

AFRICAN AMERICAN COMMUNITIES, SMALL BUSINESS OWNERS, FIRST-TIME HOMEOWNERS BENEFITING FROM RISE OF “COMMUNITY INVESTING”

*Non-Traditional Financial Sources Aid Otherwise Underserved Individuals, Groups;
14 Institutions Recognized for Focus on African American Businesses, Individuals*

WASHINGTON, D.C.///June 8, 2004///Capital for businesses, first-time home purchases, job creation and even social service needs of African American communities across America increasingly is coming from “community investing.” Today, the Community Investing Program, a project of the Social Investment Forum Foundation and Co-op America, singled out 14 organizations that **“best exemplify the building of economic opportunity and hope for African Americans and other individuals through community investing.”**

Community investing is financing from banks, credit unions, loan funds, venture capital firms, foundations and other organizations that is directed to support African Americans and other individuals, businesses and nonprofits usually overlooked by "traditional" financial institutions. The assistance that community investing lends to African American communities and small business owners is particularly important in difficult economic times such as the present, where a slow economic recovery has not yet reached or altogether bypassed many cities and towns. A 2003 study from the Social Investment Forum shows that community investing is the fastest-growing category of socially responsible investing in the United States: Total assets held by community development financial institutions (CDFIs) nearly doubled from \$7.6 billion to \$14 billion between 2001 and 2003.

Jean Pogge, Community Investing Program chair and senior vice president of Mission-Based Deposits for ShoreBank, America's first community development and environmental banking corporation, said: **“Community investing creates new economic opportunities that transform underserved urban and rural neighborhoods into healthy communities and reinvigorates the lives of its residents. When investors, banks and other financial institutions work together, we can successfully develop new markets once considered too risky and everyone will benefit.”**

EXAMPLES OF LENDING TO AFRICAN AMERICAN COMMUNITIES

The 14 organizations recognized today by the Community Investing Program are: ACCCION USA (Boston, MA); City First Bank of D.C. (Washington, D.C.); Community Financial Research Center (Los Angeles, CA.); Creative Investment Research, Inc. (Minneapolis, MN.); F.B. Heron Foundation (New York, N.Y.); Local Initiative Support Corporation (New York, N.Y.); Louisville Community Development Bank (Louisville, KY.); Northern California Community Loan Fund (San Francisco, CA.); The Reinvestment Fund (Philadelphia, PA.); Restoration Capital Fund (Brooklyn, N.Y.); Self-Help Credit Union (Durham, N.C.); ShoreBank (Chicago, IL., Cleveland, OH., and Detroit, MI.); Southern Development Bancorporation (Arkadelphia, AR.); and University Bank (St. Paul, MN.).

Examples of the work of the groups being honored today include the following:

- Jimmy and Lorraine Love dreamed of owning their own home, a place to raise their six children. But with questions on their credit history and insufficient funds for a down payment, the Loves couldn't get a mortgage. **"We looked for a home for five years and were turned down for a mortgage 35 times,"** Jimmy said. But after a desperate call to University Bank's John Bennett, the Loves found renewed hope. **"John told us he could help," Love said. "No banker had ever said that to me!"** Through the Neighborhood Lending Partnership (NLP), University Bank obtained a \$20,000 loan guarantee from the city of Saint Paul, enabling the bank to loan Jimmy 100 percent of the home price. After figuring out Jimmy's financing, University Bank helped negotiate the purchase price and identify needed home improvements. It makes a difference to the seller when your banker is present and says the financing is approved – just ask Jimmy. Today, the Love family lives in their own Saint Paul two-story house, complete with a big yard and garage. **"We love this house, and it's ours. We are grateful to University Bank for fighting for our dream."**
- In 2000, Washington, D.C. resident Warren Brown was working as a lawyer at the U.S. Department of Health and Human Services while toiling away in his apartment baking cakes on the side. He made his living practicing law but baking was his true passion. His business grew to the point where he rented a kitchen at night. As his client base began to grow and demands on his time increased, he realized that he needed to see if he could make his love of baking into his career. With a loan from City First Bank of D.C., Warren was able to open CakeLove, a boutique bakery, in the historic U Street district of Northwest Washington known as "the Black Broadway." With hard work and perseverance, CakeLove is now one of the most popular bakeries in the city, providing Washingtonians with his signature cakes, "buzzballs" and "crunchy feet." In the summer of 2003, Brown was able to open LoveCafe across the street from his bakery, providing coffee, breakfast, sandwiches and his well-loved sweets. Warren said: **"Financing from City First Bank of D.C. has been key in helping me move my business from being a few cakes in a rented kitchen to the two-shop operation with a staff of 20."**

William Cunningham, president of Creative Investment Research, Inc., a firm that researches and creates socially responsible investments and provides socially responsible investment advisory services throughout the country, added: **"The community investment movement has roots in efforts to serve African American communities and businesses. Black-owned financial institutions (banks, thrifts, mutual funds and credit unions) and those serving black communities have greatly increased in size and number over the years, and now offer assistance throughout the country. Their presence has made it possible for many people to lead successful, fulfilling lives."**

HOW TO BECOME A COMMUNITY INVESTOR

Any individual or institution can become a community investor. One of the most popular ways to invest in communities is by opening an account at a community development bank or credit union. Most investors open money market accounts or certificates of deposits. Checking and savings accounts, CDs and IRAs also may be provided through community development banks

or credit unions, which will use the deposit to strengthen the local community. If there is not a community development bank or credit union in their local community, many investors open up accounts in community development financial institutions in other locales

Another approach is to invest in community development loan funds, pooled funds, and venture capital funds. These investments can support local or international projects that are serving low-income communities. For individuals and institutions wanting to invest in mutual funds, some mutual funds have a community investing component as well.

For a comprehensive list of community investing alternatives, go to <http://www.communityinvest.org> on the Web.

ABOUT THE COMMUNITY INVESTING PROGRAM

The Community Investing Program is a joint partnership of the Social Investment Forum Foundation and Co-op America. The Social Investment Forum Foundation is a national nonprofit organization providing research and educational programs on socially responsible investing. Co-op America is a national nonprofit organization founded in 1982 that provides the economic strategies, organizing power and practical tools for businesses and individuals to address today's social and environmental problems. The program's Web site is <http://www.communityinvest.org>.

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FOR MORE INFORMATION: To hear a Web-based recording of the national news event, go to <http://www.communityinvest.org> after 6 p.m. EDT on June 8, 2004.