle Volpe	$500,000.00	$500,000.00	$0.00		$500,000.00	5.00	10/21/2013
Housing Corporation Of Arlington	252-260 MASS AVE PRE	Predevelopment	Line of Credit	4	36	10/21/2010	Michelle Volpe	$500,000.00	$287,533.07	$0.00		$287,533.07	9.00	10/21/2013
Island Affordable Housing Fund, Inc.	TWIN OAKS	Construction	Term	8	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	$324,808.39	$0.00		$324,808.39	7.25	06/30/2012
Jackson Square Partners, Llc	JACKSON SQUARE	Predevelopment	Line of Credit	4	47	12/15/2006	Kathryn McHugh	$300,000.00	$288,563.41	$0.00		$288,563.41	1.00	11/27/2014
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
Kevin R. Mccrea	FORECLOSURE LOC	Site Acquisition	Line of Credit	3	12	7/1/2010	Michael Nilles	$1,000,000.00	$94,822.31	$0.00		$94,822.31	7.00	06/30/2012
Kevin R. Mccrea	45 THORNDIKE ST	Site Acquisition	Term	4	120	12/28/2010	Michelle Volpe	$170,560.00	$168,306.21	$0.00		$168,306.21	7.00	12/15/2020
Kipp Academy Lynn Charter School	KIPP LEVERAGE LOAN	Construction	Line of Credit	4	96	5/2/2011	Michelle Volpe	$1,500,000.00	$1,500,000.00	$0.00		$1,500,000.00	7.00	05/02/2019
Linden Street Limited Partnership	LINDEN ST PARTICIPA	Permanent	Term	3	240	12/12/2001	Michelle Volpe	$500,000.00	$351,138.01	$0.00		$351,138.01	4.66	06/12/2023
Linden Street Limited Partnership	LINDEN ST CONSTRUC	Construction	Term	4	258	12/12/2001	Michelle Volpe	$500,000.00	$392,026.67	$357,351.27	6.50	$34,675.40	8.00	06/30/2023
Madison Washington Ii Llc	2201 WASHINGTON RE	Construction	Term	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
Mary's Center Chc	MARY'S CENTER CHC	Permanent	Term	4	78	2/10/2011	Michael Nilles	$1,195,000.00	$1,041,254.43	$0.00		$1,041,254.43	7.50	08/15/2017

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
Mary's Center Chc	MARY'S CENTER LOC	Construction	Line of Credit	4	2	2/10/2011	Michael Nilles	$475,575.00	$98,980.08	$0.00		$98,980.08	7.50	11/30/2011
Match School Investment Fund Llc	MATCH SCHOOL	Organizational	Term	2	84	10/25/2005	Michelle Volpe	$11,500,000.00	$11,097,928.83	$4,275,000.00	5.70	$6,822,928.83	6.40	10/25/2012
Mattapan Community Health Center	NEW MCHC HEALTH C	Construction	Line of Credit	4	72	4/28/2011	Michael Nilles	$2,100,000.00	$1,323,016.28	$0.00		$1,323,016.28	7.50	04/28/2017
Michael A. Stella	FORECLOSURE ACQ	Site Acquisition	Line of Credit	4	5	8/27/2008	Michelle Volpe	$750,000.00	$598,800.00	$0.00		$598,800.00	6.00	01/31/2012
Michael A. Stella	MELBOURNE PLACE	Site Acquisition	Line of Credit	4	60	12/12/2008	Michelle Volpe	$460,000.00	$344,176.36	$0.00		$344,176.36	7.50	12/12/2013
Michael A. Stella	SCATTERED SITES	Site Acquisition	Line of Credit	4	60	1/29/2009	Michelle Volpe	$930,000.00	$629,946.08	$0.00		$629,946.08	7.50	01/29/2014
Miles Properties, Inc.	PETERBRIDGE	Construction	Term	3	180	3/19/1998	Kathryn McHugh	$500,000.00	$94,233.30	$81,772.54	6.50	$12,460.76	7.50	01/01/2014
Mount Pleasant Homes	MT PLEASANT BRIDGE	Construction	Line of Credit	4	24	6/17/2010	Matthew Aliberti	$4,209,359.00	$1,419,751.63	$0.00		$1,419,751.63	6.25	06/17/2012
Mount Pleasant Homes	MT PLEASANT LEVER/	Permanent	Term	4	96	6/17/2010	Matthew Aliberti	$2,250,000.00	$2,249,675.00	$0.00		$2,249,675.00	6.57	06/17/2018
Neighborhood Of Affordable Housing	LOC BORDER ST.	Organizational	Term	4	48	8/23/2004	Michael Nilles	$175,000.00	$82,205.43	$0.00		$82,205.43	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	$7,589,607.53	$3,794,803.75	10.00	$3,794,803.78	10.00	01/15/2014
November Collective Cooperative Corp.	NOVEMBER COLLECTI	Permanent	Term	3	180	4/3/2006	Michael Nilles	$140,000.00	$113,658.39	$0.00		$113,658.39	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	$376,286.88	$0.00		$376,286.88	5.00	10/30/2011
Nueva Vida Inc.	290.5 EUSTIS ST.	Permanent	Term	3	180	11/13/1998	Michael Nilles	$65,000.00	$46,777.05	$0.00	6.00	$46,777.05	7.00	06/30/2021
Nueva Vida Inc.	263 EUSTIS ST	Permanent	Term	3	34	11/15/1999	Michael Nilles	$181,661.00	$133,012.61	$119,069.38	5.50	$13,943.23	6.00	01/31/2014
Paige Company, Inc.	PAIGE 2ND MORTGAG	Permanent	Term	7	66	3/15/2005	Kathryn McHugh	$500,000.00	$467,479.95	$0.00		$467,479.95	5.00	03/15/2015
Paige Company, Inc.	PAIGE 3RD MORTGAG	Permanent	Term	8	120	3/15/2005	Kathryn McHugh	$455,655.50	$488,082.98	$0.00		$488,082.98	7.00	03/15/2015
Park View Cooperative Corporation	PARKVIEW SL I	Organizational	Term	4	82	3/21/2008	Michelle Volpe	$13,000.00	$7,114.30	$0.00		$7,114.30	8.00	01/21/2015
Peace Properties, Inc.	EUTAW MERIDIAN	Construction	Term	4	180	3/1/1997	Michael Nilles	$510,000.00	$12,549.54	$14,096.42	6.00	($1,546.88)	7.00	03/31/2013
Pine Street Inn, Inc.	124 PARK ST	Construction	Term	2	120	7/22/1998	Michelle Volpe	$150,000.00	$60,247.20	$0.00		$60,247.20	6.00	09/30/2015
Preservation Of Affordable Housing	NON-REVOLVING LOC	Site Acquisition	Line of Credit	4	35	5/1/2011	Michelle Volpe	$3,000,000.00	$0.00	$0.00		$0.00		04/25/2014
Resident Ownership Capital Llc	WAMSUTTA MOBILE	Permanent	Term	4	118	9/16/2011	Michael Nilles	$1,043,247.73	$1,043,247.73	$0.00		$1,043,247.73	6.00	07/15/2021
Roxbury Development Corporation	BOHIO	Organizational	Term	4	24	9/2/2005	Kathryn McHugh	$1,275,000.00	$1,123,327.69	$0.00		$1,123,327.69	6.50	07/31/2012
Salem Point Rental Properties	PARKING LOT	Site Acquisition	Term	4	120	12/23/2003	Michelle Volpe	$25,000.00	$19,397.59	$0.00		$19,397.59	6.00	06/30/2014
Shaw's Landing Llc	SHAW'S LANDING PH.	Predevelopment	Line of Credit	4	1	9/14/2006	Michael Nilles	$1,800,000.00	$1,551,560.77	$0.00		$1,551,560.77	7.00	10/31/2011
Siochain Properties Limited Partnership	SIOCHAIN I (NEW)	Construction	Term	4	240	7/9/2002	Michael Nilles	$232,597.00	$194,868.88	$175,407.78	6.50	$19,461.10	7.00	07/09/2022
Siochain Properties Limited Partnership	SIOCHAIN I (LISC)	Construction	Term	4	240	7/9/2002	Michael Nilles	$161,791.00	$100,951.90	$99,845.06	3.00	$1,106.84	3.50	07/09/2022
Smile Pre-School, Inc.	PRESCHOOL PARTIC	Organizational	Term	3	120	3/15/2002	Michelle Volpe	$260,250.00	$131,930.69	$0.00	7.25	$131,930.69	7.25	03/15/2012
Somerville Community Corporation	WALNUT STREET	Construction	Term	3	154	9/25/2003	Michelle Volpe	$950,000.00	$863,594.11	$770,591.90	6.50	$93,002.21	6.14	09/30/2019
Straight Ahead Pictures, Inc.	BECOMING HELEN KE	Organizational	Line of Credit	4	12	7/7/2011	Kathryn McHugh	$150,000.00	$85,000.00	$0.00		$85,000.00	6.00	07/07/2012
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	41	1/10/2008	Michelle Volpe	$200,000.00	$146,339.68	$0.00		$146,339.68	8.00	08/01/2014

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
The City School, Inc	WORKING CAPITAL LI	Organizational	Line of Credit	4	41	1/10/2008	Michelle Volpe	$50,000.00	$28,800.00	$0.00		$28,800.00	6.00	08/01/2014
The Leaguers Investment Fund Llc	HEADSTART FACILITY	Site Acquisition	Term	4	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
Transformations, Inc.	PINE HILLS VILLAGE	Predevelopment	Line of Credit	4	60	12/17/2010	Michelle Volpe	$400,000.00	$175,000.00	$0.00		$175,000.00	14.00	12/31/2015
Urban Edge Housing Corporation	41 AMORY ST	Site Acquisition	Term	4	177	2/6/2006	Kathryn McHugh	$90,000.00	$113,940.74	$0.00		$113,940.74	5.00	09/30/2024
Urban Edge Housing Corporation	RESTRUC LOAN A	Predevelopment	Term	6	23	12/29/2008	Kathryn McHugh	$1,500,000.00	$1,282,110.94	$0.00		$1,282,110.94	5.50	01/31/2012
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
Watershed Properties Inc	35 PLEASANT ST	Permanent	Term	3	180	6/16/2003	Kathryn McHugh	$385,000.00	$218,785.22	$0.00		$218,785.22	6.75	06/30/2018
Whittier Street Health Center Committee Inco	WHITTIER ST BRIDGE	Construction	Line of Credit	4	18	12/21/2010	Kathryn McHugh	$5,800,000.00	$5,800,000.00	$0.00		$5,800,000.00	6.00	06/21/2012
Women's Educational Center, The	OPERATIONAL LOAN	Organizational	Term	4	103	8/4/2005	Michael Nilles	$200,000.00	$50,382.05	$0.00		$50,382.05	7.00	10/31/2017
	Grand Total					# of Loans	105		$119,483,173.63	40,715,136.59		$78,768,037.04		

NMTC 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
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
Bcc 481 Nmtc Investment Fund Llc	LEVERAGE LOAN	Construction	Line of Credit	3	120	3/23/2011	Michelle Volpe	$1,481,000.00	$1,472,876.00	$0.00		$1,472,876.00	7.00	03/23/2021
Berkshire Arts And Technology Public Charte	BART QLICI NOTE A	Site Acquisition	Term	3	432	9/1/2006	Michelle Volpe	$4,600,000.00	$4,517,937.36	$4,292,024.14	2.03	$225,913.22	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	$4,807,161.88	$3,588,720.04	6.50	$1,218,441.84	6.75	08/28/2013
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
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
Kipp Academy Lynn Charter School	KIPP LEVERAGE LOAN	Construction	Line of Credit	4	96	5/2/2011	Michelle Volpe	$1,500,000.00	$1,500,000.00	$0.00		$1,500,000.00	7.00	05/02/2019
Mary's Center Chc	MARY'S CENTER CHC	Permanent	Term	4	78	2/10/2011	Michael Nilles	$1,195,000.00	$1,041,254.43	$0.00		$1,041,254.43	7.50	08/15/2017
Match School Investment Fund Llc	MATCH SCHOOL	Organizational	Term	2	84	10/25/2005	Michelle Volpe	$11,500,000.00	$11,097,928.83	$4,275,000.00	5.70	$6,822,928.83	6.40	10/25/2012
Mattapan Community Health Center	NEW MCHC HEALTH C	Construction	Line of Credit	4	72	4/28/2011	Michael Nilles	$2,100,000.00	$1,323,016.28	$0.00		$1,323,016.28	7.50	04/28/2017
Mount Pleasant Homes	MT PLEASANT BRIDGE	Construction	Line of Credit	4	24	6/17/2010	Matthew Aliberti	$4,209,359.00	$1,419,751.63	$0.00		$1,419,751.63	6.25	06/17/2012
Mount Pleasant Homes	MT PLEASANT LEVER	Permanent	Term	4	96	6/17/2010	Matthew Aliberti	$2,250,000.00	$2,249,675.00	$0.00		$2,249,675.00	6.57	06/17/2018
The Leaguers Investment Fund Llc	HEADSTART FACILITY	Site Acquisition	Term	4	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
Whittier Street Health Center Committee Inco	WHITTIER ST BRIDGE	Construction	Line of Credit	4	18	12/21/2010	Kathryn McHugh	$5,800,000.00	$5,800,000.00	$0.00		$5,800,000.00	6.00	06/21/2012
	Grand Total				# of Loans	14			$64,959,601.41	28,155,744.18		$36,803,857.23		

BOSTON COMMUNITY CAPITAL

Intermediary Lending for State HTC and LIHTC

Sponsor	Project Name	Project Address	Project Info	Loan Amount	Term (in years)	Closing Date	# of LIHTC Units	# of Project Based S. 8 Units	# of Market Rate Units	Total Units	Commercial Real Estate (s/f)	Other
Beacon Communities	BC Wilbur School LLC	75 South Main Street, Sharon, MA 02067	Historic rehabilitation rental project	$ 11,914,700.00	45	12/9/2008	72	0	7	79	0	
Beacon Communities	BC Tammy Brook LLC	95 & 115 King Avenue, Weymouth, MA 02188	Townhouse Rental	$ 5,170,186.00	40	12/1/2009	24	41	0	65	0	
Beacon Communities	BC Sacred Heart LLC	23 Hawley & 30,32 Groton Streets, Lawrence, MA 01843	Redevelopment - affordable	$ 2,945,800.00	40	12/18/2009	39	5	0	44	0	
The Gatehouse Group	Union Pond LLC	2880 Cranberry Highway, Wareham, MA 02571	New construction, 100% LIHTC	$ 9,018,750.00	40	12/29/2009	104	0	0	104	0	
Beacon Communities	Ocean Shores	1209 Ocean Street, Marshfield, MA 02050	55+ yo tenants	$ 12,660,593.00	45	12/30/2009	89	8	0	97	0	
WinnDevelopment	Canal Lofts LP	48 Water Street, Worcester, MA	Affordable and Workforce	$ 10,210,000.00	50	6/24/2010	32	0	33	65	0	
WinnDevelopment	Forest Park Condominiums LP	57-93 Longhill Street, Springfield, MA	Conversion from condominium ownership to rental	$ 6,125,000.00	40	9/1/2010	88	0	21	109	0	
Beacon Communities	Old Colony Phase One LP	25 James O'Neill Street, South Boston, MA 02127	New construction of apartment units and a 10,000 s.f. community center	$ 17,257,711.00	45	9/18/2010	87	29	0	116	0	
WinnDevelopment	Pickle-Ditson LP	164-166 Terrace Street, Boston, MA	Affordable and Workforce	$ 8,023,250.00	50	12/29/2009 - 1/31/2010	43	0	19	62	0	
WinnDevelopment	Curtain Lofts LP	420 Quequechan Street, Fall River, MA 02723	55+ yo tenants	$ 8,844,000.00	50	8/27/2010	63	0	34	97	0	
Beacon Communities	Cumberland Homes	16-36 Cumberland Street and 1698-1750 Dwight Street, Springfield, MA	Renovation and preservation of 76 units of affordable family housing	$ 3,516,505.00	44	5/4/2011	68	0	8	76	0	
The Gatehouse Group	Union Pond LP	2880 Cranberry Highway, Wareham, MA 02571	Phase 3 - New Construction, 100 LIHTC	$ 644,490.00	40	5/17/2011	44	0	0	44	0	
			Totals **12**	**$ 96,330,985.00**			**753**	**83**	**122**	**958**	**0**	

