Community Investing

An Alternative for Religious Congregations Seeking a Social as well as a Financial Return

The Episcopal Network for Economic Justice
thanks
PEACE AND JUSTICE MINISTRIES
at the
EPISCOPAL CHURCH CENTER
for help in financing this Manual.

To obtain more copies please call:
(313) 833-4413/11

Community Investing

An Alternative for Religious Congregations Seeking a Social as well as a Financial Return

Acknowledgements

This publication has been sponsored by the Episcopal Network for Economic Justice — John Hooper, Chair.

ENEJ wishes to thank the Woodstock Institute for permission to use materials from their publication Lending a Hand: A Congregation's Guide to Community Investing.

The following members of the Episcopal Network have made significant contributions — Sue Lloyd, John Hooper, Harry Van Buren, Ed Voris, and Urla Gomés-Price.

Robert F. Strauss, Editor
September 1999

Table of Contents

Foreword	5
Introduction	7
Community Development Banks	9
Community Development Loan Funds	13
Cooperative Associations	17
Credit Unions	21
Financial Intermediaries	25
Microenterprise Funds	28
Community Development Venture Capital Funds	31
Making it Happen in your Congregation	34
Summary of Community Investing Alternatives	39
Appendices	41
A. How to Evaluate the Financial Health of an Uninsured CDFI	42
B. Sample Investment Policy	43
C. Beginning Where You Bank	44
D. Table of Portfolio Returns	46
E. "Taking Action for Economic Justice," a Resolution of the 1988 General Convention	47

Foreword

Our Christian vocation calls us to engage the world through prayer, worship, and action—thus participating in God's vision for the world. Prayer and worship help us know what the vision is, and our actions give expression to God's vision. The way in which we use our financial resources is an important action in our Christian vocation of justice-seeking. The Bible tells us:

> If there is among you anyone in need, a member of your community in any of your towns within the land that the Lord your God is giving you, do not be hard-hearted or tight-fisted toward your needy neighbor. You should rather open your hand, willingly lending enough to meet the need, whatever it may be. Deuteronomy 15:7-8 (NRSV)

It is well known today that the gap between the rich and the poor is increasing in this country and in parts of the "developing world" primarily due to global forces and unregulated corporate growth. Corporate capital flight in the last 25 years has devastated the industrial base of many U.S. cities and rural areas eliminating jobs of low and moderately paid workers. In today's complex money-based society jobs and access to capital is the key to building individual and community wealth. Without the support of conventional lending institutions, urban housing and small business development have crumbled.

Community economic development is the way to begin redressing the historical economic injustice dealt those who have been systematically denied access to capital. Community economic development builds assets in communities and enables residents of distressed areas to achieve specific economic outcomes including home ownership, meaningful jobs, earned incomes, a share in the ownership of production, and the ability to save, invest, and anticipate a retirement with security against adverse financial circumstances. Thus, the call of justice to churches must go beyond almsgiving to participation in building a just marketplace.

Foreword ❑ ❑ ❑

There is in our country today a developing web of private sector community development financial institutions (CDFIs) whose primary objective is the provision of financial credit for people of low and moderate income. CDFIs, often working in collaboration with commercial banks, are leaders in providing the capital to reclaim America's lost neighborhoods. By providing access to credit for unconventional borrowers they enable the construction of new and rebuilt affordable housing, community facilities, and community based businesses. In addition to financial credit CDFIs provide support services, technical assistance, and education.

CDFIs working with religious organizations, foundations, and individuals will probably never have the capacity to fully capitalize required community development, but working with government and businesses CDFIs can pool and leverage funds to capitalize community development projects.

The 1988 General Convention called on the Episcopal Church, all dioceses and parishes to establish a ministry of community investment and economic justice for the economic empowerment of the disadvantaged and to utilize community controlled economic development programs to achieve this end. Many Episcopal dioceses and parishes today are directly involved in economic justice ministries including the development of affordable housing, job creation projects, community development credit unions, and advocacy on behalf of low and moderate income persons in distressed communities.

Community investing is a way for Episcopalians everywhere to be involved in these efforts through the investment of a portion of parish and individual family funds. It is the purpose of this booklet to explain these alternative community investment opportunities and to describe these methods of investing while noting related social impact, risks, and benefits. With very little reduction in total portfolio return, we can each make a significant impact on the economic and social injustices in our society.

This guide is about community investing—how you and your congregation can utilize your resources in new ways to benefit individuals and communities with real needs. This guide is for congregations with small savings accounts and those with large endowments. Experience has shown that most congregations and individuals can use their resources to impact their local communities.

Introduction

We are all accustomed to thinking about our responsibility to give a portion of what we have to those in need. We give to the congregation which we attend, to charities, and to other programs which benefit our communities. But we are much less accustomed to thinking about the ways we can assist those in need by enabling them to use those resources which we invest rather than donate. That is the what this booklet is about.

Our economy is fueled by investment. As individuals, our investments—in a home, education, business—affect our ability to develop long-term security, to control a portion of our lives, and to live up to our own potential. But to make these initially important investments in our future, we need credit. Communities require the flow of investment and credit to stay healthy as well. But many people and communities do not have access to the credit they need to improve their lives. Credit access may be blocked by institutional barriers that have their foundation in race or class, by the cost of borrowing, or because some people or organizations do not qualify for loans using traditional credit standards. In some communities financial institutions may no longer even be present.

Lack of credit for developing and maintaining communities creates a cycle of disinvestment and perpetuates poverty. When community residents do not own their homes or local businesses, money paid for rent and for goods and services tends to leave the community. Without opportunities for ownership, the flow of money through a community cannot create local economic assets or move individuals out of poverty.

Today, however, there is a large number of experienced and successful community development financial institutions (CDFIs) in America. This growing web of CDFIs has become the vehicle for offering the financial credit so desperately required by low and moderate income families and has made community investing easier, more secure, and more effective than ever before. The growth of this network is due in part to the support of religious congregations and institutions that helped finance the early efforts to promote community investing.

Introduction ❑ ❑ ❑

Traditionally religious institutions have responded to community needs through gifts and donations. But as institutions and as individual institution members we control greater resources than those which we are able or willing to give away. Today, as stewards, we must consider the impact that the use of all our resources can have on the those in need. Investing in community multiplies the impact of our efforts and we must also keep in mind that the investment of religious institutions can serve as a witness to others as well.

This booklet is intended to serve as a guide for your congregation regarding the types of CDFIs presently available, the terms of investment, and the security of those investments.

