

Undeniably

NEXT

Innovator

A Celebration of CDFIs

Wednesday, November 3, 2010—San Francisco, California

Bold



NEXTawards
for Opportunity Finance

In partnership with

The Wachovia Wells Fargo Foundation &
the John D. and Catherine T. MacArthur Foundation



Fourth Annual Wachovia Wells Fargo NEXT Awards for Opportunity Finance

Agenda

6:30 pm–8:00 pm..... **Cocktails and Dinner**

8:00 pm–9:00 pm..... **Awards Ceremony**

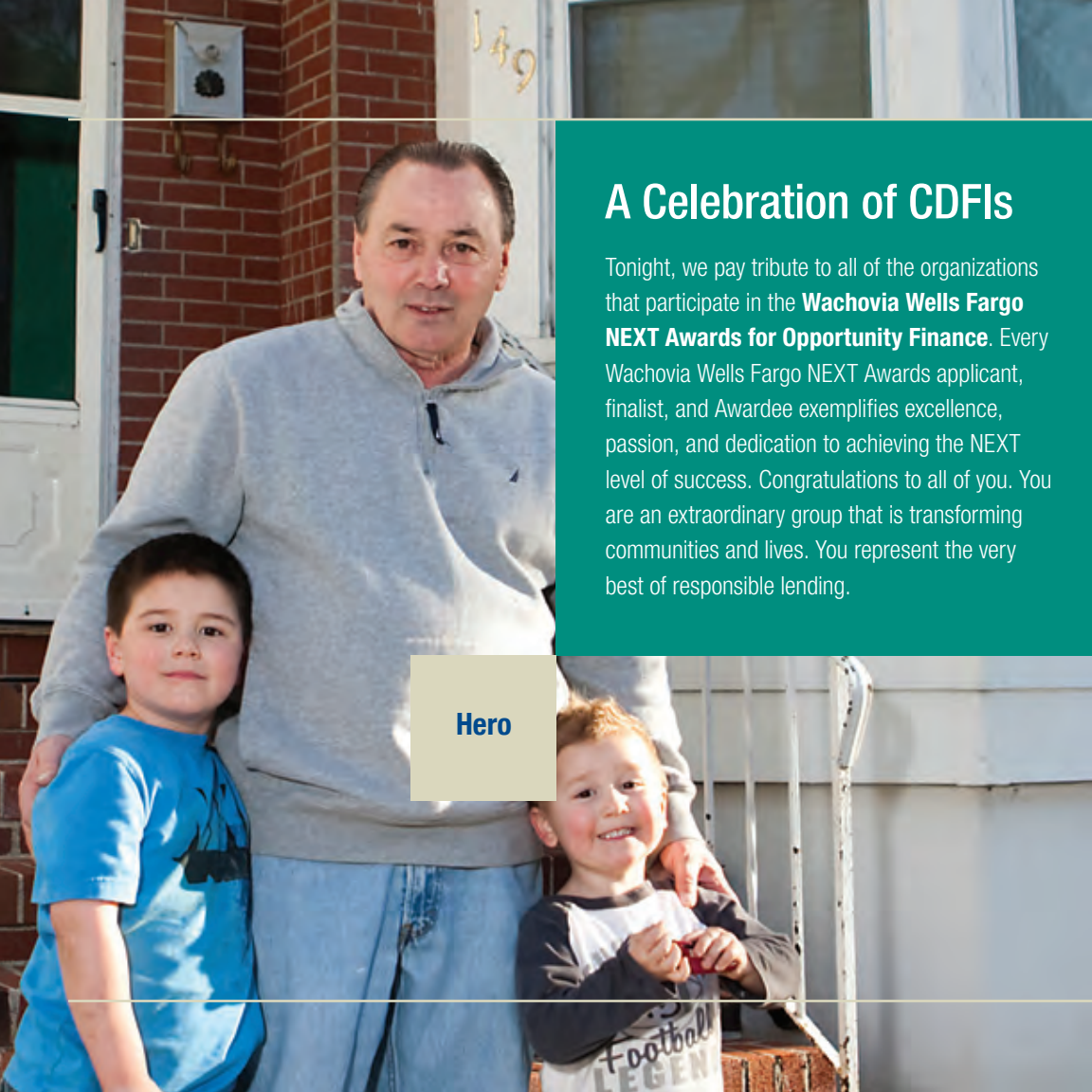
- Opening Comments
- Honoring the Finalists: NEXT Finalist Videos
- Announcing the Advocacy, Community Impact, Financing, and Innovation Awards
- NEXT Video and Speech by Enterprise Cascadia, \$2.75 Million Awardee
- NEXT Video and Speech by Boston Community Capital, \$5.5 Million Awardee
- Concluding Comments

9:00 pm–10:00 pm.... **Music and Networking**

The **Wachovia Wells Fargo NEXT Awards for Opportunity Finance** are presented by Opportunity Finance Network with generous grant support from the Wachovia Wells Fargo Foundation and a major program-related investment from the John D. and Catherine T. MacArthur Foundation.