Summary of Lending Activity
3rd Qtr 2011

Credits Approved at Staff Level

Borrower	Project	Action	Date
Kevin McCrea	Foreclosure Line	Extended maturity date	7/5/2011
Oaktree Development	Shaw's Landing	Extended maturity date	7/19/2011
Arch Street Development	15 Cottage Street	Extended maturity date	8/11/2011
Island Affordable Housing Fund	Twin Oaks	Downgraded the RR from 4 to 8	8/11/2011
Steve Bryan - HMB LLC	33 Harold Street	New $100K Loan	8/12/2011
Transformations, Inc.	Pine Hill Village	Extended maturity date	8/25/2011
Michael Stella	West Cottage	Extended maturity date	8/31/2011
Fenway CDC	Hemenway Street	Extended maturity date	9/8/2011
Viet-Aid	Toledo	Extended maturity date	9/8/2011
Franklin County D.I.A.L./S.E.L.F	East Main Street	New $50K Loan	9/9/2011
Mitchell Properties	160 Water LLC	Downgraded the RR from 5 to 6; changed interest rate to default rate of 18%; placed loan on non-accrual and increased reserves.	9/14/2011
Fairbanks Development LLC	Renaissance Lofts	Extended maturity date	9/23/2011
CASCAP	165 Western & Condo Loans	Extended maturity date	9/27/2011
Ellington Cooperative Corporation	Ellington Street	Extended maturity date	9/28/2011

Summary of Lending Activity
3rd Qtr 2011

Credits Approved by Committee

Borrower/Project	Commitment Date	Current Status	Amount	Comment
North Central Charter Essential School (NCCES), NCCES Foundation			$ 6,300,000.00	The loan was not voted on and was tabled for another meeting date
E.L. Haynes Public Charter School - Kansas Avenue	9/27/2011	Committed	$ 3,500,000.00	
Total 3rd Qtr:			**$ 9,800,000.00**	

Boston Community Loan Fund, Inc.
Palladio Hall 56 Warren St.
Roxbury, MA 02119
Ph: (617)427-8600
Fx: (617)427-9300

Loans Rated 5 or Worse

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 5 Special Mention				
BAY STREET	65 Bay Street L L C	$845,485.25	0.00	$845,485.25
ELLINGTON COOP	Ellington Cooperative Corporation	$49,522.58	0.00	$49,522.58
HOLCROFT PARK NOTE A	Holcroft Park Homes, Llc	$2,157,500.00	1,750,013.11	$407,486.89
HOLCROFT PARK NOTE B	Holcroft Park Homes, Llc	$263,241.59	0.00	$263,241.59
	Rating Sub-Total	$3,315,749.42	$1,750,013.11	$1,565,736.31
Risk Rating: 6 Substandard				
CABLE MILLS - MP	160 Water Llc	$3,450,000.00	0.00	$3,450,000.00
REN LOFTS CONSTRUCT	Fairbanks Development Llc	$4,078,407.63	0.00	$4,078,407.63
RESTRUC LOAN A	Urban Edge Housing Corporation	$1,282,110.94	0.00	$1,282,110.94
	Rating Sub-Total	$8,810,518.57	$0.00	$8,810,518.57
Risk Rating: 7 Doubtful				
ACQUISITION - COMMON	Bridge Housing Corporation	$2,315,487.74	0.00	$2,315,487.74
PAIGE 2ND MORTGAGE	Paige Company, Inc.	$467,479.95	0.00	$467,479.95
RESTRUC LOAN B	Urban Edge Housing Corporation	$1,248,207.01	0.00	$1,248,207.01
	Rating Sub-Total	$4,031,174.70	$0.00	$4,031,174.70
Risk Rating: 8 Probable Loss				
PAIGE 3RD MORTGAGE	Paige Company, Inc.	$488,082.98	0.00	$488,082.98
TWIN OAKS	Island Affordable Housing Fund, Inc.	$191,484.76	0.00	$191,484.76
	Rating Sub-Total	$679,567.74	$0.00	$679,567.74
	Grand Total	$16,837,010.43	$1,750,013.11	$15,086,997.32

Boston Community Loan Fund

Loans Rated Five or Worse

Third Quarter 2011

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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.

Paige Academy, Inc.

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Second Mortgage	$467,479.95	7	$233,739.98 (50%)	03/15/15	120 days
Third Mortgage	$488,082.98	8	$488,082.98 (100%)	3/15/15	120 days

*Please note that there is an additional $24,000 reserve for the Paige relationship.

Current Status:

Paige Academy has not made a loan payment since May 2011.

Borrower has indicated that they have experienced a major delay in funding from their vendors. They have informed us that the loan will be brought current on November 15, 2011, by which time they anticipate having caught up from the funding delay.

In September 2011, borrower submitted annual reporting package, including 2010 audited financial statements, enrollment activity, insurance certificates, and internally prepared financials through March 2011. The documents show the program to be under-enrolled and continued to have negative net assets, as anticipated.

Portfolio Manager and Loan Officers will visit the site in November 2011. The CFO is currently on maternity leave and the Paige management team will not agree to meet without her present. Based on the information garnered at this meeting Portfolio Manager and Loan Officers will assess the appropriateness of the risk rating, reserves, and loan structure, and determine a plan for moving forward.

Background:

These loans were originally made to finance the rehabilitation of the Paige Academy facility, which 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 also escrowed an additional $100,000 to further reduce our loan if Paige met certain performance benchmarks with a year. We originally 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 was originally 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, completed the permanent financing for Paige, and substantially reduced the time and attention both Paige and BCLF needed 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, significantly upgraded Paige's financial management systems and reduced overhead expenses, all of which put Paige on a more stable financial footing and allowed them to focus on education and increasing enrollment.

In April 2008, Dick and Becky met with the founders of the school to discuss the financial and operational strength of the school. They reported competitive pressures from charter schools and pilot schools hinder growth, but that at the time they continued to have 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 because the loan had become severely delinquent. Paige's management attributed their cash flow challenge to voucher reduction, lower enrollment, and back tax payments associated with outstanding payroll tax liens. 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 was downgraded to an 8.

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 required 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 $757,071 against the total exposure (non-accrual balances) of $978,028 or 77%. Both of these loans are on non-accrual. These loans mature on March 15, 2015.

Portfolio Manager is collecting reporting on an annual basis. Their FYE 2009 audited financial statements indicate negative net assets. The audit received an unqualified opinion, and no control issues were found. Expenses were very consistent with prior year with the exception of the significant variance associated with payment of interest on back payroll taxes and penalties. The taxes were being paid on a payment plan as agreed upon through FY10.

NAEYC re-accredited Paige in October 2010, which is important to their continued marketing ability.

Alliance for Animals

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Equipment	$0	6	n/a	09/30/2011	Paid in Full

Current Status
****This loan has amortized and paid in full. The loan will be removed from the report as of the next quarter.****

Urban Edge- Predevelopment Loan

Loan Summary

Loan	Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Restructure Note A	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,282,110.94	6	$256,442 (20%)	01/31/12	Current
Restructure Note B	Acquisition (Webb Building) & Predevelopment (Jax Sq)	$1,248,207.01	7	$624,103.50 (50%) + additional $509,995 reserve	01/31/12	Current

Current Status
The Jackson Square project has been seriously delayed and many of the originally proposed projects have had to be redesigned as a result of the economy and stalled homeownership funds available from the State.

The delay of these projects has had a negative impact on Urban Edge's development pipeline which in turn has affected their balance sheet. The balance sheet impairment (negative net assets due to large long term liabilities which are primarily due to debt associated with Jackson Square) has resulted in a going concern audit opinion since 2005. However, in 2010, UE issued their first audit without a going concern despite their significant negative net asset position (negative $1.1MM).

In an effort to continue to repair the balance sheet impairment, Urban Edge Housing Corp. (UEHC) asked that BCLF retire $1,323,895 of Jackson Square predevelopment debt to UEHC and transfer $743,955 that debt to Urban Edge Limited Partnership (UELP) and the remaining $579,940 to Bancroft Limited Partnership.

UELP is an occupied, scattered site, multi-family affordable rental housing development comprised of 10 buildings containing a total of 82 units at 7 sites in Roxbury and Jamaica Plain, MA. Originally we hoped the entire $743,955 would be repaid at the close of the UELP refinancing (this was the structure approved by Loan Committee). However at this

time the timing of the repayment has been adjusted; $305,000 will be repaid at the close of the refinancing and the remainder will be paid from developer overhead available from the deal.

Bancroft Apartments is an existing scattered site 45 unit project located in the Eggleston Square neighborhood. The project's rents are supported by 45 Project-based Section 8's. The borrower plans to submit a refinance application to the State within the next 3-5 years. BCLF will put a $579,940 second mortgage on the property which can be supported at 1.15X from NOI. BCLF still needs to work out the subordination arrangements with existing lenders.

This restructure will help assure principal repayment.

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 original loan was 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.

In 2008, 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 (Note A: $1,500,000) The balance was booked as an impaired loan, risk rated 8 (Note B: $1,233,492.70) The loans are secured by a Second Mortgage and security interest on 1542 Columbus Ave, and by assignments from a series of properties in development, totaling $5,572,874. At the time of restructure, with a total balance between the two loans of $2,733,492.70, this resulted in a 49% LTV for the relationship. The agreed upon repayments from these assignments totaled $3,536,262.

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.

The borrower's 2010 audit received an unqualified opinion.

Based on the ongoing issues surrounding repayment, Note A was downgraded to Risk Rating 6 in Q3 2010.

Renaissance Lofts

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$4,078,407.63	6	$815,681.53	08/31/2011	Current[1]

[1]0% interest.

Current Status

In December 2010, we reduced the interest rate to 0% to stop further accrual. In March 2011, we extended the maturity date to August 31, 2011 to allow Borrower to market through another spring/summer sales season and convert recent interest to sales or tenancies. Since March 2011, Borrower has closed on the 16th sale (unit 312, closed on 8-4-11) and moved in a rental tenant (unit 209, 4-1-11). An additional unit has been put under reservation.

The 16th residential sale (units 312) in August closed for the list price of $348,800, which yielded proceeds of $337,840 to BCC, all of which was applied to reduce principal. This sale, like the sale that closed in November 2010 for $370,250, support the list pricing for eight unsold units that are listed between $272,900 and $345,500 (one of which is rented). Four other unsold units are listed from $371,900 to $439,000.

Unless current buyer interest converts to sales by year-end, we believe an alternative strategy for the building may be needed (for example, price reductions to sell out the remaining units, or a long-term rental strategy). BCLF is engaging Maloney Properties to analyze these possible strategies. The broker RE/MAX Oak Realty, has developed a market analysis indicating that they estimate units could be sold if prices were reduced 15-20%. Loan Officers will review upon receipt and intend to potentially allow the borrower to "test" this analysis by dropping the price on the two finished units.

Of note, the Marlborough Community Development Authority (CDA) has an abutting parcel (57 Harrison Place) under agreement for $95,000 from HUD, which obtained the property through foreclosure. Borrower has been monitoring this property for years; its former owner had used the backyard to store junk which created an eyesore for Ren Lofts. The CDA is willing to let Borrower purchase the property; Borrower would like to purchase and tear down the property to create parking, which would be on the same side of Lincoln Street as the building. Existing owners have expressed an interest in buying such spots, Borrower needs additional parking for the commercial property, and Borrower is convinced that adjacent parking would facilitate residential sales. In the current market, we are not convinced that this would lead to residential sales, which is the screen through which we evaluate all requests for disbursement. We continue to discuss this issue with Borrower.

In the commercial space, Borrower has opened a café, created and rented eight work studios to artists, and has three additional artists interested in space. Borrower is considering creating additional work studios out of unit 203, which would then be smaller and possibly more marketable. Although we agree that these uses of the commercial space enliven the building and enhance its marketability, they have not yet resulted in greater sales momentum. The artist work studios are known as "White Rabbit Studios," the coffee shop as "Coffee Loft," and the gallery space as the "Mad Hatter Gallery."

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 at list price + amenity upgrades. When unit 310 closes, by October 22, 2010, our hope and expectation is that it will establish a current comp within the building for the remaining units. Unit 310 is currently under agreement for above list price for the second time this year.

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.

As noted above, we are talking with Borrower about her personal financial situation which 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.

<u>Ellington Coop</u>

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Second Mortgage	$49,522.58	5	4,952.66 (10%)	04/30/2011	Matured; Current

Current Status

BCLF has issued proposed terms to refinance the loan balance. Ann Maxwell, the longtime champion and informal property manager of the cooperative has indicated her desire to begin to reduce her role with the cooperative and, as such, BCLF will require that the Coop hire a property manager as a condition of any extension. BCLF has been attempting for some time to schedule a meeting with Ann Maxwell and the current Coop Board Chair with little success due to schedule constraints and unpredictability on the

Ellington end. In the fourth quarter, BCLF will request a slot on the agenda of the Coop Board meeting in an effort to both accelerate the extension process and to ensure that the wider coop understands the terms of the extension.

The Coop expressed a desire to increase its loan amount to finance certain priority capital needs, which was not included in BCLF's proposed terms. Given the lack of capacity at the borrower level, BCLF is unwilling to lend additional funds through the current cooperative structure.

In the third quarter Lender and Portfolio Manager met with Pat Cooke of Dorchester Home & Garden Trust (Living in Dorchester) who has rehabilitated and managed similar properties in the immediate neighborhood to both seek his professional expertise around the capital needs and gauge his potential interest in deeper engagement with the property. We left this conversation with the understanding that he would be willing to consider both a management role and a future ownership role, but is hesitant both to become involved with the cooperative structure and to feel that he is in any way displacing Ann Maxwell.

The proposal to be presented to the coop board will include steady state payments until payoff of the senior debt in 2012 and for an additional 6 months thereafter to allow the borrower to build up a small replacement reserve, and then increased payments to accelerate paydown of the note balance.

Lenders will also seek the involvement of The Cooperative Fund of New England, in addition to exploring the potential of partnering the coop with another thriving coop for technical assistance and support.

Background

The loan is a second mortgage secured by real estate to a 6-unit cooperative in Dorchester. This permanent loan was closed in May 1999 with a 10 year term, and an underlying 25 year amortization schedule.

The original 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 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.

Bridge Housing

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status

Construction	$2,315,488	7	$463,098 (20%) +$400,000 in additional reserves	01/31/2011	Matured; Demand has been made

Current Status

The loan matured in January and remains matured. On October 14, 2011, BCLF issued a demand letter and is taking steps to take title to the property.