Community Development Banks

Community Development Banks (CDBs) are federal or state chartered and FDIC insured commercial banks which are organized to provide capital for rebuilding low and moderate income communities through targeted lending and investment. Like all banks, they are for-profit corporations owned by their shareholders. But the sole purpose of CDBs is to serve low and moderate income communities which have been denied conventional bank financing in the past. Typically they lend to nonprofit community organizations, individual entrepreneurs, small businesses, and housing developers.

Financial Structure

Large capital reserves are required when a CDB is organized in order to comply with federal and banking requirements. Typically CDBs meet this requirement through capital subscriptions from various sources including the local government(s) of the community to be served, quasi-federal agencies such as the Federal National Mortgage Association, local banks fulfilling their Community Reinvestment Act requirements, religious institutions, local corporations, and individuals. Alternatively, a CDB may be formed by a holding company that owns an insured depository institution and has subsidiaries and/or affiliates which can supplement the CDB's lending with technical assistance or direct community development activities.

History

The first CDB was the South Shore Bank of Chicago organized in 1972 when a group of bankers took over an existing failed bank and reorganized it with a community development mission. Since then a number of other CDBs have been chartered. The Episcopal Church has been instrumental in the formation of both the Community Capital Bank and the Community Bank of the Bay. The Dioceses of Long Island and California are major stockholders in these two banks respectively, and the national Church is an investor in the latter bank. The Community Bank of the Bay has a broad cross-section of stockholders including 14 religious institutions, 14 commercial banks, and over 100 individuals.

Community Development Banks ❑ ❑ ❑

Accomplishments

The CDBs can be a major force in rebuilding America's cities. South Shore Bank invested more than $272 million during the period 1993-97 to reclaim abandoned neighborhoods on Chicago's south side. The success of the South Shore Bank in stabilizing and improving the community in which it operates, particularly through the rehabilitation of rental housing, was a major factor encouraging the creation of other community development banks.

Investments

Since CDBs are federal or state-chartered, individuals and congregations can purchase certificates of deposit (CDs) that are federally insured by the FDIC up to $100,000. These CDs provide a competitive return and help support community economic development. CDBs also offer the standard range of bank financial services to depositors. Congregations in any location may choose to deposit funds in any one or more of the CDBs.

Community Development Banks are the only banks whose primary mission is to assist in the development of particular low-income communities. Over the last five years or so, however, a number of traditional banks have started community development funds or community development corporations and have made other special efforts aimed at specific local investment needs. Deposits designated to such funds are characteristically used for small businesses, housing , conservation, and community development. These special programs vary greatly in size and effectiveness, ranging from substantial efforts to those whose value is primarily public relations. However, a commercial bank's involvement in community development can be a factor in choosing your primary depository (see Appendix "Beginning Where You Bank").

Performance

Investments in CDBs are federally insured up to $100,000; if investments greater than that amount are contemplated, it is wise to evaluate the performance of the bank. The criteria for doing so are provided in Appendix A.

Community Development Banks ❑ ❑ ❑

Contact

Following is a list of the CDBs currently operating:

Albina Community Bank
2002 M.L. King Jr. Boulevard
Portland, OR 97212
503.287.7537 phone
503.287.1501 fax

Community Bank of the Bay
1750 Broadway
Oakland, CA 94612
510.271.8400 phone
510.433.5431 fax

Community Capital Bank
111 Livingston St.
Brooklyn, NY 11201
781.802.1212 phone
781.243.0312 fax

Elkhorn Bank
P.O. Box 248 (601 Main St.)
Arkadelphia, AR 71923
800.789.3428 phone
501.246.5284 fax
siffler@ehbt.com
http:/www.ehbt.com

Shorebank Cleveland
540 E. 105th St.
Cleveland, OH 44106
216.268.6100

Shorebank Detroit
14533 Mack Ave.
Detroit, MI 48215
313.642.5200

Community Development Banks ❑ ❑ ❑

Shorebank Pacific
P.O. Box 400
Ilwaco, WA 98624
888.326.2265 phone
360.642.3780 fax

South Shore Bank
7054 Jeffrey Blvd.
Chicago, IL 60649
800.669.7725
773.753.5607
deposit@sbk.com

Neighborhood National Bank
3511 National Ave.
San Diego, CA 92113
619.544.1642

Louisville Community Development Bank
2901 W. Broadway
Louisville, KY 40211
502.778.7000

City First Bank of D.C., N.A.
2400-B 14th St.
Washington, D.C. 20009
202.745.4480

Summary

Type of Investment	Savings, checking, money market accounts, CDs, and individual IRAs
Term, Liquidity, Interest	As determined by type of deposit; generally same as commercial bank products.
Security	All deposits are insured to $100,000 by FDIC.

Community Development Loan Funds

Community Development Loan Funds (CDLFs) pool loans and grants from individuals, churches, companies, foundations, and other sources in order to channel investments into targeted communities and/or targeted populations for the purpose of providing housing, jobs, and essential services to low and moderate income families. CDLFs serve borrowers who have not been well-served by traditional lending institutions.

Many CDLFs place a high priority on lending for projects that increase local ownership, provide long-term affordability to low income residents, and build the capacity of community development organizations.

Financial Structure

CDLFs are usually incorporated within the state(s) in which they operate as nonprofit tax exempt financial institutions. Except as required for IRS nonprofit status, CDLFs are not federally regulated and investor loans are not insured. CDLFs are governed by boards of directors usually drawn from interested investors, borrowers, community volunteers, representatives of religious groups, technical assistance providers, and other financial institutions. CDLFs are revolving loan funds in that their invested capital may go back and forth between the CDLF and several borrowers before it is repaid to the lender.

History

The first independent CDLF was organized in 1979; the bulk of currently existing funds were organized in the 1980s with many new funds added in the 1990s. At this writing the National Community Capital Association (NCCA) [formerly the National Association of Community Development Loan Funds] numbers 52 member funds and 60 associates.

Purpose

The stated purpose of CDLFs is to build wealth and assets among people and institutions in distressed communities by:

Community Development Loan Funds ❑ ❑ ❑

- ❑ Providing financing and development services for the construction and revitalization of low and moderate income affordable housing;
- ❑ Financing the construction or rehabilitation of facilities for nonprofit organizations benefiting low income communities;
- ❑ Creating entrepreneurial opportunities through the startup and expansion of businesses located in or serving low income communities.
- ❑ Creating living wage jobs for low and moderate income people.

These objectives are met through loans to nonprofit community organizations, community development corporations, land trusts, cooperatives, private entrepreneurs and (on occasion) for-profit developers. CDLFs frequently work in cooperation with banks and other conventional lending institutions in making their loans.