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A Celebration of CDFIs

Tonight, we pay tribute to all of the organizations that participate in the **Wachovia Wells Fargo NEXT Awards for Opportunity Finance**. Every Wachovia Wells Fargo NEXT Awards applicant, finalist, and Awardee exemplifies excellence, passion, and dedication to achieving the NEXT level of success. Congratulations to all of you. You are an extraordinary group that is transforming communities and lives. You represent the very best of responsible lending.

Hero

About the Awards

The **Wachovia Wells Fargo NEXT Awards for Opportunity Finance** were launched in 2007 to enable some of the nation's most visionary CDFIs to reach the next level of success. Each year, the awards provide loans and grants totaling \$8.25 million to two premier CDFIs with a history of outstanding accomplishment, a bold and compelling vision, and extraordinary potential for growth, innovation, and impact. This awards program also provides \$25,000 grants to four CDFIs that have demonstrated excellence in advocacy, community impact, financing, and innovation.

The Wachovia Wells Fargo NEXT Awards will help to ensure that these mission-driven financial institutions will have even greater capacity to innovate, to drive positive policy and systems change, and to deliver tangible benefits to the communities and markets they serve.

Moreover, the awards celebrate the entire opportunity finance industry—its creativity, accomplishments, and enduring importance. By bridging market gaps and helping mainstream financial institutions and the public sector connect to low- and moderate-income customers and communities, CDFIs are creating opportunities to transform underserved markets and to build a more secure and prosperous future for us all.

■ Accomplishments of Past Awardees

2007 Awardees

The **\$2.75 million award** allowed **ACCION Texas** to dramatically extend its reach and impact—achieving record-breaking fundraising results and expanding a technology platform with the potential to transform microfinance nationally. In addition to leveraging award recognition to raise more than \$10 million in grants and new debt, they scaled up the Microloan Management System, bringing their best practices to an additional 14 states, and achieved 20% growth in their microfinance lending portfolio.

The **\$5.5 million award** enabled **Latino Community Credit Union (LCCU)** to propel its strategy forward to expand geographically to high-impact locations throughout North Carolina. The award also helped them achieve aggressive growth and notoriety as the fastest growing community development credit union in the country, doubling the number of branches to 10, and expanding lending capability to almost double at \$96 million.

Recipients of the four \$25,000 awards were: **ASI Federal Credit Union** for Innovation; **First Nations Oweesta Corporation** for Community Impact; **Ohio Capital Finance Corporation** for Financing; and **Primary Care Development Corporation** for Advocacy.

2008 Awardees

The **\$2.75 million award** enabled **Homewise, Inc.** to complete elements of its Homesmart™ model and prepare to replicate this unique, vertically-integrated homeownership model for use by other affordable homeownership CDFIs. Homewise adapted the Homesmart™ model for replication, provided 79 mortgages for new homeowners (representing \$2.5 million in financing) and leveraged award visibility to attract new partners.

Activist

The **\$5.5 million award** led **IFF**—the Midwest’s largest CDFI dedicated solely to financing real estate projects of nonprofits—to its most productive year ever, and helped solidify expansion into three new cities in the face of a severe economic downturn. IFF added staff, expanded to Milwaukee, Kansas City, and St. Louis, increased lending from 2008 to 2009 by 77% to \$56.2 million, launched a new lending product for land trusts, and increased funding for affordable housing lending.

Recipients of the four \$25,000 awards were: **Federation of Appalachian Housing Enterprises** for Innovation; **Cooperative Federal** for Community Impact; **Coastal Enterprises, Inc.** for Financing; and **Low Income Investment Fund** for Advocacy.

2009 Awardees

The **\$2.75 million award** will help **Federation of Appalachian Housing Enterprises**—an innovative mortgage lender, as well as the leader of a 40+ member network of community agencies in Central Appalachia—to pursue its bold strategic plan to: quadruple performance to 8,000 housing units by 2015; deploy significantly more capital with a target of \$104 million by 2012; and transform products and services, enabling deals to happen in a down economy.

The **\$5.5 million award** assisted **Community Loan Fund** in expanding its Manufactured Housing Park Program—providing affordable fixed-rate mortgage loans for homebuyers in resident-owned communities—and demonstrated how mainstream mortgage lending can serve this market.