The Bridge Housing Board of Directors reported in an email to BCLF in Q3 2011 that they no longer have the capacity to continue to champion the project. This was not un-anticipated by the lending team and BCLF responded with a formal default letter, coupled with a conversation with one of the Board members explaining the process of taking a Deed-in-Lieu on the property.

BCLF's next steps are to immediately obtain an appraisal, determining an estimate of value as well as confirmation as to whether the land is more marketable with or without the affordability designations (Town of Tisbury 40B and Martha's Vineyard Commission DRI – both expiring in December 2012) and move forward toward taking a Deed-in-Lieu.

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 2011 at the earliest. The Bridge Housing Board 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. Based on the lack of favorable buyers/developers as of the end summer 2010, BCLF reviewed and increased the reserves for this loan. The loan was extended in the 3rd quarter through January 2011 to allow for extending the Comp Pemit and 40B/ZBA approval, both of which were extended in Q4 2010.

In the second quarter 2011, the lending team re-assessed the reserves held on the loan based on new market information from a respected Island broker, who has served as the site's listing agent. While he notes a significant price decline island-wide, the lending team and BCLF finance department have concluded that, as the carrying cost is minimal

on this property, and we have a rare commodity in the permitting on the property, a hold strategy makes sense. With this strategy, we believe that the current reserve (including the $400,000 additional reserve) is currently adequate.

Holcroft Park Notes A and B (Holcroft Homes LLC)

Loan Summary

Purpose	Net Balance	Participation	Rating	Reserve Amt (%)	Maturity Date	Status
Acquisition – Note A	$407,486.89	$1,750,013	5	$40,748.69 (10%)	8/31/11	Current
Acquisition – Note B	$264,538.67	$0	5	$26,453.87 (10%)	8/31/11	Current

This loan is on the Priority Monitoring Report because of the LTV exceeding 100% during the amortization period of the loan. BCLF provided acquisition financing through two notes (totaling $4,800,000) for this project in June 2007.

Current Status:
Phase I is moving forward as anticipated. Phase II has received its allocation and the development team anticipate closing on Phase II prior to this loan's maturity in August 2012. As the loan is now moving forward and there is a clear path to payoff, we will be recommending upgrading the risk rating for this loan to 4 in the fourth quarter, 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 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.

At the beginning of 2010, the lending team 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 were accruing interest on our own portion of the loan. Life agreed to 0% current pay, and CEDAC was funding their portion of the interest using an extension of their organization's predevelopment line to the Borrower. The loan is secured with an assignment of fees from the Cabot Street project and matures in June 2011.

The project received its Phase I 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 unit count. The project did not receive an additional award in the first round of 2010 but sponsors were been advised that if an investor was secured, zoning approval for the revised unit count was obtained and it got construction pricing within budget, it would get additional credits.

In summer 2010 the project met all of the criteria for increased LIHTC commitment, gained full zoning approval for the modified unit count, and secured both an investor and a construction contract has been secured for lower than anticipated cost. Based on these positive developments the loan was upgraded to a risk rating of 5 in September 2010.

In early Q3 2010, a fire destroyed one of the buildings currently part of the parcel. The building has been demolished and residents were relocated. Insurance proceeds were received and paid down the principal balance in Q4 2010.

Phase A was funded and closed in April 2011. At this time BCLF received a paydown of 50% principal on both notes, in addition to a payoff of interest accrued, totaling $2,049,474 between the two notes. Legal documentation on the extension is being finalized, but the borrower is now paying their own interest on a monthly basis, and the loan is being extended through August 2012 to allow Phase B to close.

Twin Oaks

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Construction	$191,484.76	8	$191,484.76 (reserved in full)	01/31/2011	121+ Days

Current Status

The Board has been active in corresponding with the lender to reiterate their commitment to repaying their debt obligation to us. They are attempting to develop a formal plan for repayment but the sources are as yet unidentified.

The borrower has changed their name to the Martha's Vineyard Housing Fund.

The organization had been attempting to further reduce expenses through the sale of the Bradley Square property, a historic African American church, which was purchased for $900,000 with a loan from the Martha's Vineyard Savings Bank. In June 2011, the bank moved to foreclosure on the Bradley Square property and froze MVHF's operating and restricted accounts with the bank . The property was sold for $400,000 at auction, leaving a shortfall on the mortgage of $360,000. It is likely that the bank will pursue the deficiency.

The borrower has been successful in pursuing debt forgiveness from several vendors. They remain responsible for the office rent and the 2010 audit, in addition to the Executive Director salary for Ewell Hopkins. In Q4 they will determine whether to continue Ewell's employment as a paid Executive Director. It is anticipated that he will join the board as an unpaid member.

Going forward the organization intends to make direct asks to large donors. They realize that it is challenging to ask for donations to pay off debt, so intend to position the requests around shoring up MVHF and putting it in a position to finance more affordable housing.

Background

In 2006, BCLF made a $200,000 loan to the Island Housing Trust (IHT) to be used toward two predevelopment projects: Sandy Road and the Twin Oaks project. Both projects experienced delays and overruns resulting in the need to term out the loan. In 2009, the loan was transferred to the Island Affordable Housing Fund, who was a guarantor on the original predevelopment loan to IHT.

IHT is an affiliate of the Island Affordable Housing Fund (IAHF), which acts as the main fundraiser for affordable housing development while IHT acts as the developer. As the Island Affordable Housing Fund raises funds they can then be transferred to IHT to be used in projects. The Island Affordable Housing Fund was a guarantor on the IHT loan from BCLF and when IHT determined that the two projects were not moving forward and the loan should be termed out it was determined by BCLF, IHT and IAHF that the Island Affordable Housing Fund, as the fundraiser, should step in as the permanent borrower to ensure that the loan is repaid. At the time the determination was made, it appeared that IAHF had a stronger cash position.

The loan is collateralized with an all business assets lien.

At the end of 2009, the Island Affordable Housing Fund hired a new Executive Director, Ewell Hopkins. As Ewell began to review the fundraising projections prepared by the prior administration, he determined them to be grossly over exaggerated. As the organization began to realize their financial challenges, payments to BCLF stopped.

The Board was restructured in 2010 and several key players who were involved at the time of financial inattention have now stepped down. The organization has significantly cut expenses through downsizing, and Ewell is the only remaining paid staff member.

65 Bay Street

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Permanent	$845,485.25	5	$84,548.53(10%)	08/31/2012	Current

Current Status

Spire is current on its obligations to DBEDC and DBEDC to BCLF.

In late July, 2011, Spire and DBEDC, as joint plaintiffs, began mediation with the architect and other design professionals. Although several proposals were considered, none were satisfactory to all parties. Spire and DBEDC privately agreed that the settlement amount should be a minimum of $450,000, to be split equally between them. The mediator, while confident that a satisfactory settlement could be reached, said it would not happen that day, and sent everyone home. He continues to work toward settlement.

During down time at mediation, Spire offered to amend the lease with DBEDC with: an option to purchase the property within 3 years at $7.9, 8.2, and 8.5 million in the 1st, 2nd and 3rd years respectively, and an agreement to drop all current and envisioned lawsuits against DBEDC. This agreement is linked to satisfactory settlement of the joint lawsuit currently under mediation. In the meantime, Spire agreed to honor the lease in force.

Background

The initial loan financed the acquisition and fit-out of a large commercial property by Dorchester Bay EDC for their tenant, Spire. Spire is a printing company specializing in high-end art quality material. Fleet Bank was the construction lender, with Mass Development, BCLF, LISC, and TLI lending in a subordinate position. Upon stabilization, Mass Development, BCLF, and The Life Initiative assumed separate first position permanent mortgages, with the City of Boston, LISC and another Life Initiative loan in subordinate position.

The project has experienced several challenges, both with building condition, and with a somewhat contentious relationship between the borrower and their tenant. Spire is

currently suing DBEDC, while also being engaged as joint plaintiffs in an additional longstanding lawsuit against the architect for the project; both lawsuits stem from a sinking of the underground utilities after the property was occupied and subsequent business interruption.

In June 2010, the borrower contacted the lenders to report that Spire was threatening to declare bankruptcy and break the lease if they were not provided with a 50% rent reduction. Lenders convened a meeting with DBEDC to determine the underlying issues surrounding this request, including how the proposed rent reduction would impact both the borrower and tenant. The initial meeting was by telephone with a more detailed followup in person at the TLI offices.

Tenant is currently paying $11.43/s.f yielding rent payments of approximately $450K annually. Initial reasons cited for the requested reduction are as follows:

- Downturn in sales from the current economic slowdown
- Rent escalation (next lease bump occurs in 2012 - Year 10 of the 15 year lease)
- Sewer issue: In November 2009, Spire contacted DBEDC with concerns about a potential sewer issue. In June, DBEDC engaged a forensic engineer in a 2 phase exploratory process - Phase 1) Initial review of plans and physical exploration; Phase 2) Further investigation. There is an area where water is pooling so it is the engineer's assumption that there is a sewer break about 15 feet outside the bathroom. Next step is to conduct baseline air quality tests for sewer gas prior to opening up the area for further investigation. Beyond this, DBEDC is relatively confident that all underground utilities have now been fully investigated and there should be "no further surprises." At the time of the meeting there were no cost estimate on repairs of yet as this is still in the exploratory stages. There were concerns as to who would be responsible for this repair, as it may not be an architect issue. Additionally the "Statute of Repose" has expired (time limit to add to an existing claim against an architect.) The contractor (Peyton) is bankrupt. According to the terms of the lease, Spire is responsible for repairs, even outside the building. DBEDC repaired the electricals and does not intend to hold Spire responsible for the cost of the sewer repair. DBEDC expressed that they intend to be financially responsible to the greatest extent possible for this repair.

The request for reduction came as a surprise, particularly given that in December, 2009, Spire was considering exercising their Option to Purchase the building. DBEDC's understanding is that some options for financing were terminating in December and Spire felt that they could refinance on very favorable terms with stimulus funds. The high appraisal price ($7,800,000 as of 8/13/09) surprised them and they chose not to execute.

DBEDC engaged a consultant, UGL Equis, to conduct negotiations with the borrower. DBEDC proposed to allow Spire to consolidate operations into half of the space (the first floor) and to market the second floor for rent. The proposal also asked that the lawsuit against DBEDC be abandoned, and the rent held in escrow split between Spire and DBEDC.

The lending team supported DBEDC's efforts to negotiate with the borrower and was in agreement that it was optimal that the property remain at least partially occupied.

Cable Mills

Loan Summary

Purpose	Balance	Rating	Reserve Amt (%)	Maturity Date	Status
Acquisition	$3,450,000	6	$500,000 (specific reserve)	03/31/2012	121+ Days

Current Status

In September 2011, in response to Borrower and Guarantors not having made an interest payment since April 30, 2011 resulting in the May interest payment being 90-days past due as of August 31, we took the following actions: **(i)** had our legal counsel send demand letters to Borrower, corporate and individual Guarantors; **(ii)** increased our interest rate to the default rate of 18%; **(iii)** put the loan on non-accrual; **(iv)** downgraded the risk rating to 6 (Substandard-Definite Weakness-Loss Unlikely); **(v)** increased the reserve from 10% to a specific reserve of $500,000; and **(vi)** changed the maturity date on our internal systems from March 31, 2012, which was not documented with Borrower, to September 13, 2011 to reflect the matured status of the loan documents.

Early in 2011, Guarantor indicated his ability and willingness to pay monthly interest through September 2012; that has not occurred. Michelle Volpe has discussed this situation with individual Guarantor Bart Mitchell on at least two occasions. He understands that he needs to bring interest current and keep it current on a monthly basis if BCC is to extend the maturity date and not pursue other rights. Our assessment of the project remains the same as it was when we downgraded to 5 earlier this year: the project is stalled, without realistic prospects for a construction start before March 2012 at the earliest. In addition, any project financing that enables the project to move forward will likely involve subordinate debt provided at least in part by BCLF. Based on Borrower and Guarantor's inability to make current interest payments over the past three months, our risk profile has changed, warranting a risk rating downgrade and the increase to reserves.

While Borrower and Guarantor work to attract additional financial resources to make interest payments, they also continue to take steps to move the project forward:

In July 2011, Borrower received proposed terms from Sovereign Bank for a $5.5 million senior construction loan for the first phase of the project. This is not sufficient to enable the project to move forward. The Developer has meetings scheduled in the first two weeks of September with local lenders in the Berkshires to secure the balance of the construction commitments needed to proceed. Development budgets prepared by Borrower carry senior construction debt of $16.4 million and subordinate debt of $4.3 million. Construction period cash flow projections shows maximum debt outstanding of $15 million, including $10.7 million of senior debt and the $4.3 million of subordinate

debt. We anticipate being asked to participate in or provide the subordinate financing during construction.

In 2011, Borrower also received an award of $500,000 in state historic tax credits, which it would use in an alternative rental development scenario; Borrower applied again in the August 2011 round. They also obtained Part 1 approval for federal historic tax credits from the National Park Service, and expect to receive Part 2 approval soon, which would make them eligible for more than $3 million in federal tax credit equity.

Background

This $3.45MM loan financed the acquisition of the Cable Mills property and project in Williamstown, MA. Keen Development Corporation (KDC) owned the seven-acre site since 2003. BCLF was involved in the project while Bob Kuehn was alive and after his passing was involved in its acquisition by Mitchell Properties.

The Cable Mills project will redevelop a former mill complex in Williamstown, MA to create 82 homeownership units, including 12 that will be affordable up to 80% of area median income. 61 units (49 market rate and 12 affordable) will be located in rehabilitated mill buildings. An additional 21 market-rate units will be newly constructed townhouses and duplexes.

Boston Community Loan Fund, Inc.
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Roxbury, MA 02119
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Fx: (617)427-9300

Priority Monitoring Report

Report Criteria: As Of: 9/30/2011, 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	905,106.79	2,157,500.00	2,157,500.00	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	76,752.74	318,003.15	263,241.59	0.00	0.00	0.00	0.00
JACKSON SQUARE												
	Jackson Square Partners, Llc	12/15/2006	Yes	1.00	322,602.89	66,462.67	185,040.19	288,563.41	0.00	0.00	0.00	13,434.23
JPNDC LEVERAGE LOAN												
	Jpndc Investment Fund, Llc	12/29/2009	Yes	7.00	2,550,000.00	302,458.30	0.00	2,550,000.00	0.00	300.00	0.00	0.00
RESTRUC LOAN A												
	Urban Edge Housing Corporation	12/29/2008	Yes	5.50	1,500,000.00	228,291.70	217,889.06	1,282,110.94	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				12,934,476.78	1,917,907.02	2,878,432.40	10,105,110.69	69,604.90	300.00	0.00	13,434.23
	Summary				12,934,476.78	1,917,907.02	2,878,432.40	10,105,110.69	69,604.90	300.00	0.00	13,434.23

Boston Community Loan Fund

Extraordinary Review Report

Third Quarter 2011

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	7 (reserves not adjusted)	$463,098 (20%) + additional $400,000	01/31/2011 (overmatured)	Current (0% pay rate)

This loan is on the Priority Monitoring Report due to the greater than 100% LTV.

Current Status

The loan matured in January and remains matured. On October 14, 2011, BCLF issued a demand letter and is taking steps to take title to the property.

The Bridge Housing Board of Directors reported in an email to BCLF in Q3 2011 that they no longer have the capacity to continue to champion the project. This was not un-anticipated by the lending team and BCLF responded with a formal default letter, coupled with a conversation with one of the Board members explaining the process of taking a Deed-in-Lieu on the property.

