CHANGING CHICAGOLAND

The Chicago Community Loan Fund's 2016 Annual Report

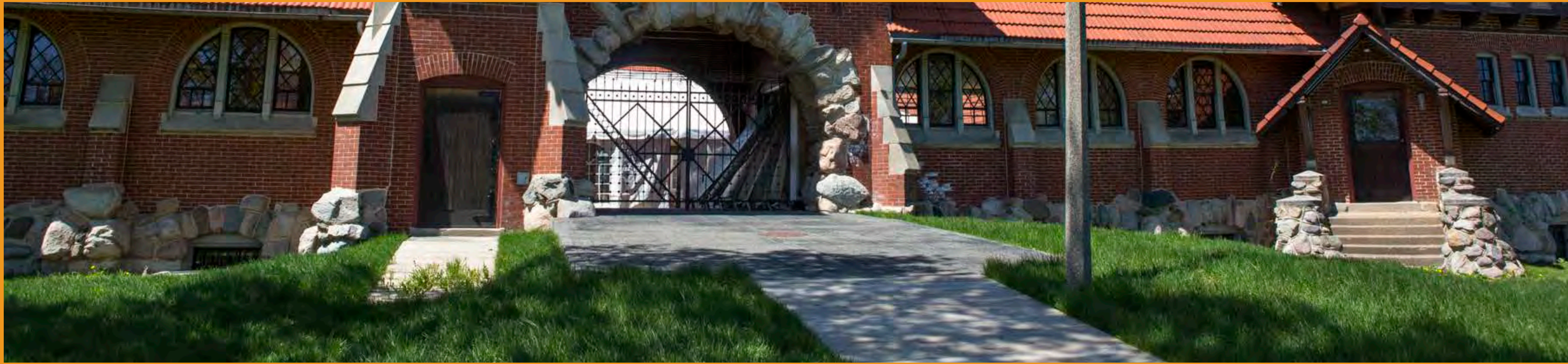

BRONZEVILLE
BIKE
BOX


EXCEPTIONAL QUALITY.
EXCEPTIONALLY PRICED.
365
1


COMMUNITY ROOM
EXPRESS
Iris Botanicals
Soul Boricua
2


City of Chicago
BMO Harris Bank
Chase Bank
SPECIAL THANKS TO
Mayor Rahm Emanuel
LISC

• 2016 Results: 25 Loans Closed Totaling $18.5 Million



• 424 Units of Housing • 141 Jobs Created/Retained • 38,125 sq. ft. of Commercial Real Estate/ Community Facilities Developed • 22 Communities Supported • Over $42 million leveraged

The Chicago Community Loan Fund is a federally certified community development financial institution.

We are a nonprofit lender that focuses on harder-to-underwrite community development projects. We are investing in affordable housing of all sizes. We are activating retail developments and funding community facilities that bring new and needed products and services to low- and moderate-income neighborhoods. We are backing Chicagoland's visionary enterprise builders so they may create jobs, expand production and innovate the way things get done. We are... Changing Chicagoland

CHICAGO
COMMUNITY
LOAN FUND

Helping create communities where people thrive

THE WAY WE SEE CHICAGOLAND

Look across the six-county metropolitan area of Chicago, and what can you see? High-rises. Bungalows. Retail centers. Small and large apartment buildings. Look closer, and you also can see the efforts of the Chicago Community Loan Fund (CCLF). Our work has been woven into hundreds of places since our founding more than 25 years ago.