Recipients of the four \$25,000 awards were: **Pacific Community Ventures** for Innovation; **Citizen Potawatomi Community Development Corporation** for Community Impact; **Seedco Financial Services, Inc.** for Financing; and **Community and Shelter Assistance Corporation** for Advocacy.

The 2010 Selection Committee

The 2010 Selection Committee includes senior executives from the Wachovia Wells Fargo Foundation, the MacArthur Foundation, and Opportunity Finance Network, as well as highly regarded CDFI leaders and experts in banking, investing, faith-based investing, social policy, philanthropy, economics, and business. This distinguished and diverse group of experts provided a wide range of skills and perspectives to the process of selecting the fourth round of Wachovia Wells Fargo NEXT Award recipients.

Janie Barrera

President and CEO
ACCION Texas

Kimberlee Cornett

Director, Innovative Capital
Kresge Foundation

Frank DeGiovanni

Director of Economic Development
Ford Foundation

Lot Diaz

Vice President, Housing and
Community Development
National Council of La Raza

Martin Eakes

President and CEO
Self-Help

Gregory Fairchild

Associate Professor of
Business Administration
Darden School of Business
University of Virginia

Sister Corinne Florek

Fund Coordinator
Mercy Partnership Fund

Jackie Khor

Managing Director
Imprint Capital Advisors

Marc Morial

President and CEO
National Urban League

Sendhil Mullainathan

Professor of Economics
Harvard University

Jeremy Nowak

President and CEO
The Reinvestment Fund

Sharon Oster

Dean
Yale School of Management

Luis Pastor

President and CEO
Latino Community Credit Union

Mark Pinsky

President and CEO
Opportunity Finance Network

Michael Rizer

Director, Community Relations
Wells Fargo
Co-Chair, Selection Committee

Debra Schwartz

Director, Program-related Investments
MacArthur Foundation
Co-Chair, Selection Committee

Julia Stasch

Vice President
Human and Community Development
MacArthur Foundation

Eileen Stenerson

Senior Vice President
Community Lending and Investment
Wells Fargo

Christa Velasquez

Director of Social Investments
The Annie E. Casey Foundation

A person wearing a full white protective suit is working on the exterior of a house. They are positioned near a window, and there are various materials and equipment on the ground, including a blue corrugated pipe and a white pipe. The house has light-colored siding and a dark roof.

Visionary

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Congratulations to this year's awardees; you are truly deserving of being called NEXT. We are proud to support these CDFIs by partnering in this year's \$8.25 million investment which will help improve the lives of families and individuals in underserved communities. ”

- Lesley Eckstein
Executive Vice President and Group Head
Community Lending and Investment
Wells Fargo

■ The 2010 Finalists

\$2.75 Million Finalist

Partners for the Common Good—Washington, DC

In 2003, Partners for the Common Good (PCG) transformed its business model and, in the process, launched a new market in the CDFI industry.

PCG was established in 1989 by the Christian Brothers Investment Services as a vehicle to enable religious institutions to help the poor by providing loans to the emerging CDFI industry. Although the organization attracted investments from nearly 100 institutions and was widely recognized for its innovation, its management realized that, as the CDFI industry expanded and larger, better-capitalized players entered the field, PCG's future as a lender would be limited.

In 2003, PCG shifted its focus and created the industry's first wholesale participation lending network. The goal of the network is for CDFIs to help each other by partnering to manage liquidity and finance bigger loans which will bring more capital to communities that need it most. Since 2004, PCG has built a network of 27 lending partners and has originated 48 participation loans.

To Jeannine Jacokes, PCG's CEO, the network illustrates the value of collaboration. "If CDFIs work together, we can create an infrastructure that will help all of us," says Jacokes. "It can enable us all to get to scale and do what we do better."



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*we can
create an
infrastructure*
”

**CDFI
Participation
Network**

\$5.5 Million Finalist

Alternatives Federal Credit Union—Ithaca, NY

Since its founding in 1979 as a small organization dedicated to serving local co-ops and worker-owned businesses, Alternatives Federal Credit Union has grown to become one of the nation's largest community development credit unions, with more than 9,400 members and \$65 million in assets.

Not everything has changed, however. “What’s stayed the same through that period of growth is our advocacy for the member and, reciprocally, the affinity that members feel for the credit union,” says CEO Tristram Coffin.

At the heart of Alternatives’ advocacy for members is its innovative Credit Path®, a conceptual model that identifies the stages—from transactor to saver to borrower to owner—that members move through on the journey to financial empowerment. Coffin says that Alternatives uses the Credit Path® as a kind of magnetic north for discussions about how to help members become more successful over the long term.