BCLF's next steps are to immediately obtain an appraisal, determining an estimate of value as well as confirmation as to whether the land is more marketable with or without the affordability designations (Town of Tisbury 40B and Martha's Vineyard Commission DRI – both expiring in December 2012) and move forward toward taking a Deed-in-Lieu.

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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.

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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.

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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 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.

At the beginning of 2010, the lending team 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 were accruing interest on our own portion of the loan. Life agreed to 0% current pay, and CEDAC was funding their portion of the interest using an extension of their organization's predevelopment line to the Borrower. The loan is secured with an assignment of fees from the Cabot Street project and matures in June 2011.

The project received its Phase I 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 unit count. The project did not receive an additional award in the first round of 2010 but sponsors were been advised that if an investor was secured, zoning approval for the revised unit count was obtained and it got construction pricing within budget, it would get additional credits.

In summer 2010 the project met all of the criteria for increased LIHTC commitment, gained full zoning approval for the modified unit count, and secured both an investor and a construction contract has been secured for lower than anticipated cost. Based on these positive developments the loan was upgraded to a risk rating of 5 in September 2010.

In early Q3 2010, a fire destroyed one of the buildings currently part of the parcel. The building has been demolished and residents were relocated. Insurance proceeds were received and paid down the principal balance in Q4 2010.

Phase A was funded and closed in April 2011. At this time BCLF received a paydown of 50% principal on both notes, in addition to a payoff of interest accrued, totaling $2,049,474 between the two notes. Legal documentation on the extension is being finalized, but the borrower is now paying their own interest on a monthly basis, and the loan is being extended through August 2012 to allow Phase B to close.

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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.

Jackson Square LLC 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 about the Urban Edge Predevelopment Loan. 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.

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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.

Blessed Sacrament and 70 Centre are now complete and marketing is progressing as planned. Potential tenants have been identified for all spaces and two leases have been finalized and executed. While rental rates are slightly lower than pro forma, the accelerated marketing schedule will allow for lease-up reserves to offset the rent differential.

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UELP is an occupied, scattered site, multi-family affordable rental housing development comprised of 10 buildings containing a total of 82 units at 7 sites in Roxbury and Jamaica Plain, MA. Originally we hoped the entire $743,955 would be repaid at the close of the UELP refinancing (this was the structure approved by Loan Committee). However at this time the timing of the repayment has been adjusted; $305,000 will be repaid at the close of the refinancing and the remainder will be paid from developer overhead available from the deal.

Bancroft Apartments is an existing scattered site 45 unit project located in the Eggleston Square neighborhood. The project's rents are supported by 45 Project-based Section 8's. The borrower plans to submit a refinance application to the State within the next 3-5 years. BCLF will put a $579,940 second mortgage on the property which can be supported at 1.15X from NOI. BCLF still needs to work out the subordination arrangements with existing lenders.

This restructure will help assure principal repayment.

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 original loan was 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.

In 2008, 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 (Note A: $1,500,000) The balance was booked as an impaired loan, risk rated 8 (Note B: $1,233,492.70) The loans are secured by a Second Mortgage and security interest on 1542 Columbus Ave, and by assignments from a series of properties in development, totaling $5,572,874. At the time of restructure, with a total balance between the two loans of $2,733,492.70, this resulted in a 49% LTV for the relationship. The agreed upon repayments from these assignments totaled $3,536,262.

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.

The borrower's 2010 audit received an unqualified opinion.

Based on the ongoing issues surrounding repayment, Note A was downgraded to Risk Rating 6 in Q3 2010.

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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.	$60,247.20	0.00	$60,247.20
BART LEVERAGED LOAN	Berkshire Arts And Technology Public Charter Scho	$4,807,161.88	3,588,720.04	$1,218,441.84
JPNDC BOTH PERMANENT	Catherine Gallagher Housing Partnership	$1,460,892.51	1,209,778.90	$251,113.61
JPNDC TRANCHE B	Catherine Gallagher Housing Partnership	$675,945.12	682,116.55	($6,171.43)
MATCH SCHOOL	Match School Investment Fund Llc	$11,097,928.83	4,275,000.00	$6,822,928.83
	Rating Sub-Total	$18,102,175.54	$9,755,615.49	$8,346,560.05
Risk Rating: 3 Average				
103 SPRUCE ST	Denney, Edward B.	$242,915.37	221,615.35	$21,300.02
111 ERIE ST REFI	Dorchester Home & Garden Trust, Inc.	$181,706.73	0.00	$181,706.73
134 ELLINGTON STREET	Dorchester Home & Garden Trust, Inc.	$114,974.95	0.00	$114,974.95
1392 DORCH HOUSE	1392 Dorchester Avenue, Llc	$100,876.09	0.00	$100,876.09
1392 DORCH LISC	1392 Dorchester Avenue, Llc	$113,809.79	107,756.44	$6,053.35
165 WESTERN AVE	C A S C A P Realty Inc.	$265,673.39	239,928.14	$25,745.25
252-260 MASS AVE ACQ	Housing Corporation Of Arlington	$500,000.00	0.00	$500,000.00
263 EUSTIS ST	Nueva Vida Inc.	$133,012.61	119,069.38	$13,943.23
290.5 EUSTIS ST.	Nueva Vida Inc.	$46,777.05	0.00	$46,777.05
35 PLEASANT ST	Watershed Properties Inc	$218,785.22	0.00	$218,785.22
4-6 NELSON STREET	Hmb Llc	$118,728.45	0.00	$118,728.45
52 ELLINGTON STREET	Dorchester Home & Garden Trust, Inc.	$228,553.65	0.00	$228,553.65
8 BIGELOW (LISC)	C A S C A P Realty Inc.	$72,402.07	71,399.40	$1,002.67
8 BIGELOW (NEW)	C A S C A P Realty Inc.	$517,726.12	483,940.11	$33,786.01
8 ELWYN ROAD	Hmb Llc	$129,703.35	0.00	$129,703.35
80 GROVE STREET	Denney, Edward B.	$151,767.69	138,697.31	$13,070.38
87 EDMANDS RD	J C H E I I I	$324,808.39	0.00	$324,808.39
ANGELA WESTOVER	Angela Westover Housing Corporation	$793,847.02	0.00	$793,847.02
ASHFORD STREET	Ashford Street Limited Partnership	$169,672.07	0.00	$169,672.07
BART QLICI NOTE A	Berkshire Arts And Technology Public Charter Scho	$4,517,937.36	4,292,024.14	$225,913.22
CONDOMINIUMS	C A S C A P Realty Inc.	$137,494.84	124,765.87	$12,728.97
FORECLOSURE LOC	Kevin R. Mccrea	$94,822.31	0.00	$94,822.31
HAYNES SCHOOL	Elh Investment Fund Llc	$10,460,000.00	7,500,000.00	$2,960,000.00
HEMENWAY ST	Fenway C D C	$913,357.77	539,541.36	$373,816.41
LEVERAGE LOAN	Bcc 481 Nmtc Investment Fund Llc	$1,472,876.00	0.00	$1,472,876.00
LINDEN ST PARTICIPAT	Linden Street Limited Partnership	$351,138.01	0.00	$351,138.01
LOC PART 2	Dorchester Bay Economic Development Corp	$60,093.43	0.00	$60,093.43
NOVEMBER COLLECTIVE	November Collective Cooperative Corp.	$113,658.39	0.00	$113,658.39
PETERBRIDGE	Miles Properties, Inc.	$94,233.30	81,772.54	$12,460.76
POOL B AMEND.	Falmouth Housing Corporation	$1,297,619.92	707,227.11	$590,392.81
PRESCHOOL PARTIC	Smile Pre-School, Inc.	$131,930.69	0.00	$131,930.69
QG/DBEDC INFILL	Dorchester Family Housing L L C	$69,908.76	0.00	$69,908.76
SEA CONSTR. LINE	Bcc Solar Energy Advantage, Inc.	$588,822.57	0.00	$588,822.57
WALNUT STREET	Somerville Community Corporation	$863,594.11	770,591.90	$93,002.21
WAREHOUSE LOC	Sun Initiative Financing Llc	$0.00	0.00	$0.00
	Rating Sub-Total	$25,593,227.47	$15,398,329.05	$10,194,898.42
Risk Rating: 4 Acceptable				
132 ELLINGTON ST	Dorchester Home & Garden Trust, Inc.	$151,261.05	0.00	$151,261.05

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Relationship Management by Risk Rating

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 4 Acceptable				
15 COTTAGE STREET	Arch Street Development Llc	$135,643.14	0.00	$135,643.14
2201 WASHINGTON REFI	Madison Washington Ii Llc	$1,000,000.00	0.00	$1,000,000.00
252-260 MASS AVE PRE	Housing Corporation Of Arlington	$287,533.07	0.00	$287,533.07
41 AMORY ST	Urban Edge Housing Corporation	$113,940.74	0.00	$113,940.74
45 THORNDIKE ST	Kevin R. Mccrea	$168,306.21	0.00	$168,306.21
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.	$192,188.62	0.00	$192,188.62
ABCDC CONDOS	Community Condominium Corporation	$130,035.23	0.00	$130,035.23
BAKER CHOCOLATE FAC	Bc Adams Street Llc	$3,063,024.20	0.00	$3,063,024.20
BARTLETT PLACE	Bartlett Place Land, Inc.	$228,386.64	0.00	$228,386.64
BECOMING HELEN KELLE	Straight Ahead Pictures, Inc.	$85,000.00	0.00	$85,000.00
BLESSED SACRAMENT	Church Square Community Partners, Llc	$1,397,532.63	129,498.79	$1,268,033.84
BOHIO	Roxbury Development Corporation	$1,123,327.69	0.00	$1,123,327.69
BURKE STUDIOS	Caguas Llc	$517,784.80	258,723.56	$259,061.24
CAAS - A	Community Action Agency Of Somerville	$1,313,966.76	0.00	$1,313,966.76
CAAS - B	Community Action Agency Of Somerville	$147,811.21	0.00	$147,811.21
CHRISTINA ST.	Citizens For Affordable Housing In Newto	$96,584.43	0.00	$96,584.43
ERRICHETTI PORTFOLIO	New Boston/bc Upper Tier Entity Llc	$7,589,607.53	3,794,803.75	$3,794,803.78
EUTAW MERIDIAN	Peace Properties, Inc.	$12,549.54	14,096.42	($1,546.88)
FIREHOUSE PLACE	Firehouse Place Inc.	$0.00	0.00	$0.00
FORECLOSURE ACQ	Michael A. Stella	$598,800.00	0.00	$598,800.00
HEADSTART FACILITY	The Leaguers Investment Fund Llc	$13,320,000.00	8,500,000.00	$4,820,000.00
JACKSON SQUARE	Jackson Square Partners, Llc	$288,563.41	0.00	$288,563.41
JPNDC LEVERAGE LOAN	Jpndc Investment Fund, Llc	$2,550,000.00	0.00	$2,550,000.00
KIPP LEVERAGE LOAN	Kipp Academy Lynn Charter School	$1,500,000.00	0.00	$1,500,000.00
LINDEN ST CONSTRUCTI	Linden Street Limited Partnership	$392,026.67	357,351.27	$34,675.40
LOC BORDER ST.	Neighborhood Of Affordable Housing	$82,205.43	0.00	$82,205.43
MARY'S CENTER CHC	Mary's Center Chc	$1,041,254.43	0.00	$1,041,254.43
MARY'S CENTER LOC	Mary's Center Chc	$98,980.08	0.00	$98,980.08
MELBOURNE PLACE	Michael A. Stella	$344,176.36	0.00	$344,176.36
MT PLEASANT BRIDGE	Mount Pleasant Homes	$1,419,751.63	0.00	$1,419,751.63
MT PLEASANT LEVERAGE	Mount Pleasant Homes	$2,249,675.00	0.00	$2,249,675.00
NEPONSET FIELD	Avivamiento L L C	$1,275,821.84	0.00	$1,275,821.84
NEW MCHC HEALTH CENT	Mattapan Community Health Center	$1,323,016.28	0.00	$1,323,016.28
NON-REVOLVING LOC	Preservation Of Affordable Housing	$0.00	0.00	$0.00
NU LIFE SUBORD. CONS	Nu Life Real Estate Development Llc	$376,286.88	0.00	$376,286.88
OPERATIONAL LOAN	Women's Educational Center, The	$50,382.05	0.00	$50,382.05
PARKING LOT	Salem Point Rental Properties	$19,397.59	0.00	$19,397.59
PARKVIEW SL I	Park View Cooperative Corporation	$7,114.30	0.00	$7,114.30
PINE HILLS VILLAGE	Transformations, Inc.	$175,000.00	0.00	$175,000.00
ROOF & DECK LOAN '07	Fountain Hill Square	$36,090.24	0.00	$36,090.24
SCATTERED SITES	Michael A. Stella	$629,946.08	0.00	$629,946.08
SHAW'S LANDING PH. 2	Shaw's Landing Llc	$1,551,560.77	0.00	$1,551,560.77
SIOCHAIN I (LISC)	Siochain Properties Limited Partnership	$100,951.90	99,845.06	$1,106.84
SIOCHAIN I (NEW)	Siochain Properties Limited Partnership	$194,868.88	175,407.78	$19,461.10
TERM LOAN	The City School, Inc	$146,339.68	0.00	$146,339.68
TOLEDO ST	Fields Corner Housing Corporation	$98,266.50	89,615.31	$8,651.19
TURETSKY	David B. Turetsky	$292,316.98	0.00	$292,316.98
URBAN EDGE INFILL	Ennis Highland Ue Llc	$761,435.99	391,837.00	$369,598.99
WAMSUTTA MOBILE	Resident Ownership Capital Llc	$1,043,247.73	0.00	$1,043,247.73
WHITTIER ST BRIDGE	Whittier Street Health Center Committee Incorporate	$5,800,000.00	0.00	$5,800,000.00
WORKING CAPITAL LINE	The City School, Inc	$28,800.00	0.00	$28,800.00

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Relationship Management by Risk Rating

Project Name	Borrowers	Total Amount	Participation	Net Exposure
Risk Rating: 4 Acceptable				
	Rating Sub-Total	$58,950,760.19	$13,811,178.94	$45,139,581.25
Risk Rating: 5 Special Mention				
BAY STREET	65 Bay Street L L C	$845,485.25	0.00	$845,485.25
ELLINGTON COOP	Ellington Cooperative Corporation	$49,522.58	0.00	$49,522.58
HOLCROFT PARK NOTE A	Holcroft Park Homes, Llc	$2,157,500.00	1,750,013.11	$407,486.89
HOLCROFT PARK NOTE B	Holcroft Park Homes, Llc	$263,241.59	0.00	$263,241.59
	Rating Sub-Total	$3,315,749.42	$1,750,013.11	$1,565,736.31
Risk Rating: 6 Substandard				
CABLE MILLS - MP	160 Water Llc	$3,450,000.00	0.00	$3,450,000.00
REN LOFTS CONSTRUCT	Fairbanks Development Llc	$4,078,407.63	0.00	$4,078,407.63
RESTRUC LOAN A	Urban Edge Housing Corporation	$1,282,110.94	0.00	$1,282,110.94
	Rating Sub-Total	$8,810,518.57	$0.00	$8,810,518.57
Risk Rating: 7 Doubtful				
ACQUISITION - COMMON	Bridge Housing Corporation	$2,315,487.74	0.00	$2,315,487.74
PAIGE 2ND MORTGAGE	Paige Company, Inc.	$467,479.95	0.00	$467,479.95
RESTRUC LOAN B	Urban Edge Housing Corporation	$1,248,207.01	0.00	$1,248,207.01
	Rating Sub-Total	$4,031,174.70	$0.00	$4,031,174.70
Risk Rating: 8 Probable Loss				
PAIGE 3RD MORTGAGE	Paige Company, Inc.	$488,082.98	0.00	$488,082.98
TWIN OAKS	Island Affordable Housing Fund, Inc.	$191,484.76	0.00	$191,484.76
	Rating Sub-Total	$679,567.74	$0.00	$679,567.74
	Grand Total	$119,483,173.63	$40,715,136.59	$78,768,037.04