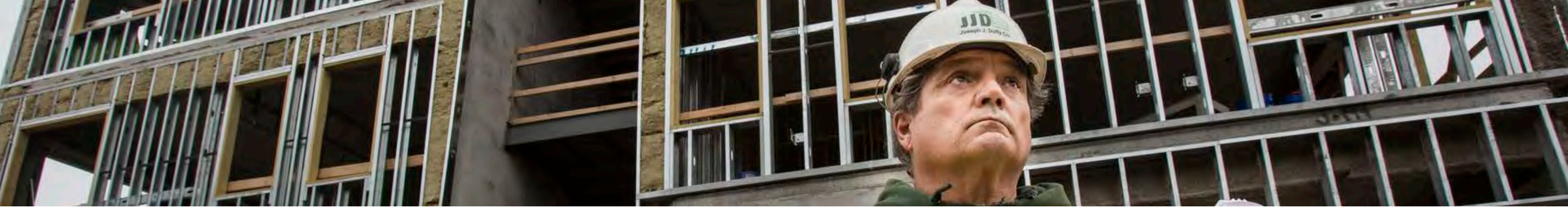
Cumulatively, we have provided more than $155 million in financing to 217 distinct borrowers. In the process, we also have been advocates and champions for affordable housing, commercial real estate development, community facility expansion and more. Our projects revitalize neighborhoods, promise high-positive social impact, incorporate sustainable design practices and have the potential to leverage significant additional investments from other sources. In fact: We have leveraged $1.1 billion that has built or preserved 7,916 housing units and created or retained 2,877 jobs. Beyond just financing, we work to ensure projects' success by inviting our borrowers to access technical assistance.

We don't have the luxury of resting on our laurels about the last twenty-five years of great work. There is still much to be done. We have invested our first New Markets Tax Credit allocation in three innovative projects. And, for the first time, we are offering customers 20-year term financing as a result of our $28 million dollar Bond Guarantee investment awarded by the CDFI Fund. We have launched Activate Retail, our initiative, funded in part by a JP Morgan Chase PRO Neighborhoods grant, to boost commercial businesses in neighborhoods like Washington Park and West Humboldt Park. And this year, we successfully concluded two recession-response initiatives with partner agencies that resulted in 345 units of affordable housing.

This annual report highlights these new and completed initiatives – the culmination of our years of collaboration with "mom & pop" developers, savvy builders, smart non-profit leaders, and passionate donors and investors. We are grateful to every individual and institution that has been a part of our rich legacy, and we ask each of you to stay with us as we continue to do our part to strengthen the Chicago region. Together, let's continue to change Chicagoland.

Calvin L. Holmes
President

Matthew R. Reilein
Chair



New Markets Tax Credit & Bond Guarantee

Changing CCLF's value to borrowers with first-time products

The capacity to offer customers something of greater value is always a goal for the Chicago Community Loan Fund. In 2016, that goal was actualized after the Community Development Financial Institution (CDFI) awarded our organization an allocation of New Markets Tax Credit and Bond Guarantee investment.

CCLF received its first New Markets Tax Credit from the CDFI, and invested our $15 million allocation into three diverse, transformative and exciting projects in three distinct Chicago neighborhoods.

- In Humboldt Park, the Erie Family Health Center received $5 million in NMTC for a new Patient Access Center and to improve and expand its teen health center.
- In Belmont Cragin, After School Matters received $5 million to renovate its programming space, a 36,000 square-foot-building called the Michael and Karyn Lutz Family Center that will be used for after-school and summer programming for teens for many years to come.
- In Woodlawn, Trianon Lofts received $5 million to offer residents 24, two-bedroom apartments and 7,000 square feet of commercial retail space, including a daycare center.

Developed by Preservation of Affordable Housing, Inc., the Trianon Lofts will reserve 13 of its units for affordable housing (for families earning between 80 percent and 120 percent of area median income). The building is adjacent to the University of Chicago's Medical Center campus and about a mile from the site of the future Obama Presidential Center.

Long-term financing became an option for CCLF customers in 2016, thanks to a $127 million multi-party bond from the CDFI Fund that was divided among several organizations*. CCLF's $28 million allocation expanded our financing in the rental housing, commercial real estate and community facilities. There had been a dire shortage of long-term permanent capital for these asset classes in low-income communities; with this new bond in hand, CCLF expanded its financing term options from 5- to 10-year maturities, to 11- to 20-year maturities. The result?