“When we develop products, we do it with the idea of helping people get to a better place financially,” he says. “What makes us different from most other financial institutions is that our products offer the member a way to take the next step along the path.”



“
*the next step
along the path*
”

**Scaling
Local**

■ The 2010 Awardees

\$2.75 Million Awardee

Enterprise Cascadia—Illwaco, WA

John Berdes, President and CEO of Enterprise Cascadia, is well aware of the long-term threat that climate change poses for low-income communities, but he also sees something else on the horizon. “At Enterprise Cascadia, we believe that a clean energy economy is emerging today, and that there is an opportunity for those that have historically been excluded from the mainstream to be full participants in this new economy,” he says.

Enterprise Cascadia was formed in 1995 to promote economic opportunity and a healthy environment for urban and rural communities of Oregon and Washington, so it is hardly surprising that the organization would envision urgent opportunity in slowing climate change. What is striking, however, is the boldness of its newest initiative to realize that opportunity.

That initiative, Clean Energy Works, is a multi-faceted program designed to create jobs while cutting carbon emissions. Its main component is a low-interest consumer loan that finances energy-efficient retrofits for homes and coordinates contractors to do the work. Underwriting is based more on utility payment history than credit history. The basic concept is that the retrofits will reduce the homeowner's monthly energy costs by an amount roughly equivalent to



“
*a clean energy
economy is
emerging*”

the loan payment, thus eliminating the obstacles to implementing energy-efficient measures. Servicing the loan on utility bill links home performance to the home budget each and every month.

Clean Energy Works also includes business loans for contractors working on projects financed by the consumer loans, as well as a Community Workforce Agreement that ensures that the program will provide high-quality jobs for workers drawn from low-income populations. The goal, according to Berdes, is to create a “finance ecosystem” that grows the capacity to deliver energy-efficiency and economic opportunity as it grows demand for the efficiency itself.

Enterprise Cascadia launched Clean Energy Works in partnership with Portland, Oregon, in late 2009, and has already made more than 345 loans and provided \$4.1 million in financing. Plans are in the works to expand the program to Seattle and to rural communities in the region. Enterprise Cascadia will use the **Wachovia Wells Fargo NEXT Award for Opportunity Finance** to complete a \$20 million warehouse for its Clean Energy Works consumer loans and to support its efforts to work with other CDFIs that are interested in replicating the program.

Berdes believes that Clean Energy Works offers a strategy that many CDFIs can put into practice—and that it’s critical for the industry to begin advancing environmental, as well as economic, goals. “Unless CDFIs recognize the mission opportunity and the business opportunity in this climate change world, we will be on the sidelines and our beneficiaries will be on the sidelines,” he says. “Now is the time to address both the threat of hardship that climate change presents and, more importantly, the opportunity for inclusion.”

■ The 2010 Awardees

\$5.5 Million Awardee

Boston Community Capital—Boston, MA

Boston Community Capital's staff pride themselves on looking around the corner—that is, on paying close attention to emerging trends and how they might impact communities. Back in 2006 and 2007, the particular corner they looked around was the mortgage market, and they couldn't quite believe what they were seeing.

"We were looking at rising home prices in the neighborhoods and did not understand how those prices could be sustainable over time," says Elyse Cherry, the organization's CEO. "We saw income levels in the neighborhoods that were roughly flat. Meanwhile home prices were rising dramatically. We knew we had a problem coming."

The problem did come, of course, and as the foreclosure crisis deepened, BCC took action. A highly effective community lender since its founding in 1985, the organization decided to start a mortgage brokerage company. Their idea was to refinance people into better mortgages, but they soon discovered that the people they wanted to help owed so much more on their mortgages than their homes were worth that they could not be refinanced.

Undeterred, BCC became a licensed mortgage lender and launched a new initiative called Stabilizing Urban Neighborhoods (SUN) to help homeowners struggling with their mortgages to stay in their homes.



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*we don't want to
simply fix things for
the moment*

”

Stabilizing Neighborhoods

The basic strategy is simple but innovative. BCC buys—at deeply discounted prices—the homes of people who are in foreclosure and facing eviction, then sells the homes back to them, providing a new mortgage that is properly underwritten and affordable.

Since launching the SUN Initiative in early 2010, BCC has provided \$9.9 million in mortgage financing and enabled 90 families facing eviction to remain in their homes. On average, the new mortgages have reduced homeowners' monthly mortgage payments by 46%. There has not been a single delinquency.

