

THE COMMUNITY

I N V E S T O R

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Winter 2008 Newsletter

Q & A With Senior Portfolio Manager Barbara VanScoy: Current Topics

Barbara VanScoy is the Executive Vice President of Community Capital Management, the registered investment advisor to the CRA Qualified Investment Fund for which she serves as Senior Portfolio Manager. She worked extensively with other Fund Principals to create the first open-end fixed income mutual fund devoted solely to investing in community development projects.

What impact do the changes to Fannie Mae and Freddie Mac have on the Fund?

The Fund invests in both single- and multi-family mortgage-backed securities (MBS) guaranteed as to the timely payment of principal and interest by Fannie Mae, Freddie Mac and Ginnie Mae. The Fund is not invested in agency debt, senior or subordinated, or preferred or common stock.

In September 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac into conservatorship. The U.S. Department of the Treasury and FHFA established contractual agreements between the Treasury and the conserved entities. These agreements provide additional security to the Government Sponsored Enterprise (GSE) debt holders and additional confidence to investors in GSE mortgage-backed securities. As long as the agreement remains in place, the Treasury will provide protection to the holders of debt and MBS issued or guaranteed by Fannie Mae and Freddie Mac.

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A Primer On Mortgage-Backed Securities and The CRA Qualified Investment Fund

The Basics

A mortgage-backed security, also known as “MBS,” “Pool,” or “mortgage pass-through certificate,” is a debt obligation that represents claims to the cash flows from pools of mortgage loans, most commonly mortgage loans on residential property. An investor in a mortgage-backed security – the “certificate holder” – owns an undivided interest in a pool of mortgages that forms the underlying asset for the security. Interest and principal payments from the individual mortgages are pooled together and paid out to the investors.

Types of Mortgage-Backed Securities Held In The CRA Qualified Investment Fund

The CRA Qualified Investment Fund invests in single-family mortgage-backed securities, multi-family mortgage-backed securities, and real estate mortgage investment conduits (REMICs).

- **Single-Family MBS:** A single-family mortgage-backed security, also known as a “pass through,” is a pool of residential



Community Capital Management's investments include 5,300 home mortgages to low- and moderate-income individuals and families.

mortgages, each on a single-family home. They're called “pass throughs” because the principal and interest payments from the mortgages are passed directly to the investors each month. The Fund only holds single-family agency MBS issued by Ginnie Mae, Fannie Mae, and Freddie Mac.

- **Multi-Family MBS:** A multi-family mortgage-backed security finances one or more mortgages on properties such as apartment complexes. Just as for single-family mortgage-backed securities, the principal and interest

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Los Angeles' Koreatown received a facelift through a grant program for improvements to commercial building façades, thanks in part to an investment by Community Capital Management.

SPOTLIGHT ON COMMUNITY INVESTMENTS

Wilshire Center/Koreatown Redevelopment Project – Los Angeles, California

Wilshire Center/Koreatown is an area that previously suffered from physical deterioration, economic stagnation, and high levels of crime. The investment helped fund the redevelopment of the area, which is located approximately one and one-half miles west of downtown Los Angeles and home to large Korean and Hispanic immigrant populations as well as many government offices and labor union headquarters.

The investment helped finance the construction of 113 affordable housing units, including 97 units for large families. The funds also financed the development of a park and public green space; a grant program for commercial property owners for façade and exterior improvements to their businesses; and a social services program providing counseling and child care services.

Casa Trevino Apartments – Dallas, Texas

Casa Trevino Apartments is an affordable rental property located in Dallas, Texas. The development provides affordable housing and supportive services – such as cleaning, cooking, and transportation – for low-income elderly and disabled residents, enabling them to live independently. All 85 units receive Section 8 Assistance.

Casa Trevino Apartments is in the process of launching a Neighborhood Network Center, a federal initiative designed to promote self-sufficiency in low-income communities. Neighborhood Network Centers provide residents with access to computers, job training, educational opportunities, microenterprise development, and healthcare information.

MORTGAGE-BACKED SECURITIES AND THE CRA FUND*

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payments on those mortgages are passed on to the investors each month. The Fund invests in multi-family agency MBS issued by Ginnie Mae, Fannie Mae, the USDA, and the Federal Housing Authority (FHA) that support affordable housing complexes.

- Real Estate Mortgage Investment Conduit (REMIC): A REMIC consists of a pool of mortgage securities in which the mortgage loans are separated into classes of different maturity lengths and risks called “tranches.” This allows the investor to customize their investment according to their preferred length of maturity and level of risk. The Fund purchases REMICs issued by Ginnie Mae.

How Does The CRA Qualified Investment Fund Select Single-Family MBS?



Homeownership is one of the most effective catalysts for community development, fostering civic pride, increasing neighborhood stability, and stimulating economic growth.

The Fund custom creates single-family mortgage-backed security investments that meet the financial characteristics of the portfolio while also supporting community and economic development.