**CCLF is partnering with Opportunity Finance Network (its Qualified Issuer) on this bond. The partners are: Citizens Potawatomi Community Development Corporation (Oklahoma), New Jersey Community Capital (New Jersey), Bridgeway Capital (Pennsylvania) and, in Kentucky, Community Ventures, FAHE and Kentucky Highlands. Together, these organizations will utilize their $127 million bond to leverage additional private and public capital to deserving projects that promise high social impact.*

CCLF committed $5.5 million of its allocation to customers in need of longer term financing in 2016.

ACTIVATE RETAIL

Changing communities' main-street shopping to provide more jobs in lower-income neighborhoods

ACTIVATE RETAIL

In 2016, the Chicago Community Loan Fund launched Activate Retail, a commercial retail initiative that helps support weak retail corridors and community businesses, generate local jobs, increase access to healthier foods, and drive transformation in low- to moderate-income neighborhoods. The beneficiaries of CCLF's lending products often suffered from cycles of historical disinvestment and discrimination resulting in a poverty rate of 25%, nearly twice the national rate, and an alarming unemployment rate of 15.7% (2015 American Community Survey). Activate Retail works to strengthen the economic landscape one neighborhood at a time by bringing much-needed jobs to local youth and young adults.

An Activate Retail Success

The intersection of 50th Street and Cottage Grove Avenue is a busy one: sidewalks teem with workers and students; traffic lanes are packed with cars, bikes and buses; and senior citizens move delicately around the action to run errands. Amidst this background stood a retail center, Washington Park Plaza, which had seen better days. Its physical plant had been neglected; its empty storefronts showed signs of poor management and its parking lot seemed to be filled with more people hanging out than shopping.

In February 2016, Ascendance Partners arrived at the intersection and saw potential for a renaissance. With support from a $2.4 million loan from the Chicago Community Loan Fund, the investment fund Ascendance Capital Partners II, LLC acquired title to Washington Park Plaza, and took control. Ascendance invested in repairs, improved the quality of retail by working with existing tenants and attracting new businesses, and worked with local police to reduce illicit activity that had routinely occurred at the center.

Today, Washington Park Plaza is as busy as its intersection. Seven businesses now occupy more than 23,000 square feet of retail space. The value of the investment has increased, and the community is better served.

"We believe the community deserved a better retail experience than what was previously being provided," said Craig Huffman, principal and co-founder of Ascendance, which specializes in real estate that requires repositioning through leasing, improved management or construction. "In partnership with CCLF, we have invested time and capital to bring higher quality retail in a safe, customer-friendly environment to the community."

Neighborhood Stabilization and Chicago CDFI Cluster

Changing the way Chicagoland lives with neighborhood investments

The 2016 year marked the end of two long-running and successful programs of the Chicago Community Loan Fund that positively impacted affordable housing, job creation and investment in areas of persistent poverty. These programs also engaged CCLF collaboratively with other organizations to build the capacity of each of the partners.

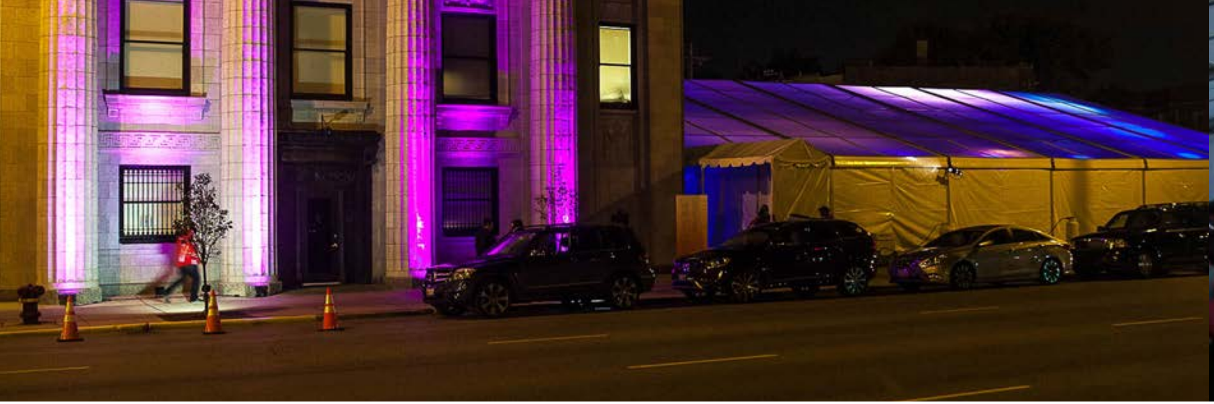
Chicago's Neighborhood Stabilization Program (NSP) was created for the rehabilitation of properties in neighborhoods hard-hit by foreclosures and vacancies. CCLF was selected to participate in the program in 2010 to focus on 1-4 unit properties. In the ensuing years, our organization worked with 25 borrowers to shore up neighborhoods rocked by the Great Recession. By the program's end in 2016, CCLF had invested $45.6 million into financing for 110 properties. Moreover, 248 units of affordable housing were put back on the market through the efforts of many of CCLF's customers. And perhaps best of all, this program directly addressed our goal of getting vacant foreclosed homes up-to-code and occupied as quickly as possible in areas of greatest need. Of the NSP properties financed by CCLF, a whopping 88% were sold to new homeowners or converted into rental properties by our customers by the end of 2016. These homes serve households at or below 120% of the area median income.