Currently, the SUN Initiative is limited to selected low-income neighborhoods of Boston and Revere. However, BCC plans to use the **Wachovia Wells Fargo NEXT Award for Opportunity Finance** to expand the program to other communities in Massachusetts.

Looking around yet another corner, Elyse Cherry can see important things ahead. “Today we’re trying to be a mortgage lender to folks in foreclosure, but it’s hard to imagine why we or some similar organization can’t become the go-to lender for everybody in the community,” she says. “The key is that we don’t want to simply fix things for the moment and then have the next round of predatory lenders come in. There is clearly an opportunity for Boston Community Capital and other CDFIs to take a much more significant role in the lending market. To us, it’s not just an opportunity; it’s an obligation.”



“ Since the inception of the **Wachovia Wells Fargo NEXT Awards for Opportunity Finance** four years ago, we have delivered game-changing capital to a group of stellar CDFIs that are transforming low-wealth markets across America. ”

- Debra Schwartz
Director of Program-related Investments
MacArthur Foundation

Idealist

The Opportunity Finance Industry

The opportunity finance industry is a leading source of innovative, market-based solutions for economically distressed communities and underserved people across the United States.

Community development financial institutions, or CDFIs, are leaders of this mission-driven industry, which over the past 30 years has grown to include revolving loan funds, venture funds, banks and credit unions managing over \$30 billion in total assets—capital provided principally by the private sector.

Serving all 50 states and a growing number of Native nations, CDFIs currently provide more than \$5 billion annually in loans, investments, and financial services to urban, rural, and Native communities.

All of this financing directly benefits low-income and low-wealth people by increasing their access to homeownership opportunities, by developing affordable rental housing, and by creating thriving small businesses and critical services such as childcare, healthcare, and education.

The track record of today's opportunity finance industry is impressive. To date, CDFIs working in the U.S. have had cumulative net charge-offs of 1.78% while delivering large-scale results in markets that most conventional financial institutions consider too risky or too difficult to serve.

About the Partners

The **Wachovia Wells Fargo NEXT Awards for Opportunity Finance in partnership with the John D. and Catherine T. MacArthur Foundation** are run and funded through OFN by the Wachovia Foundation and the John D. and Catherine T. MacArthur Foundation.

Opportunity Finance Network (OFN), the leading network of private financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Members of OFN are community development financial institutions (CDFIs) who deliver responsible lending to help low-wealth and low-income communities join the economic mainstream. Over the past 30 years, the opportunity finance industry has provided more than \$30 billion in financing to underserved markets nationwide. In 2008, OFN Members financed more than 200,000 jobs, 600,000 housing units, 50,000 businesses and microenterprises, and 6,000 community facility projects.

www.opportunityfinance.net.

The Wachovia Wells Fargo Foundation is a private foundation that provides grants to eligible 501(c)(3) tax-exempt organizations to support the following focus areas: Education, Community Development, Health/Human Services, Arts/Culture, Civic and Environment. The mission of the Wachovia Wells Fargo Foundation is to build strong and vibrant communities, improve the quality of life, and make a positive difference.

www.wellsfargo.com/wachovia/foundation

The MacArthur Foundation supports creative people and effective institutions committed to building a more just, verdant, and peaceful world. In addition to selecting the MacArthur Fellows, the Foundation works to defend human rights, advance global conservation and security, make cities better places, and understand how technology is affecting children and society. MacArthur has been a leading supporter of the opportunity finance field since the early 1980s, investing nearly \$250 million in approximately 100 groups nationwide.

www.macfound.org.

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*Our work as an industry
is worth the struggle.*

”

*- Kimberlee Cornett
Director, Innovative Capital
Kresge Foundation*

“ *The advice that I can give to CDFIs is to be passionate about their work. If one is passionate about one's work, then it shows and one can be innovative.* ”

- Janie Barrera
President and CEO
ACCION Texas



“ *CDFIs definitely have an important role to play— not only just during the recession and difficult times, but always.* ”

- Christa Velasquez
Director of Social Investments
The Annie E. Casey Foundation

Visit www.nextawards.org to:

- Watch videos about all of the finalists.
- Browse Awardee profiles.
- Read press releases.
- Get eligibility criteria.
- Apply for the awards next year.

Dreamer

Visit Opportunity Finance Network
at www.opportunityfinance.net to:

- Discover the latest policy developments.
- Get industry data.
- Download free publications and reports.
- Track industry and Member news.
- See what the media are saying.

Learn more about the 2010 finalists and Awardees:

- Alternatives Federal Credit Union: www.alternatives.org
- Boston Community Capital: www.bostoncommunitycapital.org
- Enterprise Cascadia: www.sbpac.com
- Partners for the Common Good: www.pcgloanfund.org