

THE COMMUNITY

I N V E S T O R

A Publication of Community Capital Management, Inc.

Summer 2009 Newsletter

COMPLIANCE CORNER: SFAS 157

In September of 2006, the Financial Accounting Standards Board (“FASB”) released *Statement of Financial Accounting Standards* (“SFAS”) No. 157, which defines fair value, establishes a framework for measuring fair value in generally-accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 became effective for financial statements issued for fiscal periods beginning after November 15, 2007. The CRA Qualified Investment Fund adopted SFAS No. 157 on June 1, 2008.

SFAS No. 157 establishes three levels of the fair value hierarchy, giving the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs* (Level 3).

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Learn more about recent changes to the CRA

For information on how the recent changes to the Community Reinvestment Act affect the CRA Qualified Investment Fund CRA Shares, visit www.ccmfixedincome.com/craresources to download a synopsis on the topic by Barbara VanScoy, executive vice president and senior portfolio manager of Community Capital Management.

Community Capital Crosses \$1 Billion Mark



On behalf of investors, Community Capital Management has invested nearly \$3 billion in vital community and economic development activities, including affordable housing and job creation initiatives.

Community Capital Management, which began more than a decade ago as CRAFund Advisors and serves as the registered investment advisor to the Community Reinvestment Act (“CRA”) Qualified Investment Fund, recently surpassed \$1 billion in assets under management. The historic milestone, reached during a time of widespread economic crisis and depressed market conditions, is a testament to the strength of Community Capital’s investment approach of investing in high credit quality, government-related fixed income securities.

HSBC Bank USA NA made the investment in the CRA Qualified Investment Fund CRA Shares (Ticker: CRAIX) that pushed Community Capital’s assets beyond the \$1 billion mark. The Fund will purchase specific bonds on behalf of HSBC that finance community and economic development in the geographies specified by the bank. This has been the Fund’s investment strategy for all banks and thrifts since its inception in August 1999.

Community Capital Management was launched in 1998 as the registered investment advisor to the CRA Qualified Investment Fund, a high credit quality bond fund originally designed to help banks meet the requirements of the CRA.

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SPOTLIGHT ON COMMUNITY INVESTMENTS

Andrews Terrace Apartments

Community Capital recently invested in a taxable municipal bond issued by the Rochester Housing Authority that financed the renovation of Andrews Terrace Apartments in Rochester, New York. The development underwent capital repairs and extensive additions including community health care providers, community spaces, social services offices, and community services offices. Located in Rochester's central business district, Andrews Terrace Apartments will serve low and moderate income residents in a census tract where nearly 50% of the area's residents live beneath the poverty line. The housing development will provide safe, affordable housing and a multitude of critical human services close to employment and entrepreneurial opportunities, helping combat Rochester's increasing economic distress.



Andrews Terrace Apartments in Rochester, New York received repairs and improvements. (Photo courtesy of Rochester Downtown Development Corporation)

Grady Homes Senior

Atlanta, GA's Grady Homes housing project was originally built in 1942. With government and private assistance, the Atlanta Housing Authority is redeveloping the aging project into a brand new "green" mixed-income community called Oakes at Auburn Pointe. The environmentally-friendly community incorporates mixed-income rental apartments, for-sale townhomes, community space, active green space, and senior housing which is financed in part by a bond purchased by Community Capital Management. The Oakes at Auburn Pointe, as safe, affordable housing in immediate proximity to Atlanta's central business district, will catalyze economic and community development in its area, revitalizing the neighborhood and providing new opportunities for its residents.

Measuring Impact: The CRA Qualified Investment Fund

149,000 affordable rental housing units

5,500 home mortgages

\$27.3 million in affordable healthcare facilities

\$129.4 million in community development activities including neighborhood revitalization

\$324.4 million in down payment assistance and statewide home-ownership programs

\$86.1 million in job training and job creation programs

Approximate figures as of 3/31/09

Community Capital Crosses \$1 Billion Mark

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The CRA, created in 1977, mandates that banks make capital available to low and moderate-income communities. The Fund's first investor, Monroe Bank & Trust, is still a shareholder in the Fund and has been through three CRA investment exam cycles earning positive consideration for their investment each time. In fact, out of over 525 exams, every shareholder has earned positive consideration for their investment in the Fund.*

In 2007, due to increased demand from non-bank investors looking to take advantage of the Fund's diversification and community impact, two share classes were introduced – an institutional share class (Ticker: CRANX) and a retail share class (Ticker: CRATX). Since then, the Fund has grown to more than \$800 million in assets under management. "We work diligently on behalf of the

Fund's shareholders to find the right bonds that meet our rigorous financial criteria and our clients' community, mission-related and geographically-targeted goals," said Todd Cohen, President and Chief Investment Officer. "Thanks to investors' increasing pursuit of the strategy, the firm has been able to invest nearly \$3 billion in vital community and economic development activities including affordable homeownership and rental housing, environmentally sustainable initiatives, and job creation and training programs."

"We have demonstrated that investments that support community and economic development can be a valuable component to any organization's portfolio – or any individual's portfolio, for that matter," said Barbara VanScoy, executive vice president and senior portfolio manager of Community Capital.

CRA QUALIFIED INVESTMENT FUND RATINGS AND PERFORMANCE

Morningstar Ratings™ as of 5/31/09: Intermediate-term Bond Category	
CRA SHARES (TICKER: CRAIX)	
Overall Morningstar Rating™	★★★★ out of 999 funds
3-Year Morningstar Rating™	★★★★ out of 999 funds
5-Year Morningstar Rating™	★★★★ out of 865 funds

Financial Performance as of 3/31/09	
CRA SHARES (TICKER: CRAIX)	
1-Year	4.57%
5-Year	3.83%
7-Year	5.08%
Since Inception (8/30/99)	5.34%
SEC Yield (30 Day Current Yield as of 4/30/09)	4.00%
Minimum Investment	\$500,000



Seattle, Washington's master planned and mixed-use community Seola Crossing at Greenbridge is an example of a CRA investment with affordable housing and environmental benefits. (Photo courtesy of King County Housing Authority)

"Crossing the \$1 billion threshold affirms that investors of all types find our approach to be a compelling one, even when they're not bound by the guidelines of the CRA."

*CRA Exams conducted by FDIC, OCC, OTS and FRB. These regulators have not approved or disapproved of the fund.

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. Current and future holdings are subject to risk.

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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- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Quoted prices which are not active[†], or inputs that are observable* (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 – Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by SFAS No. 157, investments are classified within the level of the lowest significant input considered in determining fair value. The data below sets forth information about the level within the fair value hierarchy at which the Fund's investments are measured by SFAS No. 157 as of November 30, 2008:

Level 1: \$24,531,450
Level 2: \$658,636,190
Level 3: \$15,752,798
Total: \$698,920,438

We strongly recommend consulting with your bank's accountant regarding SFAS No. 157 reporting.

** Financial Accounting Standards Board – Unobservable inputs are the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances; observable inputs are market participant assumptions developed based on market data obtained from sources independent of the reporting entity.*

† Not Active: Markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.