Investments and Contributions

CDLFs usually pay interest rates below that of standard market investments; they in turn reloan the money at attractive interest rates. The spread between these rates provides some of the cushion protecting the loans and pays some of the cost of operating the funds. Investors choose rates of interest and loan terms within ranges offered—typically 1%-4% interest, for 1-5 years, with a minimum loan of $500.

Since CDLFs are generally not completely self-supporting, they require a continuing infusion of contributions and grants. This income has a variety of uses: it provides loan loss reserve, long-term equity, and additional operating income.

As is true of other uninsured investments such as stocks, corporate bonds, mutual funds, etc., past performance cannot necessarily be taken as an indicator of future performance. Therefore, a potential lender should invest with full knowledge of the financial health of the fund under consideration. This information can be obtained from the loan fund prospectus which will explain the manner in which loans will be utilized, the financial risks involved, and the past financial history of the fund.
If the prospectus does not contain the most current audited financial reports, these can be requested as well as the most recent Tax Form 990. The appendix to this report assists you in analyzing the prospectus.

Community Development Loan Funds ❑ ❑ ❑

Performance

Generally speaking, the performance of CDLFs has been excellent. NCCA member fund losses to date are slightly more than 1%. CDLFs have proven to be safe investments with an excellent record of repayment. At this writing CDLFs pay their lenders an average of 2.3% interest. The Table of Portfolio Total Return at the end of this booklet provides information enabling you to evaluate the slight reduction in overall portfolio return resulting from a personal or congregational investment.

Participation by Churches

Religious organizations have invested in and contributed to the work of community loan funds. In the Episcopal Diocese of New Hampshire parishes, individuals, and trustees have teamed up to support the New Hampshire Community Loan Fund. At the urging of the Bishop, over one million dollars has been raised in support of the work of this fund, thereby providing more than 150 families the opportunity to share in the ownership of decent, affordable housing. Similarly, in the Episcopal Diocese of Pennsylvania $3.5 million has been raised for the Reinvestment Fund (formerly the Delaware Valley Community Reinvestment Fund). And in Detroit the Bishop H. Coleman McGehee, Jr. Economic Justice Fund (soon to become an interfaith fund) has raised nearly $3 million for low income housing, nonprofit facilities, and businesses. Approximately 15 percent of the capital of CDLFs nationwide comes from religious sources.

Contact

The NCCA can provide information about loan funds in any area of the country. Their address is: 924 Cherry Street, Philadelphia, PA 19107-2411. They can be reached by telephone at 215.923.4754 or by fax at 215.923.4755. Members of NCCA who operate a web site can also be reached through the NCCA web site. Alternatively, local government agencies, community foundations, community development corporations, churches or banks may be able to provide information about loan funds in your area.

Community Development Loan Funds ❑ ❑ ❑

Summary

Type of Investment	Term loan.
Term of Investment	Minimum 1 year to typically 5-10 years, sometimes longer at discretion of lender.
Liquidity	Generally no early withdrawal is possible.
Interest Rates	Most CDLFs permit lender to set the interest rate within a range set by the fund, usually 0-4%.
Security	Investments are not insured nor guaranteed by outside agencies. CDLFs protect investments by maintaining loan loss reserves and a cushion of equity or donated capital in addition to exercising sound portfolio management including collateral on loans. Because CDLFs pool investments, any loss which exceeds reserves and net worth would be shared by all investors.
Management	The CDLF manages its own loan portfolio in accordance with the recommendations of its loan committee. CDLFs belonging to the NCCA report financial data annually to the Association and undergo periodic performance reviews

Cooperative Associations

A cooperative association is defined as a user-owned and controlled business from which benefits are derived and distributed equitably on the basis of use, or as a business owned and controlled by the people who use its services. Membership may be open or may be limited to a prescribed group on the basis of products or services provided or group characteristics shared in common. Cooperatives are state-chartered businesses organized and operating under the laws of the state, but unlike other businesses the main objective of a cooperative is to seek economic benefit for its members and to develop the best use of the members' resources.

Financial Structure

Cooperatives are financed through debt or equity capital. Debt capital, either short term or long term, can be obtained from traditional sources such as banks and insurance companies, but cooperatives also have the advantage of obtaining debt capital from specialized banks established to serve cooperatives, public agencies, and community development financial institutions. Equity capital is ordinarily obtained by issuing either stock (which pays a dividend) or certificates of investment (comparable to preferred stock, with no voting power but with an agreed-upon rate of interest). The cooperative's operations are reduced to an at-cost-basis at the end of its fiscal year by distributing surpluses to its members. Cooperatives are businesses in which the capital investment is not insured. Investors should review the most current financial reports before investing.

History

Cooperative businesses date back over 150 years when the first consumer co-op store was organized in England. Since that time cooperatives have been organized for the purpose of providing food, housing, agricultural outlets, land retention, health care, and energy for its members. From this experience seven principles or guidelines of operation have emerged: voluntary and open membership; democratic member control; member economic participation; autonomy and independence;

education, training and information; cooperation among cooperatives; and concern for community (from The 1995 Statement of the Rochdale Principles).

Purpose

The user-owners of a cooperative unite to receive services at a cost otherwise not available to them, to obtain quality supplies at the right time, to obtain access to desired markets, and for other mutually beneficial reasons. By uniting in an association the members of a cooperative can take advantage of economies of size and bargaining power. Members gain both direct and indirect financial benefits from their cooperative. The direct financial benefit is an assured source of supply and markets for their products and services. Indirect benefits are the ability to police the markets, the acquisition of business knowledge, the development of leadership skills, and the acquisition of social recognition. The financial obligation is the requirement that members share in the responsibility to provide financing.

Investments

Since the primary purpose of a cooperative association is to obtain a required service, not a monetary return on capital investment (equity), financial returns on investments are secondary to the value of the services received. Thus the payment (if any) for members' capital required to operate the cooperative is limited. The board of directors is responsible to its members as users rather than to investors as profit-seekers.

Democratic control of a cooperative association is exercised through voting at annual and other membership meetings. In member-owned associations each person has one vote no matter how much money he or she may have invested in stock ownership or how much he or she patronizes the organization. In other cases proportional voting is based on the degree of patronage each member exercises.

Performance

Equity investment in a cooperative entitles the investor to an annual share in the income. The return will, of course, vary depending on the nature of the cooperative and its intended mission. However, in food cooperatives, for example, the return can be equivalent to that received from conventional loan instruments.