Boston Community Loan Fund

Portfolio Management Report-September 30, 2011

STATISTICAL PROFILE	Amount	Number
Loans outstanding (net of participations)	78,768,037	105
Commitments not closed (net of expected participations)	5,708,895	9
Undisbursed amounts on closed loans and undrawn LOC balances (net)	18,257,223	19

LIQUIDITY AND INTEREST RATE ANALYSIS		Cost of Funds
Investor loans payable (regular)	48,845,997	3.83%
Permanent capital (subordinated debt)	17,137,719	2.75%
Revolving Line of Credit	15,500,000	3.88%
Permanent capital (regular)	13,401,656	0.00%
Total loan capital	94,885,372	3.10%
		Interest Rate
less: loans outstanding (net loans receivable from borrowers)	(78,768,037)	6.67%
Undisbursed loan capital	16,117,335	0.00%
weighted average interest rate on cash	94,885,372	5.54%
estimated net spread		2.43%
Projected Changes in Liquidity		
less: net expected disbursements (repayments) on committed loans and lines of credit (90 days)	3,975,887	
less: Liquidity requirement (greater of investor loans maturing in 6 months or 10% of loans payable)	(4,884,600)	
Minimum liquidity	15,208,622	
Available on Revolving Line of Credits	22,300,000	
plus: net new loan capital committed and expected within 90 days	0	
Projected liquidity	37,508,622	

PORTFOLIO MANAGEMENT POLICIES		
Loan loss reserve	*Minimum* 5%	
Composite risk rating of loan portfolio	8.16%	
Reserve based on composite rating	6,427,472	
Actual reserve (greater of 5% or risk-based rating)	7,701,219	
Percentage of outstanding loan balance	9.78%	
historical total: borrower losses	108,396	
Equity	*Minimum* 12%	
Permanent capital goal (not including pass-thru sub debt)	11,386,245	
Actual permanent capital (not including pass-thru sub debt)	30,539,375	
Permanent capital as % of total capital (not incl pass-thru sub debt)	32.19%	

PORTFOLIO BALANCE POLICIES		
(pass-thru subordinated debt `		
*Maximum loan size (10% of total capital) **(1)***	11,718,537	10%
Largest loans (net of non-recourse participations)		
MATCH School Investment Fund	6,822,929	5.8%
Whittier Street Health Center	5,800,000	4.9%
Headstart Facility - The Leaguers Investment Fund	4,820,000	4.1%
Renaissance Lofts - Fairbanks Development	4,078,408	3.5%
New Boston/bc Upper Tier Entity - Errichetti	3,794,804	3.2%
*Maximum loans outstanding to single borrower (15% of total capital) **(1)***	17,577,806	15%
Amounts reflect non-recourse participations		
Largest Borrowers (net of non-recourse participations)		
Mitchell Properties	7,138,563	6.1%
Beacon Communities	6,857,828	5.9%
Media and Technology	6,822,929	5.8%
Whittier Street Health Center	5,800,000	4.9%
Jamaica Plain NDC	5,145,386	4.4%

COLLECTION STATUS	Number	Payments Past Due	Principal Balance (net)	% of all Oustanding
30-61 days late	2	3,865.40	403,168.23	0.5%
62-90 days late	1	3,650.50	376,286.88	0.5%
90+ days late	3	111,593.74	4,108,964.71	5.2%
Totals	6	119,109.64	4,888,419.82	6.2%

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

Boston Community Loan Fund
Summary Monitoring Report
September 2011

Portfolio Summary

As of June 2011, the Boston Community Loan Fund had a portfolio of 105 loans with a total outstanding principal balance of $78,768,037 net of participations (and a gross portfolio of $119,483,174). The Loan Fund has lent more than $350 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 81% 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.

	3rd Qtr '11		**2nd Qtr '11**		**1st Qtr '11**		**4th Qtr '10**		**3rd Qtr '10**	
Category	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
Acceptable	93	80.85%	94	80.76%	93	79.80%	95	85.47%	89	81.99%
Special Mention	4	1.99%	5	6.30%	5	7.10%	4	2.10%	4	2.85%
Substandard	3	11.19%	3	7.04%	4	7.37%	5	9.75%	5	11.91%
Doubtful	3	5.12%	3	5.05%	3	5.12%	2	2.09%	2	2.54%
Loss	2	0.86%	2	0.85%	1	0.62%	1	0.59%	1	0.71%
TOTAL	105	100%	107	100%	106	100%	107	100%	101	100%

Exception Loans

As shown above, 93 loans, representing 81% of our net 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 days late categories, as of October 24, 2011 they are current. The loan in the 62 days category remains past due as we await funds from the City of Boston. The loans in the 92 day category remain in discussion with us on restructuring or a workout arrangement of this debt.

	3rd Qtr '11		**2nd Qtr '11**		**1st Qtr '11**		**4th Qtr '10**		**3rd Qtr '10**	
	#	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
30-61 days late	2	$3,865	4	$1,569,731	7	$143,342	2	$31,952	2	$25,301
62-91 days late	1	$3,650	1	$50,320	0	$0	0	$0	2	$48,959
92 + days late	3	$111,594	1	$35,264	2	$35,835	1	$22,196	1	$13,068
TOTALS	6	$119,109	6	$1,655,315	9	$179,177	3	$54,148	5	$87,328

Loans on Non-Accrual

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
160 Water Llc	CABLE MILLS - MP	Site Acquisition	Line of Credit	6	0	6/13/2007	Michael Nilles	$3,450,000.00	$3,450,000.00	$0.00		$3,450,000.00	18.00	09/13/2011
Island Affordable Housing Fund, Inc.	TWIN OAKS	Construction	Term	8	49	11/6/2006	Kathryn McHugh	$240,000.00	$191,484.76	$0.00		$191,484.76	6.50	07/30/2013
Paige Company, Inc.	PAIGE 2ND MORTGAGI	Permanent	Term	7	66	3/15/2005	Kathryn McHugh	$500,000.00	$467,479.95	$0.00		$467,479.95	5.00	03/15/2015
Paige Company, Inc.	PAIGE 3RD MORTGAGI	Permanent	Term	8	120	3/15/2005	Kathryn McHugh	$455,655.50	$488,082.98	$0.00		$488,082.98	7.00	03/15/2015
	Grand Total					# of Loans	4		$4,597,047.69	0.00		$4,597,047.69		

Restructured Loans

Through September 2011

Business	Loan Name	Purpose of Loan	Loan Type	RR	Terms	Closed Date	Officer	Committed	Amount	Gross Participation	Rate	Net Balance	Rate	Maturity
Avivamiento L L C	NEPONSET FIELD	Predevelopment	Term	4	18	12/30/2004	Michelle Volpe	$1,250,000.00	$1,275,821.84	$0.00		$1,275,821.84	6.00	12/31/2011
Bridge Housing Corporation	ACQUISITION - COMM	Site Acquisition	Line of Credit	7	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
Caguas Llc	BURKE STUDIOS	Construction	Line of Credit	4	84	2/1/2007	Michelle Volpe	$4,400,000.00	$517,784.80	$258,723.56	3.00	$259,061.24	6.50	01/31/2018
Fairbanks Development Llc	REN LOFTS CONSTRU	Construction	Line of Credit	6	1	11/27/2006	Michael Nilles	$6,090,000.00	$4,078,407.63	$0.00		$4,078,407.63	0.00	10/31/2011
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	5	14	6/12/2007	Kathryn McHugh	$4,315,000.00	$2,157,500.00	$1,750,013.11	5.00	$407,486.89	3.96	08/31/2012
Holcroft Park Homes, Llc	HOLCROFT PARK NOT	Site Acquisition	Line of Credit	5	14	6/12/2007	Kathryn McHugh	$485,000.00	$263,241.59	$0.00		$263,241.59	5.00	08/31/2012
Paige Company, Inc.	PAIGE 2ND MORTGAG	Permanent	Term	7	66	3/15/2005	Kathryn McHugh	$500,000.00	$467,479.95	$0.00		$467,479.95	5.00	03/15/2015
Urban Edge Housing Corporation	RESTRUC LOAN A	Predevelopment	Term	6	23	12/29/2008	Kathryn McHugh	$1,500,000.00	$1,282,110.94	$0.00		$1,282,110.94	5.50	01/31/2012
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
	Grand Total					# of Loans	9		$13,606,041.50	2,008,736.67		$11,597,304.83		

11/4/2011

Data from Relationship Management by Risk Rating Report as of 9/30/11

Data from Trial Balance as of September 30, 2011

Data from Heron Report as of September 30, 2011

Top Ten Borrowers by Net Outstanding Loan Balance

Data from One Obligor Report as of 9/30/11

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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Boston Community Loan Fund

LOAN POLICIES AND PROCEDURES GUIDELINES

Revised 2010

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The following manual describes the internal processes, responsibilities, and policies BCLF uses in conducting its lending program. As with any policy and procedures handbook, each is written at a certain time and under certain circumstances. Over time, those circumstances, the market environment and our own capacity will change. While these policies are reviewed and revised regularly, in order to reflect the current conditions of our work, where appropriate, they should be seen as guidelines rather than absolute requirements or restrictions

1. Loan Procedures Guidelines
2. Risk Rating and Allowance for Loan Loss Policy
3. Staff Lending Authority
4. Typical Loan Terms
5. Development Services and Loan Fee Policies
6. Lending to Faith Based Organizations
7. Lending to Private Developers
8. Lending to Educational Institutions

1. LOAN PROCEDURES GUIDELINES

INTRODUCTION

Since lending tends to be non-linear and requires great flexibility, the process is not easy to codify in the form of a manual. Still, it is important to identify standards and outline general procedures.

In addition, this manual endeavors to codify lending policy that has been adopted over time and is amended as the need arises. These policies help BCLF make decisions concerning new loans, new Borrowers, the expansion of our lending area, and difficult loans, among other things.

The Loan Procedures Guidelines portion of the manual is organized in a rough chronology, corresponding to the course a "typical" loan takes through the BCLF lending program. The main sections are: outreach- pre-application; application - commitment; commitment - closing; drawdown; and monitoring/repayment.

Following the procedures section are sections dealing with post-closing issues including drawdown policies, portfolio monitoring guidelines and repayment monitoring. This section addresses late payments and “problem” loans as well.

A number of documents facilitate the lending process. These are highlighted in **bold face** in the text.

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1. OUTREACH - PRE-APPLICATION

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New Borrowers often are referred to BCLF and contact us directly to apply for a loan. In addition, the Board, committees, and staff all share in spreading the word about BCLF lending activity. In particular, the Lending Department cultivates contacts with community groups, meets with interested organizations, and actively encourages new and emerging groups to refine their hopes and plans to develop or preserve housing and community facilities, including health care centers and charter school projects.

The "applicant organization" might be a Sponsor, Borrower, Guarantor or all three. In general, BCLF reviews projects put forth by a "Sponsor". A Sponsor may be a for-profit or a non-profit entity responsible for initiating all aspects of the proposal subject to a credit request. This might be the development of real estate and the associated responsibilities (development budgeting, zoning, public process) or the operation of a program or entity. The Sponsor may or may not be a Guarantor of the BCLF credit. The Borrower may be the identical Sponsor or it may be a legal entity (LLC) created solely for the development of the real estate project (or operating entity). In the case of a separate Sponsor and Borrower, BCLF must carefully identify their differences in the credit memo. Typically, a separate legal Borrower is directly related to a separate project (i.e. the Sponsor may have multiple projects and Borrowers related to its work).

When an organization expresses interest in applying to BCLF for a loan, the following activities take place:

- In phone conversations and meetings, staff answer questions about BCLF and begin collecting data about the proposed project
- Staff reviews the data received from the potential Sponsor about the proposed project and follows up with the Borrower with questions about information provided to date
- Staff determine basic eligibility of the Sponsor, Borrower and project, based on the information submitted and collected independently by staff
- Staff opens a file p:// drive and paper file for all information concerning the Sponsor, Borrower and project, organized in concert with the standard file tree
- Sponsor or Borrower becomes an "eligible Borrower" and the information is entered into BCLF's loan/pipeline software program, TEA as a Pre-Application.

2. APPLICATION - COMMITMENT

2.1 Application Process

- While BCLF does have a standard Loan **Application, more often than not BCLF collects information as requested from the Borrower at the site and electronically via e-mail. An application** form is sent to the eligible Borrower or only a cover letter which:
    - Thanks Borrower for applying and asks for additional information in order to move forward with the request
    - Raises issues about the project that have already emerged and which the Borrower should address in completing the application
    - Reminds the Borrower that the application form/submitted information to date is a planning tool, and that BCLF staff are available to assist if there are questions
    - Mentions the probable timeline for bringing the application to Loan Committee

- Copies of the cover letter may also be mailed to other relevant development team members (e.g. development consultant, project manager, applicable subsidy provider agencies, etc.)

- To the extent appropriate, staff converse and meet with Borrower to answer questions about the proposed project , and may identify additional development team members and other financing sources

- Staff also contact other known funding sources and lenders to gain the perspectives and insights of these parties regarding the project

- In some cases, staff begin thinking about special arrangements such as a participation loan with another lender and may begin making contacts for these arrangements

- Staff visit the (proposed) site of the development, accompanied by the Sponsor/Borrower

- If Staff deems the project is viable, project information is provided to Operations Manager who then enters the information onto the Active Pipeline Report in TEA under "Application"

2.2 Submissions and Review of Application Package/Project Information

The submission of the application package/project information by the Borrower and the subsequent analysis by BCLF staff may be an iterative process in which certain elements (especially pro- formas) are submitted several times with changes based on analysis of the previous version. In general, though, the following steps occur:

- Borrower submits application and supporting documentation

- Staff read application materials, note items that are missing, and identify issues for follow-up

- Staff meets with the Borrower to address key issues that emerged in the application review. They discuss terms, alternative financial structuring scenarios, special arrangements, and logistics involved with the project and making the loan. They might assist in identifying additional or alternative sources of equity or debt financing, as well as additional technical assistance, if necessary.

- Where necessary, staff also may meet with the Sponsor's or Borrower's Board of Directors to discuss the project and determine the Board's capacity for and commitment to the project

- Staff verify key information with other members of the development team in the development (e.g. commitments from other lenders) by speaking to representatives from these parties

- Staff may ask members of BCLF's technical assistance pool to assist in reviewing certain documents (e.g. legal documents, construction contracts, etc.)

- Staff determines whether the application is complete. "Completeness" does not mean that every question is answered; rather, it means that staff believes the project is sufficiently defined and relevant issues are being addressed, thus making the application ready for consideration.