Screening criteria for the customized single-family MBS include evaluating borrowers' loan-to-value ratios, debt-to-income ratios, loan amounts, and income/FICO scores. During the early stages of the Fund, in accordance with

its focus on positive community impact, the Fund's managers made a conscious decision to only purchase 30-year fixed rate mortgages to low- and moderate-income families.

The Fund's policy also excludes other types of mortgage-backed securities like private label mortgage-backed securities which may carry greater risk and may not promote community development.

Morningstar Ratings™ as of 9/30/08: Intermediate-term Bond Category**CRA SHARES
(TICKER: CRAIX)**

Overall Morningstar Rating™	★★★★ out of 984 funds
3-Year Morningstar Rating™	★★★★ out of 984 funds
5-Year Morningstar Rating™	★★★★ out of 848 funds

Financial Performance as of 9/30/08**CRA SHARES
(TICKER: CRAIX)**

1-Year	4.68%
5-Year	3.37%
7-Year	4.19%
Since Inception	5.14% (8/30/99)
SEC Yield (30 Day Current Yield as of 9/30/08)	4.21%
Minimum Investment	\$500,000

Q & A WITH BARBARA VANSCOY*continued from page 1***What impact do municipal bond defaults have on the Fund?**

Community Capital Management, on behalf of the CRA Qualified Investment Fund, purchases only high credit quality taxable fixed income bonds. By prospectus, the Fund must invest at least 75% of its assets in securities rated AAA, with the balance rated A or better.

Traditionally, municipal bonds have had very low historical default rates. The five-year cumulative default rates from 1990 to 2007 for municipals rated AAA to A was 0.00%. For BBB rated securities, it was 0.66% (Fitch Ratings).

Does the Fund own subprime and/or Alt-A loans?

No, the Fund does not currently, nor has it ever, invested in subprime or Alt-A loans. The Advisor custom creates targeted mortgage-backed securities issued by Fannie Mae, Freddie Mac or Ginnie Mae. 100% of these loans are 30-year fixed rate conforming, Federal Housing Administration (FHA) or

Veterans Affairs (VA) loans. All of the loans are screened to insure that they finance owner-occupied homes to low- and moderate-income borrowers. In addition, the Advisor selects loans based on the borrowers' income relative to the original loan balance, taking debt-to-income and loan-to-value ratios and FICO scores into account.

Does the Fund own Corporate bonds?

The Fund owns one corporate bond, The Salvation Army Taxable Revenue Bonds, Series 2006 (as of September 30, 2008, this security represented 0.05% of the Fund's assets). The Salvation Army is an international religious and charitable organization which operates in the United States as four divisions. The Corporation is the principal corporate instrumentality in the Western Territory of the United States for The Salvation Army. The Western Territory's centers of operation include adult rehabilitation centers, community centers, and service extension units.

Will the proposed changes to Risk-Based Capital (RBC) affect the Fund?

Yes. Community Capital Management prepares an internal analysis of the

Community Capital Management, Inc. is a Florida-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 866-202-3573 or visit our website at www.cmfixedincome.com. The total annual operating expenses for the CRA Shares is 0.98%.

Investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise.

The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co., which is not affiliated with Community Capital Management, Inc. The Fund offers three total share classes, each with different expenses that would affect performance.

Carefully consider the risks, investment objectives, and charges and expenses of the Fund before investing. This and other information can be found in the Fund's prospectus which can be obtained by calling 866-202-3573.

Please read the prospectus carefully before investing.

For each fund with at least a three year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receives 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Ratings metrics. Past performance is no guarantee of future results. Ratings are for the CRA share class only; other classes may vary.

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Q & A WITH BARBARA VANSKOY

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Fund's risk weighting based upon the securities within the Fund. As of September 30, 2008, the internally calculated risk weighting of the Fund, assuming a 20% RBC for Fannie Mae and Freddie Mac, was 19.3%.

On October 27, 2008, in light of the financial support the U.S.

Department of the Treasury provided under agreements with Fannie Mae and Freddie Mac, the OCC, FDIC, OTS and Federal Reserve Board proposed a change to 10% risk weight from 20% for claims on, or guaranteed by, Fannie Mae and Freddie Mac issues. The 10% risk weight would apply so long as an Agreement remains in effect. The proposed rule is expected to take effect November 27, 2008 following a 30-day comment period.

As of September 30, 2008, the internally calculated risk weighting of the Fund, assuming the proposed 10% risk weight change for Fannie Mae and Freddie Mac, would have been 15.6%.



Measuring Impact: The CRA Qualified Investment Fund

144,000 affordable rental housing units

5,300 home mortgages

\$27.3 million in affordable healthcare facilities

\$128.3 million in community development activities including neighborhood revitalization

\$312.3 million in down payment assistance and statewide home-ownership programs

\$86.1 million in job training and job creation programs

As of 9/30/08