Accomplishments

In 1984 the Cincinnati community known as "Over-the-Rhine" lost access to affordable financial services when the last remaining bank closed, leaving the inner city neighborhood without financial services. Overnight, residents had nowhere to cash their checks or deposit savings and small businesses no longer had convenient access to cash or a source of credit. And then the financial sharks moved in offering exorbitant check cashing and loan fees to the people of the neighborhood. But the Over-the-Rhine community fought back through the establishment in 1988 of the Cooperative Fiscal Services group started by churches, businesses, and community leaders to provide full financial services to the community at minimum cost. In addition Cooperative Fiscal Services provided financial education, implemented neighborhood economic development, fostered communication and cooperation among individuals and organizations that support the mission of the co-op, and worked with groups that seek similar outcomes in their neighborhoods. In 1995, for example, the co-op conducted 37 financial workshops in which 431 people participated and counseled 153 individuals as well. Today Over-the-Rhine is returning to economic health but with a difference: the people now control their own financial destiny.

A new cooperative, REVELATION Corporation of America, has been formed to serve African Americans coast to coast. Organized by the major religious leaders of the African American community, this cooperative is offering services and products such as catalog sales, home mortgage loans, home construction loans, insurance, discount grocery coupons and auto loans to the members.

Contact

For information on cooperatives which offer an investment opportunity, call The National Cooperative Business Association (NCBA) at 202.638.6222, fax 202.628.6726, e-mail ncba@ncba.org, Web: http/www.cooperative.org.

Cooperative Associations ❑ ❑ ❑

Summary

Type of Investment	Equity stock purchase
Term of Investment	Held until sold
Liquidity	Generally small local market for stock
Return	Equity investment entitles investor to an annual share in profits. Return will vary depending on the nature of the cooperative and its intended mission.
Security	Equity investments are not insured nor guaranteed by outside agencies.
Accountability	Management is accountable to its shareholders and users.

Credit Unions

A credit union is a member-owned, member controlled, not-for-profit cooperative organized to provide financial services to a group of people united by a common bond; e.g.: occupation, association, community residence, church, etc. Credit unions exist solely to serve their membership—not to enrich shareholders, and, therefore, charge less in fees and interest than conventional banks. Depending upon size, a credit union can offer a range of services including checking, savings, loans, traveler's checks, and credit cards.

All members (that is: depositors) in a credit union own shares and have a vote in the election of its directors. As a result credit unions are more likely to respect the dignity of those who seek a loan, make qualifying for loans easier, and offer greater return than banks for moneys on deposit.

Financial Structure

There are today a variety of credit unions. Of interest here are Community Development Credit Unions (CDCU), Low Income Credit Unions (LICU) and faith-based (or religious) credit unions. CDCUs are open to the membership of those residents who live, work, or worship in a clearly defined geographical area. CDCUs develop their neighborhood by providing financial services for individuals and such projects as housing, small businesses, and nonprofit cooperatives. Some CDCUs are affiliated with neighborhood organizations, community coalitions, or churches. Loans to individuals are typically for the purpose of fixing their home, starting or expanding a small business, attending school, or purchasing a car.

Approximately 80% of CDCUs have low income designation. To be designated a LICU more than half of the membership must have an income 80% or less than that of the country average as determined by the most recent census. According to the National Federation of Community Development Credit Unions there are approximately 300 credit unions in 40 states which serve predominantly low income communities.

The LICU designation enables the credit union to accept deposits from non-members public and private anywhere in this country. As a result CDCUs attract deposits at below market rates from banks that wish to fulfill their Community Reinvestment Act (CRA) requirements as well as from foundations, religious organizations, and individuals who wish to help. Because credit needs in low-income communities are generally greater than the resources available from the credit union's individual members, institutional deposits can be critical to increasing the credit union's capacity and impact.

A faith-based credit union is based on a common membership bond of religious affiliation. Such credit unions may also carry a CDCU or LICU designation if the membership they serve qualifies. Some existing faith-based credit unions are national in scope while others are centered on a single church.

History

Credit unions began in 19th century Europe, particularly in Germany, as cooperative savings and lending institutions that offered an alternative to banks and other money lenders for people of lesser means. Credit unions were first formed in this country in the early 20th century by church groups and by employee groups (Filenes in Boston formed one of the first employee credit unions). Since the Great Depression of the 1930s, credit unions have become a factor in providing various cooperative groups, especially religious congregational members, a good way to meet their financial needs. During the 1980s, credit unions experienced major growth in this country with corporate sponsored groups leading the way.

Performance

Investments in most credit unions are federally insured up to $100,000; if investments greater than that amount are contemplated, it is wise to evaluate the performance of the credit union. The indicia for doing so are provided in Appendix A to this brochure.

Credit Unions ❑ ❑ ❑

Accomplishments

The Vermont Development Credit Union, founded by the Burlington Ecumenical Action Ministry in 1989, has made over 2000 community development loans exceeding $12.5 million in total and ranging in size from less than $100 to many thousands of dollars.

The Episcopal Credit Union in Los Angeles has developed a number of creative initiatives in its short history, including a program to support vendors of street carts in one neighborhood of the city.

Investments

If you wish to assist a CDCU in your area, deposits can be made either on an individual or parish basis to increase the loan capacity of the credit union. Credit unions generally offer comparable interest rates for moneys on deposit by members (those included in the credit union's field of membership) or by non-members (who make non-member deposits in designated low-income credit unions). Deposits of up to $100,000 are insured by the U.S. government in federally chartered or federally insured credit unions.

There is only one faith-based LICU affiliated with the Episcopal Church of America:

Episcopal Community Federal Credit Union (ECFCU)
840 Echo Park Avenue
Los Angeles, CA 90026
phone: 213.482.2040 X-254 or 286
fax: 213.482.5304

Because of its LICU designation, deposits can be made directly to this institution by any parishioner or church. At this writing the ECFCU does not offer certificates of deposit but will accept moneys in savings accounts at 2.5%. Deposits are federally insured to $100,000.

Credit Unions ❑ ❑ ❑

Contact

To determine if there is a CDCU or LICU in your diocese, contact the National Federation of Community Development Credit Unions (NFCDCU), 120 Wall Street, 10th Floor, New York, NY 10005-3902; phone is 212.809.1850; and FAX is 212.809.3274.