2.3 Evaluation Using Underwriting Criteria

Throughout the review process described in Section 2.2, staff evaluates the applicant organization and project using BCLF's underwriting criteria as a guideline for structuring the transaction. Issues and challenges identified in this review often result in suggestions for revising and strengthening the project. BCLF applies its underwriting criteria flexibly, taking into account the unique circumstances of each project and the judgment of its lending staff and Loan Committee. Exceptions to criteria are possible if the project proposal includes appropriate mitigating factors. If deficiencies do exist, BCLF may compensate for these risks by increased reserves or higher risk ratings for the loan (see Section 2.4).

The following considerations are crucial in determining the soundness of the proposed loan:

1. Borrower/Sponsor Strength

- The applicant organization's staff and board has sufficient skill and capacity to undertake and manage the proposed project, or have a plan to identify and address areas where there are insufficient skills or resources
- Development team members chosen by the applicant have sufficient experience and skill to successfully complete the project
- The proposed project is compatible with the mission and financial condition of the applicant

- The applicant organization has an adequate financial management system
- The organization has made provisions for its long-term financial and managerial stability
- There is community support for the organization and project

2. Market

- There is sufficient demand for the type of housing (or services) being developed and appropriate level of supply to support a healthy market, whether for-sale housing or rental
- The housing (or services) will be affordable to the proposed end-users (rental rates, availability of proposed rental subsidies; sale price, availability of proposed buyer financing programs)
- There are satisfactory plans for resident selection, marketing and property management

3. Financial Structuring of Development Project

- Realistic take-out or repayment source exists at closing or a feasible plan for repayment exists if not specifically identified at closing.
- Development budgets are complete and realistic for the proposed scope of work
- Additional project financing sources are committed or are likely enough to be committed to mitigate BCLF investment and ensure the project has 100% of its sources "committed" with the addition of the BCLF loan unless separately identified as uncommitted and appropriate mitigating factors exist.
- The debt structure of the development is feasible relative to income available for debt service (both initially and at refinancing), sufficient security for BCLF, and ability of BCLF to intervene in case of cash shortfalls (e.g. ability of BCLF to refinance senior loans: size, interest rate of senior loans or otherwise restructure the transaction to ensure an adequate ability to keep the project viable through a market down-turn).

4. Security/Collateral

- Appraised (or estimated) value of proposed collateral is great enough that the loan-to value ratio of the BCLF loan and the mortgage interests of senior loans does not exceed 80%. In some cases LTVs of 90% or higher will be acceptable. The value shall take into consideration income restrictions as deemed appropriate by the loan fund staff. Appraisal of proposed collateral will be based on the market and income methods, and the BCLF staff will decide on the amount to accept as its value, and based on experience, any additional mitigating factors or circumstances of the proposed project which might alter the appraiser's final value.
- Non-mortgage equity/security will exist for portions of the BCLF loan unsecured by real estate (e.g. guarantees, "equity" value of resident commitment to project, future subsidy sources, etc.)

5. Repayment

- For bridge or balloon loans, a firm commitment or compelling previously tested strategy exists for obtaining take-out financing or full repayment from sales.
- If the loan will be repaid through fundraising, a compelling fundraising strategy exists with appropriate and achievable milestones and a fundraising professional with substantial experience in similar efforts.

6. Operating Cash Flow

- The strength and reliability of income sources (rents, rent subsidies, contract or grant income) are sufficient to meet operating expenses and service debt over time
- Operating expenses and reserve allowances are realistic for the subject property
- Debt service coverage ratio (DSCR) is at least 1.15 (and will not fall below 1.05 in future years)
- If the subject property is used for purposes other than conventional housing (e.g. a shelter), its configuration is such that it could be converted to rental housing should service contract and grant income prove insufficient to maintain the current program. The DSCR shall take into consideration the legally recorded restrictions on income, if any.

7. BCLF Posture

- BCLF has adequate funds available for the size and length of the loan
- The size of the loan, net of committed participations, is not greater than 10% of total loan fund assets unless a specific exception is approved
- The amount of the loan, combined with other loans to the same Borrower, net of committed participations, does not exceed 15% of total loan fund assets, unless a specific exception is approved
- The loan fits within BCLF's stated mission.

2.4 Preparation of Credit/Risk Analysis and Recommendation

Staff summarize their analysis of the strength and weaknesses of the applicant and the proposed project in a written **Credit/Risk Analysis and Recommendation**. This document has three sections: 1) summary project information (number of units, loan amount and terms, total development costs, etc.); 2) a narrative discussion of issues and risk factors, along with a proposed risk rating and resulting loan loss rating based on the risks; 3) a recommendation on whether to make the loan.

Often, in a competitive situation or with a complex transaction, Staff may need or choose to issue a Terms Letter. This is a non-binding letter to the Borrower outlining the proposed terms of a loan and the structure under which the Loan Fund would consider it based on the information known at that date. The President/COO of the Loan Fund must initial these letters prior to being sent to the Borrower to ensure there is some level of senior management oversight on all deal terms.

2.5 Staff and Loan Committee Review & Approval

The Loan Committee is a subcommittee of the Board of Directors and is charged with review and approval of the broad parameters of the Loan Fund's lending policy and loan decisions. The Loan Committee reviews portfolio management, social impact, financial performance and loan approval procedures including lending guidelines and policies as recommended by staff. Additionally, the Loan Committee delegates certain types of loans for staff level review and approval (see below). The process of reviewing the application, meeting with the Borrower, inspecting the proposed loan site and discussing the project with other involved parties is a time in which BCLF and the Borrower get to know each other and communicate with each other frequently. This is a somewhat subjective yet crucial step in establishing the credibility and capacity of the Borrower and the compatibility of the project with BCLF's goals. If staff do not plan to recommend making the loan, the project is not likely to make it as far as the Loan Committee. If staff plan to recommend the credit for approval and the loan amount or structure trigger Loan Committee approval (See chart below), the following steps are taken. If the credit does not trigger Loan Committee, Loan Fund President/COO/Director of Lending approval is obtained by staff.

When an application/project information package is complete (see above) and fit for Loan Committee review, the following steps occur:

- Staff send the Credit/Risk Analysis and Recommendation and relevant back-up materials (development and operating pro-formas, operating expense detail, organization's operating budget, etc.) to Loan Committee members prior to the Committee's telephone conference meeting scheduled weekly as-needed

    - At the telephone conference meeting,
        - The loan officer reviews the credit risk analysis and recommendation and responds to the Committee's questions
        - The Committee deliberates the loan, based on the underwriting criteria described above

    - The Committee votes to:
        - Approve the loan, subject to specific conditions
        - Table the application pending further information or other specific conditions
        - Not approve the loan
        - Approvals may include conditions specific to the loan, such as commitments from other financing sources, appraisals, etc.

Approvals will also include a proposed loan loss reserve percentage based on the Risk Rating or occasionally a unique circumstance which requires additional reserves or lesser reserves provided the existence of mitigating factors.

Staff Lending Authority

Staff approval means approval by the President/COO of the Loan Fund or such staff approval as designated by the President/COO/Director of Lending in writing.
The staff will have lending approval for the following transactions (see also chart below):

- Bridge loans up to $500,000 against committed, known funding sources where we determine there to be no credit risk;
- Refundable deposit loans on the equivalent up to $500,000 (loans secured by liquid collateral);
- Renewals to existing lines of credit that are performing as agreed
- Secured Loans up to a maximum amount of $500,000.
- Increases in our credit exposure of up to 10% of a deal, provided staff is satisfied with the answers to the risk level and funding questions, and in particular, provided staff is satisfied with the resulting debt service coverage and loan-to-value ratios;
- Non-Material changes to loans that have been approved by the Loan Committee.
- Extensions associated with loans if the extension will not extend the maturity date beyond a total of three years from the original maturity date of the loan, or beyond a total of six months from the original maturity date of the loan if the loan has been downgraded to Special Attention status as defined in the BCLF lending guidelines.[1]

Loan Approval Authority

Type of Loan	**Staff Approval**	**Loan Committee Approval**
Existing Borrower/ Small Property/ Residential	≤ $500,000	> $500,000
Existing / Construction / Residential	≤ $500,000	> $500,000
Existing / Pre Development / Residential	≤ $150,000	> $150,000
Existing / Commercial	≤ $500~~0~~,000	> $500,000
Working Capital	≤ $250,000	> $250,000
Buy and Hold (secured)	≤ $500,000	≥ $500,000
Permanent (secured)	≤ $500,000	≥ $500,000
New Borrowers (secured)	≤ $500,000	≥ $500,000

In general, our approval chart reflects loans for which the Borrower is known to us, the risk is low and the type of loan is more standard, can be approved at staff level whereas new Borrowers and more complicated proposals would be reviewed by the committee. "Secured" is defined as real estate collateral or other comparable collateral if loans conform to the underwriting guidelines of the applicable loan product.

Loan Department staff will report on all loans at the quarterly meetings and on those loans that received staff approval during the quarter.

Consideration of these recommendations which require only staff approval typically occurs at a weekly Loan Fund staff meeting however it can occur in a smaller meeting or by e-

[1] Loans are subject to Loan Committee approval if the loan as modified or extended would require Loan Committee approval if it were being presented as a new loan request.

mail, if necessary. It is the responsibility of the loan officer to ensure the appropriate approval has been received in accordance with the Lending Authority Chart above. Recommendations, on which one or more staff members express significant reservations, even if the request fits the criteria outlined above, will be presented to the Loan Committee for consideration. The Loan Fund President/Chief Operating Officer, Director of Lending or Team Leader signs the final approval which will be filed in the loan file.

The loan application is then changed in TEA to "Committed".

2.6 Commitment Letter

- Staff draft a **Commitment Letter** to the Borrower which may be prepared either by staff based on a "boiler-plate" commitment letter previously drafted by legal counsel or by legal counsel but in any case this is considered a binding, legal commitment:
    - States the terms of the loan and length of the commitment based on the aforementioned approval
    - Incorporates the specific conditions of the commitment which mirrors those in the Credit/Risk Analysis and Recommendation and it includes a list of standard and specific closing and/or disbursement conditions
    - The President/COO/ Director of Lending must initial all commitment letters prior to being sent to a Borrower.

- Staff sends the Commitment Letter to the Borrower, Borrower's counsel, BCLF's counsel (in some cases prior to release to the Sponsor), and other project funders as appropriate.

- The Borrower countersigns the letter as an acceptance of commitment and returns it to BCLF with the commitment fee or a portion of the fee, depending on the arrangement agreed to.

3. COMMITMENT - CLOSING

At times, the period between commitment and closing can be short and the process straightforward. Often, however, the process is more convoluted. The following steps are generally involved in completing the closing:

3.1 Meeting Conditions of Commitment

- Staff works with the Borrower to ensure the conditions stipulated in the commitment letter are met
- Borrower submits written verification of conditions, as applicable
- BCLF staff verify this information independently, where possible

3.2 Collecting Documents

- Borrower continues to collect and submit documents included in the loan information package/application and pre-closing checklists
- BCLF's legal counsel drafts a **Closing Agenda** containing additional documents required

3.3 Preparing Closing Documents

- BCLF's legal counsel prepares draft closing documents, circulates them to Borrower and Borrower's counsel, and communicates with all parties to coordinate the closing. In some cases, on small and less complex loans and when boiler-plate legal documents have been drafted for the Loan Fund, Loan Fund staff may draft the legal documents, with closing guidance (title, recording, etc.) from legal counsel.

3.4 Extending/Amending Commitment

Between commitment and closing, many projects will undergo changes, which require alterations in the terms of the BCLF loan and/or the conditions associated with the commitment. Some of these will involve major, substantive issues; others will be minor. The following procedures help to sort and resolve these matters. Commitment letters should have expiration dates which are 90-120 days from the date of the original letter. A separate date should be established for the return of the executed commitment letter and the commitment fee. This date should be approximately 14-30 days after the date of the letter.

If certain conditions of the commitment letter are not met or the commitment letter has expired, or if the financial structure of the project changes, the BCLF President, and the Loan Officer for the loan will review these changes to determine whether they:

1. Constitute a failure to meet key conditions for closing or a major change in the nature of the project, thus preventing closing the loan. In such cases the Borrower may submit a new application.

2. Are negotiable within the current commitment, but are material enough to require Loan Committee approval

3. Are insignificant enough to be negotiated by staff or BCLF legal counsel without Loan Committee approval, including an extension of the expired commitment.

Once this determination has been made, staff takes the appropriate action: resolving the issue themselves, submitting an amendment of the commitment to the Loan Committee, or informing the Borrower that closing of the loan as committed cannot occur.

3.5 Closing

BCLF's legal counsel generally orchestrates the loan closing, in communication with BCLF staff, Borrower's counsel, and the Borrower.

If drawdown of all or part of the loan will occur at closing, BCLF's counsel will coordinate the procedures for exchange of funds.

3.6 Loan File Organization (See Section 4-7 of the Procedures Manual for more detail)

Following closing of the loan, staff sorts through the documents associated with the loan, and arranges the loan file by category to facilitate record-keeping. For specific procedures, please see the Loan Fund Procedures Manual.

- Originals of important legal documents (mortgage and security agreement, Guaranty, Note, Commitment Letter and insurance binders, etc.) comprise a legal file which is stored at BCLF. Promissory notes are stored in BCLF's safe deposit box.

- Copies of relevant closing documents, as well as other documents, are stored in a Credit File, or electronically, as further defined in the Loan Fund Procedures Manual. The categories of the credit file will vary according to the particular loan, but each should have the following:

    - Summary of loan (terms at booking, payment schedule, etc.)
    - Organizational background documents
    - Application (and supporting documents) through commitment
    - At draw down (requisitions, copies of checks, budget, etc.)
    - Memos to file, correspondence, notes
    - Monitoring documents (financial statements, etc.)
    - Billing (invoices to Borrower, record of payments)

3.7 Closing Memorandum

After the loan has closed, the Loan Officer shall provide a Closing Memorandum in the file to capture any post-commitment non-material maters and post-closing issues that need to be addressed or should be documented outside of the formal loan documents.

4. DRAWDOWN (IF NOT COMPLETE AT CLOSING)

Often BCLF loans will not be entirely disbursed at closing. This is most common with construction loans, in which the loan principal is disbursed based on requisitions for work completed. The Loan Fund Operations Manager manages the following procedures:

4.1 Draw down Policies

Staff prepares a **Disbursement Procedures Memorandum** (see Section 4.3 for a sample) and sends it to the Borrower. The memo attempts to "translate" pertinent sections of the legal documents for quick reference. It reflects agreements regarding submission of requisitions, supporting documents, and approvals; inspection of construction progress; and retainage.

If BCLF is one of several construction lenders, BCLF may accept the construction monitoring (e.g. engineering reports) of another lender, supplemented by its own periodic inspections. An Intercreditor Agreement will exist which specifies these arrangements and a simultaneous pro rata drawdown of all sources.

4.2 Drawdown Procedures

Regardless of the details of its role in construction monitoring, BCLF will generally follow the following procedures at a minimum:

- Borrower submits a schedule of probable requisition dates
- BCLF staff review requisitions and documentation, and contact parties such as construction managers and other lenders/funders to discuss construction progress
- Disbursements of funds are made according to the procedures described in the **Disbursement Procedures Memorandum** or in accordance with the provisions of an Intercreditor Agreement
- During the disbursement period, staff make occasional visits to the site to monitor progress, and inspect the site prior to the final payment

Disbursement Process

1. Loan Officers or Operations Manager
   - Review requisition request – if incorrect, work with Borrower to correct
   - Ensure all necessary back up is present
   - Confirm amount and request date-down endorsement (if necessary include Operations Manager)
   - Review lien waivers & consult with BCLF inspector to ensure accuracy and sufficiency
   - Review construction inspector's report if a construction loan
   - Prepare Wire Transfer request form and initial it
   - Inform any participants or co-lenders that wire is pending

- Assemble wire request form for Finance to include request from Borrower, date-down endorsement and inspector's report and submit to Finance (red bin)
- Ensure sufficiency of sources and uses at the time of the requisition (i.e. the loan must be in balance at all times in order to advance any funds).