Summary

Type of Investment	Savings accounts (called share accounts), checking accounts (called share draft accounts), and certificates of deposit (called share certificates).
Term of Investment	For certificates of deposit 1 to 5 yrs No fixed term for savings accounts
Liquidity	Time deposits withdrawn early carry penalty.
Interest Rates	Range up to market rates.
Security	Deposits are insured to $100,000 by the National Credit Union Share Insurance Fund (if the credit union is federally chartered or insured).
Management	CDCUs are regulated and examined annually by the National Credit Union Administration and/or a state regulator. Loan portfolio management is the responsibility of the credit union.

Financial Intermediaries

Financial intermediaries can take many forms for many different reasons. Generally speaking they are unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. As such, intermediaries act as the connector between local community development financial institutions and certain financial sources. Financial intermediaries typically are formed by a group of interested investors who may, but may not, have a common bond. Consider the following examples.

The Episcopal Social Responsibility Fund

was created in 1990 to respond to Gospel imperatives. The fund currently invests in several community loan funds which pool the Episcopal funds with those of other social investors and lend directly to a variety of community projects. In this way the fund achieves diversification with lower risks. Operating primarily in Connecticut, this intermediary fund has invested in the following nonprofit community funds: the Bridgeport Neighborhood Fund, the Connecticut Housing Investment Fund, the Institute for Community Economics of Springfield, MA, the Greater New Haven Community Loan Fund, and the Cooperative Fund of New England. This intermediary fund has not experienced a loss or even a delinquency to date while returning an average of 4.2% to its investors.

Another example of an intermediary fund is the **Wisconsin Episcopal Community Investment Fund**, which pools Episcopal funds from Wisconsin and invests in CDFIs in the upper midwest.

Ohio Community Development Finance Fund

is a linked deposit program sponsored by a diverse group of individual investors who are recruited by a local community development loan fund that requires additional financing to secure a specific project. The Finance Fund thus organized determines the amount of capital required to complete the funding, gathers the funding pledges, and then approaches the bank that requires additional funds to make the community development loan. A deal is structured to the end that the Finance Fund will deposit the required moneys in the bank and accept an interest rate less than the going market rate with the provision that the bank will make the loan available to complete the funding required for the community development project. By this means the lenders are protected to $100,000 each through the FDIC. A minimum investment is suggested for each such lender; the return varies depending upon the agreement with the bank. (See chart at the end of this booklet for the impact on your portfolio of lending a given percentage of your capital at below-market interest.) Linked deposit programs are unofficial groups and unlikely to be registered with any central association. This information is provided to familiarize parishes with the possibility of employing this form of investing.

Vermont National Bank

was the first conventional, commercial bank to offer a Socially Responsible Banking (SRB) Fund option for users of the bank's service. Any moneys on deposit in the bank whether for checking, savings, or certificate of deposit can be designated for the SRB Fund where they will be used to support flexible loans for affordable housing, environmental and conservation projects, sustainable agriculture, education, and small businesses in Vermont and New Hampshire. The fund was established in 1989 and now makes loans backed by the deposits of more than 11,000 individuals from 42 states and 16 foreign countries. On average this represents about 12% of the moneys on deposit in the bank. Since any of the bank services to which deposits are made can be directed to the SRB Fund, there is no penalty to the subscriber who would otherwise receive an identical return from the bank service of choice. In addition, any funds directed to the SRB Fund are insured by the FDIC in the same manner as all other bank funds. Other banks throughout the nation are beginning to offer this service as well.

Calvert Community Investments

was launched by the Calvert Foundation in 1995 as a vehicle to receive loans from individuals and institutions. The funds are reinvested in community development banks, loan funds, credit unions and micro-enterprise funds. Calvert Community Investment operates natinwide in all regions of the country as well as internationally and in 1998 had an investment portfolio of over $5 million.

Financial Intermediaries ❑ ❑ ❑

CDFI Investor Services

at the National Community Capital Association serves individual and institutional investors through various programs including their own revolving fund. Churches and individuals can receive professional services and/or benefit from the experience in community investing of seasoned and committed non-profit organizations.

Contact

To find a financial intermediary in your area contact The CDFI Coalition at 924 Cherry Street, 2nd Floor, Philadelphia, PA 19107. Phone 215.923.5363 or FAX 215.923.4755.

Microenterprise Funds

Microenterprise funds provide loans in the range of less than $500 to $10,000 to low income entrepreneurs who would not otherwise have access to credit. Loans are used to start a new business or expand a going business thereby increasing income, creating jobs, and expanding the local economic base. Most microenterprise funds are nonprofit, unregulated corporations similar to community development loan funds. However, microlending is also done through other community development financial institutions, community development banks, credit unions, and government agencies.

History

The prototype for these funds is the Grameen Bank which pioneered the peer group model in Bangladesh and whose loans average $70. Currently Grameen Bank serves over two million borrowers in developing countries throughout the world. Other pioneers such as ACCION International and Finca followed this lead to the end that eight million people are being served at this writing. Ten years ago there were less than ten microenterprise funds in the U.S.; today there are approximately 300. Most of these funds are small and devote major resources to training and technical assistance for small businesses. Most borrowers both here and in developing countries are women. The Microcredit Summit in Washington, DC in February 1997, which brought together 3000 microlenders and borrowers, ended in a pledge to bring 100 million families out of poverty by 2005 using this method.

Financial Structure

Funds for microenterprise purposes can be loaned to individuals or peer groups. The peer group model usually requires that 4 to 10 entrepreneurs commit to each other to meet regularly to review and approve each other's loan applications, exchange ideas and contacts, complete business education training, provide support, and make loan payments. Group members are usually responsible for choosing new borrowers. First time borrowers usually receive small loans with the opportunity to increase the loan size based on their performance. The lending agency makes provisions for informing potential borrowers, guiding them in the formation and operation of lending groups, and training them in business methods.

Microenterprise Funds ❑ ❑ ❑

Investments

Microenterprise funds often obtain their capital from foundations, banks, and government agencies, and do not rely upon individual or parish investments. For microenterprise funds that do welcome individual or congregational investments, the terms are generally similar to investments in CDLFs. Microenterprise funds seek to pay interest rates below that of standard market investments. They in turn reloan the money at attractive interest rates. The spread between these rates provides some of the cushion protecting the loans and pays some of the cost of operating the fund. At this writing the typical interest rate offered by a microenterprise fund is zero to four percent for a term of at least one year in an amount of at least $1000; minimums can be higher. The rate of return and the term of the loan are generally left to the discretion of the lender.

Since investments in microenterprise funds are not insured, a lender should invest with full knowledge of the financial health of the organization. The indicia for success include extensive training in business operations and close oversight by the lender. This information can be obtained from the fund prospectus which will explain the manner in which investments are monitored and utilized, the financial risks involved, and the past financial history of the fund. If the prospectus does not contain the most current audited financial report, it should be requested along with the most recent federal Tax Form 990. The appendix to this report assists you in analyzing the prospectus.