2. Finance Manager/Controller
   - Wire funds

If participants:
- Prepare Exhibit B's and assemble back-up doc for participant to include date down, inspector report, etc. Confirm required reporting for each participant and work with Loan Officer to ensure participants requests are met in a timely fashion.

<u>4.3 Sample Disbursement Procedures Memorandum.</u> This memo describes the process under which the Loan Fund approves requisitions and funds loans. This is sent to the Borrower and, if applicable, the lending partner if the loan has been participated.

BOSTON COMMUNITY LOAN FUND

DISBURSEMENT PROCEDURES MEMORANDUM

TO: "Lending Partner/Borrower"
FROM: Boston Community Loan Fund
RE: Construction Loan Administration- Disbursement Procedures

This memo describes how Boston Community Loan Fund, Inc. (BCLF), the lending affiliate of Boston Community Capital, will administer your construction loan under normal circumstances. It outlines your responsibilities in the disbursement process. Although this memo reflects some of the provisions contained in the loan documents, it does not include all such provisions or supersede them in any way.

If the project has multiple financing sources during the construction period, BCLF will attempt to coordinate its procedures with those of the other sources. If difficulties or delays arise during the construction period, other procedures and remedies may apply in accordance with the loan documents. Your Loan Officer is available to work with you to address any problems that arise during the construction period and thereafter. Please feel free to contact your Loan Officer at (617) 427-8600 with any questions.

CONSTRUCTION LOAN ADMINISTRATION

I. BEFORE CONSTRUCTION BEGINS

A. Borrower will submit a requisition schedule in accordance with the approved budget included at closing including the anticipated dates and amounts BCLF can expect to receive drawdown requisitions, the anticipated amounts of these requisitions, and the amounts expected to be drawn from BCLF and other financing sources.

B. BCLF will retain at the Borrower's expense a construction inspector to review final plans and specifications for the project, the qualifications of the general contractor, the contractor's bid, and the draft construction contract. The construction inspector will advise BCLF on the completeness of the plans and specs, on the reasonableness of the contractor's bid and the construction contract, and on the adequacy of the proposed scope of rehab to address all major capital needs.

II. DURING CONSTRUCTION

A. The Borrower, the architect or rehab consultant, and the general contractor will conduct weekly job meetings to inspect and discuss construction progress, and resolve outstanding issues, keeping brief but detailed written minutes of each meeting.

B. Typically, one job meeting per month will also serve as a requisition meeting during which the Borrower, architect or rehab consultant, contractor, and BCLF's construction inspector will walk the construction site and consider a draft requisition submitted by the contractor.

C. The general contractor will requisition the Borrower for completed work using AIA Form G702 (or the equivalent). Each requisition will include an updated schedule of values showing detail on work in place and the current requisition. When the requisition is agreed upon, all parties will sign off on it.

Construction Loan Administration

D. Borrower will obtain a lien waiver from the general contractor for the amount of the prior disbursement. Lien waivers must also be obtained from subcontractors once they have completed their work on the project. On larger projects and in some other circumstances, partial lien waivers may be required from subcontractors at the time of each requisition.

E. Borrower will instruct its attorney to conduct a title update search, issue a title update certification letter to the title insurance company, and obtain a "date down" endorsement to the title policy.

F. Borrower will then submit a "Drawdown Package" to BCLF and its construction inspector. A complete Drawdown Package contains:

1. Copies of the minutes from weekly job meetings;

2. The approved contractor's requisition and all supporting documentation;

3. Any change orders submitted by the contractor, on the appropriate AIA form signed by the Borrower and architect or rehab consultant, with supporting documentation (invoices, etc.);

4. Budget worksheets updated by Borrower which accurately account for all sources, uses (including change orders), and advances;

5. a copy of the title update certification letter, as discussed in item E above, and confirmation from the title insurance company that the date-down endorsement will follow within one week;

6. Lien waivers, as discussed in item D above; and

7. Copies of requisitions submitted to other lenders (e.g., cover letters).

The date on which BCLF receives a *complete* Drawdown Package (i.e., *all* of the above items) will be considered the "requisition date."

G. BCLF will attempt to disburse funds within five (5) business days after the requisition date. Timely disbursement depends on the receipt of complete Drawdown Packages.

H. Each disbursement is approved by BCLF in its sole discretion following satisfactory review of the Drawdown Package, a satisfactory report from BCLF's construction inspector, and consultation with other financing sources if necessary.

I. During interest-only construction periods, interest on disbursed funds will be due and payable monthly in arrears. BCLF will send the Borrower a monthly invoice for interest due. Construction period interest payments may be included in the monthly requisition.

5. REPAYMENT/MONITORING/REPORTING

5.1 Repayment/Late Payments

Repayment terms are stated in the commitment letter and the closing documents. BCLF bills Borrowers for interest and principal due.

If any payment is more than fifteen days late, BCLF will:

- Contact the Borrower immediately by telephone to alert it that the payment was not received, and to determine the cause of nonpayment

If the reason for the late payment is other than a minor bookkeeping or cash-flow issue, or if non-payment continues, the loan will be considered for a downgrade and become subject to default actions as described in Section 5.4.

5.2 Monitoring

Monitoring requirements will vary from loan to loan, but typically loan terms will include requirements in which the Borrower must provide BCLF with:

- Immediate notification of changes in key staff of Borrower's organization or of a change in the firm managing the project

- Quarterly (or monthly as required) financial report of the project showing vacancy and turnover, cash flow, and income and expenses with comparisons to budget

- Quarterly report on status of take-out financing (if applicable), including inquiries, possibilities, etc. If the loan is to be repaid through fundraising, the quarterly report will include the status of current grant applications (received, denied, pending) and list new applications.

- Quarterly at the start of each quarter, updates on all projects for which the Loan Fund has advanced Loan funds, and as requested, updates on the status of all borrower/sponsor/guarantor projects which allow for a comprehensive one-obligor evaluation.

- Annual audited statements of Borrower and Sponsor organizations, and new annual operating budgets for the organization and the project

In addition to reviewing these items, staff also monitor loans through:

- Annual Status Reviews and Portfolio Management of the Loan Fund Portfolio Management Staff
- Site visits
- Following up with Borrowers via telephone. Although the frequency of these conversations varies widely from loan to loan, staff speaks to each Borrower a

minimum of once annually to keep abreast of progress, ask questions about financial information submitted, and discuss challenges and problems associated with the organization and project.

- Tracking the interest and principal payment progress of each Borrower
- Reviewing the security of the loan in light of market trends
- Maintaining updated information in the loan file regarding current insurance and real estate tax information and payments on the collateral.

If the monitoring process reveals significant changes in the stability of a particular loan, staff may propose a change in its risk rating.

If the monitoring process reveals that the loan is in serious trouble and there is a possibility of an actual loan loss, staff will recommend actions as described in Section 5.4, and will downgrade the Borrower risk rating to the appropriate level based on the Loan Fund Risk Rating Guidelines. In this case, staff may recommend that a specific dollar amount of the outstanding principal be designated for a loss reserve for the loan, at a level which is greater than or less than that driven by the Guidelines for Allowance for Loan Losses chart. This designated reserve will be separate from the general loan loss reserve which is based on the weighted average risk of all loans. Funding for the designated reserve might include a partial reassignment of the general loss reserve, but the general reserve must retain an amount equal to the weighted average risks of the other loans in the portfolio (see the separate documents titled "Risk Rating & Allowance for Loan Loss Policy").

5.3 Reporting

Based on the data gathered through the monitoring process, staff prepare a number of reports which communicate the status of the loan portfolio to the Loan Committee. The information system utilized by the organization, TEA, provides us with the ability to manage and monitor the information on our portfolio. In addition to ad hoc reporting for specific issues or projects, the following reports are generated in accordance with the identified time periods:

The loan fund staff review reports prepared by the Operations Manager weekly at Loan Fund Staff meetings which come from the information management system, TEA. These reports include a Delinquency Report identifying any late payments for loans, a Maturity Report, identifying the maturity dates for any loans which are past due or 90-days from the date of the meeting, an Active Pipeline Report which identifies the status of new applications, pending applications and committed loans and an Active Pipeline and Portfolio Disbursement Reports which identify the anticipated disbursements and paydowns on the portfolio and pipeline. These reports are utilized to assist the Controller and Loan Fund President in estimating liquidity needs for the portfolio. A TEA Task List by Officer is also periodically reviewed to which provides detail for outstanding or upcoming asset management tasks for existing loans in the portfolio.

Monthly, the Operations Manager generates reports on the portfolio which include the following:

Active Pipeline
Active Pipeline Projections
Active Portfolio Projections
Closed Loans
Committed Loans
Delinquencies
Investment Balance
Loan Balance
Matured Loans
Maturing Loans
One Obligor Exposure
Participation Balance
Portfolio – Undisbursed
Portfolio Management – NCCA Survey
Priority Monitoring
Relationship Management by Risk Rating
Trial Balance

The Controller prepares the Portfolio Management Report, Liquidity Report and Summary Monitoring Report which contains:

- Statistical profile of loans and commitments
- Minimum funds availability analysis
- Interest rate analysis
- Portfolio management statistics/covenant adherence

Quarterly, the Operations Manager generates the aforementioned reports based on quarterly performance. Additionally, the following reports are generated at Quarter End only:

EQ 2
Heron Survey
Loans Rated 5 or Worse
CDFI Survey
NMTC Trial Balance
Social Metrics
Social Purpose

These reports are included in the Quarterly Portfolio Monitoring Meeting Packages and the Board Packages. In addition, the **Extraordinary Review Report** is generated which provides narrative to the loans identified on the Priority Monitoring Report. The Quarterly Portfolio Review and Loan Fund Section of the Board Package (generated quarterly), will contain all of these reports as well as the Loans Rated Five or Worse which singles out loans with potential or identified weaknesses and briefly describes their circumstances, and recommends corrective action, and a variety of asset management charts which identify specific concentration levels for loans in the portfolio (product type, asset type, geographical location, etc)..

Annually, the Operations Manager and Controller prepare all of the aforementioned reports for the year end Board Package.

5.4 Problem Loans

When a project or organization encounters financial or other trouble, BCLF's primary response is to work with the Borrower to solve the problems and restore the soundness of its loan. The goal of the monitoring process described above is to identify and resolve problems before they result in default. In the event of default, however, BCLF will take the steps necessary to protect its funds. All of the actions described below will be discussed between staff and recommended to the Loan Committee for approval if the resulting actions require substantial modification to the original terms of the loan and materially impact the repayment.

Pre-Default Actions

If significant problems emerge in the cash flow and management of the project, even if a default has not occurred, BCLF will consider the following possible actions:

- Temporary adjustment of payment schedule

- Working with the Borrower to restructure the project's debt, including the possibility of BCLF lending additional funds to replace higher-cost debt or bringing in additional funding sources (city or state subsidies) if possible to shore up the project.

- Seeking additional collateral to secure the potential short fall or additional debt considered.

Default/ Workout Plan

A default occurs when a Borrower fails to make any payment required by the loan (monetary default) or fails to perform or observe any covenant or agreement required by the loan (non-monetary default). In the event of a late payment, BCLF staff will contact the Borrower and attempt to resolve minor problems. However, if the default indicates a significant problem, or nonpayment continues for 30 days, BCLF will take one or more of the following actions:

- Sending of a formal default letter

- Development of a workout plan, including specific actions the Borrower must take and a schedule under which the Borrower must perform. In concert with evaluating a course of action, BCLF will communicate with any participant in the loan to ensure we are keeping them informed and will adhere to the terms of the Participation Agreement.

- Preparing a Loan Monitoring Plan which is the internal memo for loan management which outlines the current issues and action plan proposed for the loan. This plan should be discussed in concert with the Team Leader and President/COO/Director of Lending as applicable and should outline the action item, person designated to complete and time-

frame for completion that, in the Loan Officer's best estimate, will yield the highest results for the outcome of the workout of the loan. It will be through the drafting and implementation of this plan that the Risk Rating for the loan will be affirmed or changed.

- Restructuring the terms of the BCLF loan or the debt structure of the project as a whole

- Documenting via internal memos and external letters and loan document amendments the agreed upon next steps for the Borrower and BCLF.

Property Acquisition

If these attempts fail, BCLF will determine whether to acquire title to the project's property and/or collateral. This decision will be based upon BCLF's relationship with the Borrower, the costs of operating and disposing of the property, and the extent of the potential loss and its impact on BCLF. BCLF may acquire title either through foreclosure or by acceptance of the Borrower's voluntary conveyance. BCLF will work with its legal counsel to determine the appropriate actions.

Non-Accrual Status:

Loans will be placed on non-accrual when any one of the following conditions are met:

- A loan is 90 days past due for interest and/or principal
- Collection of outstanding principal and interest is unlikely based on the repayment sources and attempts at restructuring the loan have proven unsuccessful.

Loans should have been downgraded to "7" or worse prior to placement on non-accrual status.

5.5 Portfolio Management Policies

BCLF has developed a number of policies to assist in prudent management of individual loans and the loan portfolio as a whole. These policies are not set in stone; they may be exceeded from time to time when BCLF finds exceptional opportunities to meet its mission. They are also not scientific; rather, these policies serve as guideposts for the maintenance of a sound portfolio. Current guidelines are:

- Portfolio balance: BCLF will not lend more than 15% of total loan fund capital, net of participations, to any one Borrower

- Loan size: BCLF will not lend more than 10% of total loan fund capital, net of participations, in any one loan

- Liquidity (BCLF's liquidity goal is 10% of total lender funds).

Loans for which BCLF retains recourse despite the sale or participation to other lenders will be reserved at the loan level but will not be included in the loan portfolio amount for consideration of the 5% minimum.

Based on the monitoring and reporting processes described above, the staff may recommend to the Loan Committee adjustments in lending priorities and policies regarding loan size, portfolio balance, diversification of asset class, risk burden, etc., and re-evaluation of lending priorities.

5.6 Funding and Updating the Loan Loss Reserve

Loan loss reserve size (reserve as a percentage of net loans outstanding) and weighted average risk rating of loans (computation of a weighted average based on the current rating of each loan): BCLF maintains a loss reserve equal to the weighted average rating of the net loans outstanding, or 5% of net loans outstanding, whichever is greater. Reserves are comprised of both contra assets and net assets designated for reserves. In summary, the Loan Loss Reserve resides in the current assets section of the balance sheet for the specific loan loss reserve and the Board designated reserve section of the unrestricted net assets section of the balance sheet. Combined, these two accounts shall equal no less than 5% of the net loans receivable. The monthly Portfolio Management Report prepared by the Controller tracks this reserve calculation to ensure our reserve is adequately maintained.

The monthly Portfolio Management Report, described above, provides an updated calculation of the loss reserve required by the weighted average risk ratings of the loans in the portfolio. From time to time as necessary, the Loan Committee votes to increase the loss reserve so that it continues to equal the greater of 5% of outstanding loans or the weighted average risk percentage of loans receivable.

See Risk Rating and Allowance for Loan Loss Policy.

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.

3. STAFF LENDING AUTHORITY

Staff Lending Authority

This memo describes the staff lending authority adopted by the Loan Committee in June 2010.

Based upon the change in demand, a strong understanding and experience by lending staff on these types of loans, and the desire to use the Loan Committee's time more effectively, we are proposing the following changes in the Lending Staff approval policy:

Type of Loan	**Staff Approval**	**Loan Committee Approval**
Existing Borrower/ Small Property/ Residential	≤ $500,000	> $500,000
Existing / Construction / Residential	≤ $500,000	> $500,000
Existing / Pre Development / Residential	≤ $150,000	> $150,000
Existing / Commercial	≤ $500,000	> $500,000
Working Capital	≤ $250,000	> $250,000
Buy and Hold (secured)	≤ $500,000	≥ $500,000
Permanent (secured)	≤ $500,000	≥ $500,000
New Borrowers (secured)	≤ $500,000	≥ $500,000

We believe that these changes will allow us to more effectively benefit from Loan Fund Committee member's expertise while we continue to increase our activity, implement more complex products and explore challenging opportunities; critical areas for which Loan Committee member experience and time will best be utilized. For more routine loans, where the borrower is known to us, the risk is low and the type of loan is more standard, staff level approval is appropriate whereas new borrowers and more complicated proposals should continue to be reviewed by the committee.

We will continue to report on all loans at the quarterly portfolio review meetings and via additional interim reporting as requested by Loan Committee or produced independently via the Portfolio Management team.

4. TYPICAL LOAN TERMS

Typical Loan Terms

The mission of Boston Community Capital is to create and preserve healthy communities where low-income people live and work. The Boston Community Loan Fund (BCLF), the lending affiliate of Boston Community Capital, makes loans throughout Massachusetts to community-based development projects that preserve or increase the supply of affordable rental and ownership housing, and to community-based organizations that provide services to benefit low-income or disadvantaged people and their communities.

Although we have outlined "Typical Terms and Conditions" below, BCLF works to be flexible in identifying and meeting the financing requirements of projects and organizations that meet our social and financial underwriting criteria. The typical terms and conditions reflect financing situations commonly encountered by BCLF, **but should not be used to screen out potential requests**. Finally, the terms and conditions outlined below are subject to change without notice.

Housing and Facilities Loans
Typical Terms and Conditions

Loan Types	Typical Loan Amounts [1]	Term	Interest Rates [2]	Security	Fees
Acquisition, Construction, Rehabilitation Loans	Up to $10,000,000 per project; up to $12,000,000 per borrower.	Up to 18 months	6 – 10%	Lien on property; assignment of rents (if any), leases and contracts; lien on corporate assets.	Loan fee of 1%; legal fees and; lender inspector fees as estimated by these vendors
Bridge Loans	$250,000-$2,000,000	Up to one year	6.50% – 10%	Assignment of repayment source; lien on corporate assets.	Loan fee of 1%, legal fees of 1% - 1 ½% or as set by outside counsel
Permanent Loans	Up to $2,000,000 per project; up to $4,000,000 per borrower.	Up to 15 years	6 – 9%	Lien on property; assignment of rents (if any), leases and contracts; lien on corporate assets.	Loan fee of 1%; legal fees and lender inspector fees as set by these vendors.

[1] BCLF has the capacity to package loans with other lenders to accommodate requests in excess of these amounts.

[2] BCLF interest rates are typically fixed for the life of the loan with no prepayment penalty. On longer amortization schedules, we may reserve the right to adjust the rate at periodic intervals, e.g., every five years. Flexibility in interest rates is driven by the needs of the project.

Working Capital Loans
Typical Terms and Conditions

Loan Type	Maximum Loan Amount	Term	Interest Rate	Security	Fees
Working Capital Line of Credit	Typically up to $200,000.	1 year	8 – 10%	First lien and security interest in all business assets, including grants and accounts receivable.	Loan fee of 1%; legal fees of 1% - 1½% or as set by outside counsel

5. DEVELOPMENT SERVICES & LOAN FEE POLICIES

Development Services and Loan Fee Policies

In 2005, Boston Community Loan Fund (BCLF), as a result of its growth in lending volume and expansion of its lending products, adopted a revised policy on the accounting treatment of loan fees. Historically, BCLF's direct lending costs have significantly exceeded fees associated with underwriting and closing loans and BCLF's long-standing policy, consistent with generally accepted accounting principles, has been to book all fees as current income. As BCLF's lending cost structure and loan fees have shifted, BCLF's revised policy more explicitly defines how BCLF amortizes fees that exceed the direct costs associated with each loan.

Historically, like its sister community development financial institutions (CDFIs), BCLF provides financing to projects and organizations serving low income people and communities that cannot be provided to mainstream or conventional financial institutions. Therefore, the characteristics of BCLF's lending activities—unsophisticated borrowers, early stage financing, small loan sizes, complicated financing structures, and so forth—have required BCLF to provide substantial technical assistance, or development services, to its borrowers. In general, these services are integrated into the lending and underwriting activities and are not delivered or funded separately. Indeed a definition, and requirement, of CDFI certification by the US Department of Treasury's CDFI Fund is to provide development services along with providing loans and financial services. Typically, these services mean that BCLF, and other CDFIs, have lending and development services costs that are significantly higher than traditional financial institutions and many CDFIs require grant support in addition to loan fees and interest spread to cover the full costs of their lending activities. For much of BCLF's history, we also needed to raise grants to cover the full cost of our lending activities. As a result, BCLF's policy has been to book all loan fees as current income.

As BCLF has grown, its increased lending volume and more efficient management of its underwriting and development services has allowed BCLF to cover an increasing portion of its costs through earned income—lending spread and loan fees. Today, while BCLF still requires grants or public subsidies to fund increases in equity to support growth and new activities, BCLF is self-sufficient on an operating basis. Furthermore, BCLF's recent growth and the lending activity anticipated over the next few years suggest that BCLF will continue to be self-sufficient and generate a greater percentage of income from loan fees. For example, BCLF's recent lending reflects a shift towards larger, more complex loans. While historically, BCLF's lending has involved significant development services to its borrowers, BCLF is also increasing structuring financing packages for borrowers, managing co-lending and loan participation arrangements, in addition to its traditional underwriting, financing and servicing loans. BCLF is generally compensated for these new services through fees rather than lending spread. As the Loan Fund increases the breadth of products and services, we expect to continue to experience fee for services, including development fees for real estate development or project management. As a result, BCLF adopted a new policy for the accounting treatment of its loan fees. This policy is described below and was implemented for BCLF and its parent Boston Community Capital for their fiscal year 2005 financial statements and audit- present.

Methodology

In summary, we examined our historical fee structure and looked at how other lenders, including both CDFIs and commercial banks, treat loan fees. To keep the administrative costs to a minimum, most banks use a standard percentage of the loan amount as a proxy for the direct lending costs and book that portion of their loan fees on a current basis. Similarly, the largest CDFIs use a percentage methodology to determine the direct costs of lending, although most smaller CDFIs still book all loan fees on a current basis. We did not find any lenders that track the actual direct costs of the lending activity for each individual loan as the methodology for determining the current portion of loan fees.

Additionally, we reviewed the accounting literature related to loan fees, including FAS 91. Our revised policy establishes a methodology for determining the portion of loan fees that are related to the direct costs related to making individual loans, recognizes that portion of the loan fees as current income, and amortizes the remaining amount of the fees over the term of the loan. This policy is consistent with FAS 91.

The presentation of our policy on our financial statements differs slightly from FAS 91, which suggests netting the current portion of the loan fees from the lending expense.
The CDFI industry (primarily through standardized reporting requirements to the CDFI Fund, National Community Capital Association, and some large common institutional investors) have developed standard financial benchmarks and metrics. While there is no established standard for amortizing loan fees, the metrics classify loan fees as financial income and all lending costs as expenses. In other words, lending expenses are not net of the current portion of loan fee income (as FAS 91 suggests). Since most CDFIs, including BCLF, have direct lending costs that are much higher percentages of loan amounts and of loan fees than banks, netting current loan fees from lending expenses would result in very low lending expenses and would not be consistent with industry benchmarks, reporting and metrics.

Policy (Adopted December, 2005)

1) Charge a loan fee equal to a minimum of 50 basis points of the loan. The fee would be due and collected at closing, if not earlier (at commitment or signature of Summary of Terms execution). This fee would be amortized monthly based on the original term of the loan. The unamortized portion of the fee would be held as deferred revenue.

2) All extension, restructuring or reservation fees would be booked as current income when they are due and received to partially cover the direct costs associated with the required work.

3) Other fees for other services—From time to time, BCLF may provide direct and discreet consulting or advising services not directly related to a specific loan to borrowers or potential borrowers, other lenders and financial institutions, government agencies, and others. In general, these fees will be booked on a current basis to cover the costs of the services provided.

4) We will endeavor to collect and apply the fees as: a) a $250 application fee to partially cover the direct costs of reviewing the pre-application, determining financial and

programmatic eligibility, establishing the application file and documentation, and reserving loan funds. This will be booked as current income when the fee is received. In the event that BCLF does not make the commitment, we will (or may) refund the fee. In the event that the loan closes, this fee will be applied towards the loan fee. We may decide to waive this fee in certain cases, but otherwise it should be collected and b) Charge an underwriting fee equal to 50 basis points of the loan. This fee is due with the accepted commitment letter. This income should be booked as current income when the cash is received to partially cover the direct costs of underwriting the loan and the associated development services. As with all of these fees, we can waive, reduce, adjust or defer the fees. In general, we would not book the fee as a receivable until it is paid (i.e. if we deferred it until closing.)

6. LENDING TO FAITH BASED ORGANIZATIONS

Lending to Faith Based Organizations

- The loan must expand the capacity of the church to conduct its social program. It must increase the number of people served or allow the church to serve more effectively.

- The social program must serve or benefit a low-income, low-wealth or disadvantaged population or address a social ill. The median income of the communities program recipients live in will provide some evidence of this. Other proxies may include a range of social indicators (e.g. recently incarcerated, battered, etc.)

- The social program must be available to members of the broader community and not to church members exclusively. The church will be required to demonstrate outreach and marketing of its program.

- If the loan is a facilities loan, the church must demonstrate that a reasonable percentage of the overall square footage or time allocated for use of the building is dedicated to the social program. The loan amount will be linked to the percentage of total development costs related to the social program.

- The church must have or develop a method of social program evaluation and outcome measurement. The church must provide social impact reports.

- The service program must not be directly evangelistic in nature or require program recipients to adopt the church's religion.

- To the extent that the church hires staff for its social program (and not its religious affairs), the church must be non-discriminatory in its hiring practices.

7. LENDING TO PRIVATE DEVELOPERS

Lending to Private Developers

BCLF does not restrict loans to non-profit entities and in fact enjoys many successful loans and relationships with private (for-profit) developers or partnerships between for-profit and non-profit developers. We look to the overall mission fit of the project and developer and the adherence to our underwriting and mission standards in determining whether or not we will pursue a loan, not the tax status of the entity.

We acknowledge that it is not useful to consider "private developers" as a single group or type of borrower and that it may be beneficial to consider for-profit developers in a variety of categories:

Including:
Contractor

Owner/Manager
Developer

Collaborator

Receiver

Partner with BCLF as developer

COMMON THREADS AND CONCLUSIONS

Character Loans

As highlighted by the use of an individual's name to identify these borrowers, private developers rely heavily on a key individual who is often difficult to distinguish from the borrowing entity. Consequently, these loans are appropriately considered character loans. We rely on the expertise of the key individual, or the team assembled by that individual, to make the project a success and ensure that we will be repaid. In contrast, nonprofit developers often have the depth of additional project managers, an executive director, and a community-based board to back up their primary project manager.

In most cases, we gained initial comfort with the character of these borrowers from **personal referrals** by either staff or other partners well known to us.

Borrower Capacity

As noted above, private developers often rely heavily on a single key individual. This risk is mitigated by an assessment of the individuals' experience and/or ability to successfully manage a project, or to assemble a team that is capable of delivering the project. In some cases, we have required or reserved the right to require professional outside property management. We have also used operating and replacement reserves to ensure that the borrower's potential lack of financial capacity does not jeopardize the quality of housing or the value of our collateral in the future.

Protection against the death of key individuals can be mitigated through the use of key person life insurance; we have discussed this option but have not yet required it in any of our deals.

Borrower Motivation

The key individual is typically the person with something at stake and/or something to gain. They are highly motivated to move projects forward in a timely fashion and to hold costs down, particularly when there are no public funding sources in the project. Conventional wisdom holds that private developers can deliver projects for roughly 10% below the costs incurred by nonprofit developers. Whatever the specific causes for this perceived differential, the profit motive is a powerful force worth harnessing.

Our goal of long-term affordability, of course, comes at the expense of profit. Therefore, a key challenge in underwriting loans to private developers is to understand their fundamental motivation for developing housing, and more specifically, for requesting financing from us. We seek their equivalent of a "mission statement." While potential borrowers always ask about our interest rate, they seldom ask about our affordability restrictions. We have developed a proposed terms sheet to be reviewed with potential borrowers early in the underwriting process to ensure that they understand the requirements of doing business with us. A clear conversation about the nature of BCLF as a mission driven lender seeking to achieve long term affordability, and the tool that we use to achieve it, is the best way to assess whether a potential borrower shares our motivation in this area.

8. LENDING TO EDUCATIONAL INSTITUTIONS

Lending to Educational Institutions

Throughout its history BCLF has made loans to educational institutions. Access to quality schools for low-income families and those with special educational needs is a vital component to a healthy community.

Mission Test

Consistent with our standard lending practices, an evaluation of a loan inquiry from an educational institution begins with an assessment of the mission of the organization and its fit with BCLF's mission. A school with a strong mission fit will exhibit the following characteristics:

- The school serves predominantly low-income families – an important measure of this is the number or percentage of children eligible for free and reduced lunches.
- Admission to the school is non-selective and based on a lottery or a first come first served basis. Tuition is free or affordable to low-income families through sliding scale tuition, vouchers or other public subsidies.
- The quality of education being delivered is high; student achievement is measurable.
- BCLF debt fills a financing gap rather than substituting for public funds or private giving.

Underwriting Guidelines

Educational institutions benefit from the full range of BCLF loan products including acquisition and construction lines of credit, permanent loans for facilities, leasehold improvement loans, equipment term loans, working capital lines of credit, bridge loans, etc. These products have different levels of risk and are underwritten accordingly.

While our normal real estate underwriting processes and standards apply to financing facility projects in this sector, we pay particular attention to the following:

- Management and board capabilities, particularly in the finance area
- Governance structure
- References from the community, peer institutions, parents, teachers, authorizing or accrediting agencies and/or banks
- Charter applications/annual reports/business plans/charter renewal/accountability plans
- Financial statements, budgets, A/R and A/P
- Enrollment statistics and procedures
- Waiting list analysis
- % of children eligible for free and reduced lunches
- Tuition schedules (if applicable)
- Marketing materials and process
- Accreditation Agency or State reviews
- Staffing levels and salaries
- Sources of cash, including timing, conditions and history of receipt
- Uses of cash, including timing

- Review of Management Contract, if relevant
- Assessment of school mission
- Capacity to deliver on academic achievement goals
- Recognition that collateral is likely to be special purpose
- Competition for students

Monitoring

Educational loans in our portfolio are monitored for timely repayment, compliance with financial covenants and reporting requirements, financial and operational stability, student achievement and the quality of the service provided.