Accomplishments

Working Capital, the largest microcredit initiative in this country, has as of this writing distributed almost 1300 loans totaling one million dollars to nearly 740 businesses in both rural and urban settings since its inception in October 1991. About 65% of the borrowers are of low or very low income; 30% are minority; and 53% are women. The loan repayment rate has been 98.1% and only 2.2% of the loan portfolio is presently late.

The experience of many of these funds has shown that the benefits for borrowers include increased income, increased savings, family security, and, in developing countries, improved school attendance for their children. In developing nations borrowers have a lower incidence of infant mortality as well. In addition the peer group provides a forum for learning and discussion of community issues, develops leadership skills, and encourages more active roles in local civic life.

Contact

For general information on microenterprise funds in your area contact the Association for Enterprise Operations, 70 East Lake Street, Chicago IL 60601-5907. Phone: 312.357.0177; fax: 312.357.0180. E-mail aeochicago@aol.com.

Summary

Type of Investment	Term deposits, comparable to bank certificates of deposit.
Term of Investment	Minimum 1 year to typically 5 years, sometimes longer at discretion of lender.
Liquidity	Generally no early withdrawal is possible.
Interest Rates	Fund sets the interest rate.
Security	Investments are not insured nor guaranteed by outside agencies.
Management	Fund manages its own affairs.

Community Development Venture Capital Funds

Community Development Venture Capital Funds (CDVC funds) use the tools of venture capital to promote the creation of good jobs, entrepreneurial capacity, and wealth that improve the livelihoods of low-income individuals and the economies of distressed communities. CDVC funds seek to apply the powerful engine of growth that has driven the economic expansion in Silicon Valley and other hotbeds of business development to the economic needs of low-income communities.

These funds provide a combination of equity financing and intensive technical assistance. Equity capital is vital to the success and growth of small businesses. The risk capital that equity provides is the hardest capital to come by and the most important for the ongoing financial health of a business. It is necessary to leverage other sources of financing and is particularly crucial to allow businesses to expand rapidly, thus creating large numbers of jobs as well as productive wealth.

Equity capital is in particularly short supply in low-income areas and among minority entrepreneurs. The only source of equity capital for most businesses is personal savings, friends and family. In low-income areas, these tend to be lacking. Traditional venture capital firms provide financing for only a tiny portion of business nationally, and venture capital is almost completely absent from low-income urban and rural areas.

CDVC funds also provide significant entrepreneurial and managerial assistance to businesses. Unlike lenders, equity investors become partners with their investee companies, sitting on their boards of directors and providing other significant assistance by identifying additional financing, making contacts with customers and suppliers, and helping with executive recruitment. For businesses in low-income areas, this assistance is often at least as crucial as the financing.

CDVC funds, like traditional venture funds, target companies that are highly competitive and profitable. They are interested in companies that will provide substantial financial returns and will also create a significant number of good jobs—jobs that provide training opportunities, a living wage and benefits. CDVC funds care about the double bottom line—one that includes both financial and social returns.

History

The field of community development venture capital is quite young and is expanding rapidly. With the exception of Kentucky Highlands Investment Corp., the "grandfather of the field," most funds have been operating for less than 10 years.

Financial Structure

CDVC funds assemble significant pools of capital, usually from outside investors, including foundations; banks seeking to meet their CRA obligations; insurance companies; federal, state, and local governments, including the federal CDFI Fund; corporations; religious institutions; and wealthy individuals. CDVC funds are generally seeking to raise at least $5 million in capital.

Accomplishments

Northeast Ventures, one of the pioneers in this area, was designed in 1985 to nourish the economy of northeastern Minnesota. It was funded initially by a local foundation and subsequently by major investment foundations. It has now served well over 100 new businesses and assisted over 50 existing businesses.

Cascadia Revolving Fund is a nonprofit community development financial institution working in Washington and Oregon. Cascadia focuses its lending activities on minority and women-owned businesses located in economically distressed communities, and in companies whose activities restore or preserve the environment. A recent initiative provides investment capital for start-up and existing businesses involved in value-added wood and fish products, manufacturing from recycled materials, and other diversified manufacturing industries in its geographic area.

The Delaware Valley Community Reinvestment Fund has started a Venture Capital Fund as a limited-partnership subsidiary. Its objective is the funding of high growth, well managed firms seeking to reach sales volumes of $500,000 to $1 million. Priority will be given to women and minority owned/managed businesses, as well as those which offer quality jobs, foster employee retention, and train for high productivity. Initial capital for this fund has been raised from banks and foundations, but additional funding is welcome from institutions, corporations, and individuals.

Investments

Investment in VCFs involves a high degree of risk. Investors in these funds should be aware that such investments are speculative and liquid, be prepared to hold their investment indefinitely, and be able to withstand a loss of their full investment. Only persons who would qualify as "accredited investors" under regulations of the Securities and Exchange Commission should consider an investment. Parishes and individuals who qualify and choose to invest a portion of their funds in VCFs should review the fund experience carefully. (See Appendix A on Evaluating the financial health of CDLFs.) Investments in VCFs are a direct stimulus to local economies and can be very effective in congregational outreach ministry.

Contact

To find a VCF in your area, contact The Community Development Venture Capital Alliance (CDVCA), 9 East 47th Street, Fifth Floor, New York, NY 10017. Phone 212.980.6790/Fax 212.980.6791. <http://www.cdvca.org>

Summary

Type of Investment	Equity stock purchase
Term of Investment	Held until sold
Liquidity	Generally restricted market for stock
Return	Equity investment can realize capital gains based on success of enterprises.
Security	Equity investments are not insured nor guaranteed by outside agencies.
Accountability	Management is accountable to its shareholders.

Making It Happen in Your Congregation

A congregation exploring community investment for the first time must gather information and make decisions at several steps along the way. Following is a recommended process.

Designate an appropriate committee to explore this issue, recommend congregational policy and a program. Because this matter involves both the mission of the congregation and financial matters, it is essential that the committee include persons involved in the outreach ministry as well as members of the finance committee. The policy of the congregation should include:

1. The purpose of congregational investments. (A model policy follows.)

2. The level of congregational investment as a percentage of specified funds.

3. The community investment policy of banks in which we deposit congregational funds.

4. The assignment of responsibility for implementation and reporting under this policy.

Seek potential partners in this process. Before starting think about whether there are other congregations in your area that might wish to be included in this process. Working with others increases the potential pool of resources and involves more people and energy. Your invitation may also involve congregations that might not have initiated the process on their own.

Understand the resources of the congregation. The committee should obtain a detailed report of the resources of the congregation and the investment opportunities and limits (if any) on these funds. In this respect the following questions should be addressed:

Making It Happen in Your Congregation ❑ ❑ ❑

1. What are the total financial resources of the congregation including reserve accounts, special funds (trust, endowments, building funds, etc.), and operating funds?

2. How are these funds currently invested or deposited — checking accounts, money market accounts, short term CDs, long term CDs, stocks and mutual funds, etc.?

3. What is the current rate of return on each deposit or investment of the congregation?

4. How are the earnings from each deposit or investment used?

5. What are the needs of the congregation for liquidity. Which funds must be restricted to short term investments and which may be invested for more than one year?

Determine your congregation's social investment priorities. Is your congregation involved in a particular type of ministry such as the provision of housing or jobs or services? Are members of your congregation involved in community investment institutions or projects that could be the beneficiaries of community focused investments? In this respect the following questions should be considered:

1. How can our congregation make the best use of the resources it has?

2. How should the social commitments of the congregation contribute to the investment policy?

3. How should financial considerations and social considerations interact when considering the use of resources?

Learn about community investing options in your area. Finding out about specific community investment opportunities for your congregation could be the most exciting part of this process. If you are not aware of CDFIs in your area contact the national associations listed at the end of each of the previously described CDFI types. You may also wish to determine if there are specific development projects in your community which need capital and which your congregation could provide directly or through an intermediary financial institution. If no such opportunities exist in your neighborhood, expand your search to a larger area in order to find institutions which address your congregation's social investment priorities and match your financial resources.

List the opportunities for investment. As you explore investment opportunities, list the possible investments by type, capital required, return, term, and risk. Since all investing carries some level of risk, it may helpful to compare your proposed investments with the conventional deposits and investments of your congregation.

Develop a portfolio plan. Consider the development of a specific plan on the use of the congregation's resources within the policy statement developed in step 1 (preceding) and with due consideration for each of the foregoing steps. The plan should match your resources to the need which most closely meets the societal goals of your congregation. If your congregation manages trust funds or endowments in which the donor has restricted the use of the principal, you may wish to consult an attorney concerning your legal responsibilities as trustee with respect to community investments.

Present the plan to the appropriate oversight committee(s). When a plan has been developed that speaks to the issues listed above, present the investment plan to the finance committee and the outreach committee. When approval has been obtained at that level, have the plan presented to the oversight committee of the congregation for final approval. That presentation should be made by the finance committee and the outreach committee (if appropriate). While it may generally be inappropriate to bring investment decisions to the full congregation, in some circumstances it may be desirable. The reasons for doing so are to involve the membership in the project and to strengthen the congregation's long term commitment to the chosen project or investment.

Making It Happen in Your Congregation ❑ ❑ ❑

Share the plan with the congregation as a whole. Involve the entire congregation in your decision for community investing through educational events with ample opportunity for discussion. This process will provide individuals within your religious community the opportunity to learn a great deal about community investing and to consider the issues of stewardship and productive investment. Be sure to provide written information on how members can individually participate in community investments. You might also consider holding workshops focused on community investing for individuals.

Monitor your portfolio. Once you have made your initial investment, a committee should be designated to monitor and report as appropriate on the investments—both in terms of what is being accomplished and whether the financial terms of the investment are being met. The CDFI with which you may have chosen to invest is likely to provide periodic updates of their activities, but more direct information can always be obtained through questions to the principals. As the makeup of the finance committee, outreach committee, and oversight committee changes, periodic updates should be provided so that all members understand your congregation's on going community investments and strategies.

Share your congregation's experience with others. After your congregation has developed an investment plan or made a specific investment, let others know about your involvement and encourage other congregations and individuals to do the same. It is a good idea also to permit, even encourage, the intermediary with whom you have invested to cite your congregation's participation in their own publicity. Share your experience at meetings with other congregations by making presentations and by providing articles for publication in denominational newspapers. If you excite interest in other congregations, explore ways to collaborate on future community investment-related projects.

Take it to another level. Share the good news of your investments with larger denominational institutions such as religious schools, social service institutions, denominational funds, etc. Each of these organizations has the capability of depositing funds in credit unions or community development banks and of making investments in CDFIs as well. Members of your congregational boards and committees may have connections to board members of larger institutions who can encourage and advocate for these activities.

Summary of Community Investing Alternatives

Type of Institution	Type of Investment	Return on Investment	Minimum Investment	Remarks
Community Development Bank	Certificate of Deposit	Conventional	Usually $1000 for 90 days to 5 years	Insured to $100,000
Community Development Loan Funds	Loan	0 to 4%	1 to 5 years	Uninsured
Cooperative Associations	Equity	Variable, depending upon type	Variable	Minimum opportunity for individuals and congregations
Credit Unions	Deposit	Variable	30 days minimum	Insured to $100,000
Microenterprise Funds	Loan/Equity	0 to 4%	1 to 5 years	Minimum opportunity for individuals and congregations
Venture Capital Funds	Equity	Variable	Variable	Uninsured

Appendices

A. How to Evaluate the Financial Health of an Uninsured CDFI 42

B. Sample Congregational Investment Policy 43

C. Beginning Where You Bank 44

D. Table of Portfolio Returns 46

E. "Taking Action for Economic Justice" 47

Appendices ❑ ❑ ❑

A. How to Evaluate the Financial Health of an Uninsured CDFI

With current financial information in hand, the most important information to look for includes:

- What portion of total capitalization is permanent or equity capital as against debt capital? (The standard for loan funds is about 15%.)

- How much money is kept liquid for loan repayment and interest and how is that amount determined? (The standard is about 20% of total assets for interest and loan repayments.)

- Are any interest or loan repayments to lenders in arrears? (None should be.)

- What percentage of loans made in number and in dollars have not been repaid by the borrowers? (The standard is about 5% maximum.)

- Are the current loans diversified by type of borrower, size of loan, and geography of loan placements? (Diversification is desirable to avoid losses from one specific cause.)

- Does the fund finance operating costs and obtain equity capital from diverse sources? Diversification in the donor base is also desirable on the income side of the operation.

B. Sample Investment Policy

It is the policy of ________________ (name of congregation) to deposit and invest our funds in ways which meet the congregation's overall financial objectives and are consistent with our social goals and commitments. In this respect we will consider equally 'rate of return' as it relates to our financial goals and our societal goals.

A minimum of ____ percent of the congregation's deposits and investments will be placed in community development financial institutions which seek to serve the credit needs not met by traditional financial institutions.

In selecting and maintaining normal banking relationships, we will take into consideration the community lending activities of the financial institution and its efforts to meet the credit needs of low and moderate income residents.

The Finance Committee shall actively seek opportunities to meet and exceed the goals of this policy and shall report to the congregation annually on the implementation of this policy.

C. Beginning Where You Bank

Whether or not your congregation has resources to invest, you utilize a financial institution. Though your selection of a banking relationship may be based on many factors, the bank's record of community lending is an important factor to consider in selecting where to take your business.

In 1977, Congress passed the landmark Community Reinvestment Act (CRA) responding to a national campaign by community organizations, religious groups, and others. Under this legislation, all banks and savings and loans have a "continuing and affirmative" obligation to help meet the credit needs of their communities. including low- and moderate-income areas. Financial institutions vary widely, however, in the seriousness with which they address that obligation.

How can you evaluate your financial institution? Because there are no hard standards for determining an excellent or adequate community lending performance, a thorough assessment can be complicated. There are, however, a few simple things you can do to gauge a financial institution's community lending record:

1) Ask the institution for its CRA rating. All banks are evaluated by their regulators on their community reinvestment performance, and the results of all examinations since July, 1990, are public documents. The ratings can weed out poor performers or point out outstanding ones, and the accompanying explanations will tell you some specifics about the bank's record.

Institutions receive one of four ratings: Outstanding, Satisfactory, Needs Improvement, or Substantial Noncompliance with reinvestment standards. Most institutions receive Satisfactory ratings; exam reports do not always give detailed or consistent information.

2) Ask the institution for its CRA statement and its annual report. A CRA statement is the bank's official announcement of how it intends to comply and how it has complied with CRA. These reports discuss efforts to provide services and credit in low-income and minority neighborhoods. Is there evidence of actual

Beginning Where You Bank (continued)

bank performance in these areas? Look at the level of its loans compared to its total deposits: is the bank an active lender or are its deposits invested in securities?

3) Ask community organizations or development groups about any experiences they have had with the bank. Ask groups that may have examined a number of banks which are the most responsive to local development needs. This approach may give you the most valuable information.

If any of this research raises questions in your mind, initiate a conversation with the bank. Every bank has a designated CRA Officer who can answer your questions or direct you to an appropriate official.

If you want to evaluate further the lending records of local financial institutions, or if you want to get involved in efforts to influence lending policies or practices at local financial institutions, you can do a more detailed review of the bank's lending records or of unmet credit needs in your area. The "Resources" section gives contacts for more information.

If you do take the time to gather any of this information, be sure to let your bank know you are interested in its community lending activities, and that you selected that bank or moved your funds out partly on the basis of its record in this area.

D. Table of Portfolio Returns

TABLE OF PORTFOLIO TOTAL RETURN WITH A PERCENT OF INVESTMENT IN CDFIs
(Compared to 8% Return)

CDFI Return (%)	Percentage of Portfolio Investment in CDFI Funds (%)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0	7.920	7.840	7.760	7.680	7.600	7.520	7.440	7.360	7.280	7.200
1	7.930	7.860	7.790	7.720	7.650	7.580	7.510	7.440	7.370	7.300
1½	7.935	7.870	7.805	7.740	7.675	7.610	7.545	7.480	7.415	7.350
2	7.940	7.880	7.820	7.760	7.700	7.640	7.580	7.520	7.460	7.400
2½	7.945	7.890	7.835	7.780	7.725	7.670	7.615	7.560	7.505	7.450
3	7.950	7.900	7.850	7.800	7.750	7.700	7.650	7.600	7.550	7.500
3½	7.955	7.910	7.865	7.820	7.775	7.730	7.685	7.640	7.595	7.550
4	7.960	7.920	7.880	7.840	7.800	7.760	7.720	7.680	7.640	7.600
4½	7.965	7.930	7.895	7.860	7.825	7.790	7.755	7.720	7.685	7.650
5	7.970	7.940	7.910	7.880	7.850	7.820	7.790	7.760	7.730	7.700
6	7.980	7.960	7.940	7.920	7.900	7.880	7.860	7.840	7.820	7.800

Example: If you choose to invest 5% of your portfolio in a CDFI at 2½% annual return, the total return on your portfolio would only be reduced from 8% to 7.725%.

E. TAKING ACTION FOR ECONOMIC JUSTICE

A Resolution of the Episcopal General Convention
Detroit — July, 1988

RESOLVED, the House of Bishops concurring, that the Episcopal Church hereby establish a ministry of community investment and economic justice directed to community-controlled economic development programs of the disadvantaged, with a special focus on land trusts, housing cooperatives, worker-owned businesses and community development credit unions, by:

A. Urging the Church at every level to utilize, where possible, its buildings, properties, personnel, financial resources and moral power in support of this ministry;

B. Urging each diocese to appoint a Commission on Community Investment and Economic Justice for the local implementation of this ministry;

C. Urging each diocese to provide for the financial support necessary for the local implementation of this ministry;

D. Authorizing the appointment, jointly by the Presiding Bishop and the President of the House of Deputies, of an Implementation Committee to oversee the project for the coming Triennium. Membership of this committee should include theologically sensitive people with expertise in land trusts, housing cooperatives, worker-owned businesses and community development credit unions. Members should also be drawn from those national Episcopalian organizations which focus on economic development. The implementation committee shall be accountable to the Executive Council. The Executive Council, with the advice of the Committee, shall determine the criteria for grants and loans from the National Episcopal Fund for Community Investment and Economic justice.

- The effort at the national level will be funded in the amount of $200,000 per year from the National Church Program Budget.

- A Working Group on Community Investment and Economic justice will be established with appropriate representation from Church Center units on National Mission in Church and Society, Education for Mission and Ministry, and Stewardship/Development, which will work in close

TAKING ACTION FOR ECONOMIC JUSTICE (continued)

collaboration with dioceses to facilitate training, support and guidance to local efforts.

E. Establishing a National Episcopal Fund for Community Investment and Economic Justice, to be administered by the Coalition for Human Needs, with goals of:

1. Providing $4,000,000 per year for six years for the economic empowerment of the disadvantaged;
2. Providing up to 10% of its annual receipts as matching grants to participating dioceses for the local administrative costs of the program.

F. Urging the church at every level to work in conjunction with other bodies for public policies at the municipal, state and federal levels, which are supportive of Community Economic Development.