Chicago CDFI Collaborative

To support the redevelopment and improvement of 76 units of affordable housing in 1-4 unit properties, CCLF entered into a three-year partnership with Community Investment Corporation (CIC) and Neighborhood Lending Services (NLS). Together, these agencies formed the Chicago CDFI Collaborative.

For its part, CCLF financed the acquisition and rehabilitation of properties for responsible developers to create affordable housing. Meanwhile, CIC focused on multi-family rehab and NLS on owner-occupied properties.

At the program's end in 2016, CCLF financed a total of $6.5 million to support the redevelopment or improvement of 97 housing units in 38 communities. This program was supported by the JPMorgan Chase Foundation.



25 Years of Success

Our Silver Anniversary Celebration

Marking more than $155 million in financing to 217 unique borrowers, the Chicago Community Loan Fund celebrated its 25th Anniversary in 2016 with a festivity befitting the history of the organization: Neighborhood-based, diverse and purposeful.

The event was held at the Stony Island Arts Bank, a CCLF customer site in South Shore; community development professionals, civic leaders, CCLF borrowers, supporters, investors and funders were among the 500 guests. Food and drinks were prepared by CCLF customers or tenants of CCLF customers, including Bronzeville Jerk Shack, Turkey Chop, Growing Home, The Plant, Uncle Remus Saucy Fried Chicken and Café Mustache. And, the program included tributes to CCLF's work, and recognition of four CCLF borrowers with the presentation of the Fannie Lou Hamer Award for Grassroots Community Development.

Hosted by Leah Hope from ABC7 Chicago, the night included a dance performance by the socially motivated ensemble Deeply Rooted Dance Theater, the debut of "Missing Pieces," a CCLF video produced by borrower BulletProof Films, and an announcement by the JPMorgan Chase Foundation of a $3.49 million PRO Neighborhood's grant to CCLF and its partner Chicago Neighborhoods Initiative. The grant will allow CCLF to revitalize low-income neighborhoods through commercial real estate (CRE) investment.

The 2016 Fannie Lou Hamer Award Winners were:

- Commercial Real Estate: Leon Walker (DL3 Realty, LP) for Englewood Square
- Social Enterprise: Harry Rhodes (Growing Home) for Wood/ Honore Street Farms
- Housing: Rick Guzman (Emmanuel House) for Emmanuel House
- Community Facility: Theaster Gates (Rebuild Foundation) for Stony Island Arts Bank

Loan Products

CCLF financed projects across Chicagoland that revitalize neighborhoods, promise high positive social impact, incorporate sustainable design practices and have the potential to leverage significant additional investments from other sources. We offered the following types of loans in 2016:

Loan Products
Predevelopment
Construction/ Rehabilitation
Mini-Permanent /Permanent Mortgage
Equipment and Working Capital Term Loan

Loan Sector Types
Affordable Housing (housing cooperatives 1-4 units properties multi-family properties)
Social Enterprise
Community Facility
Commercial Real Estate

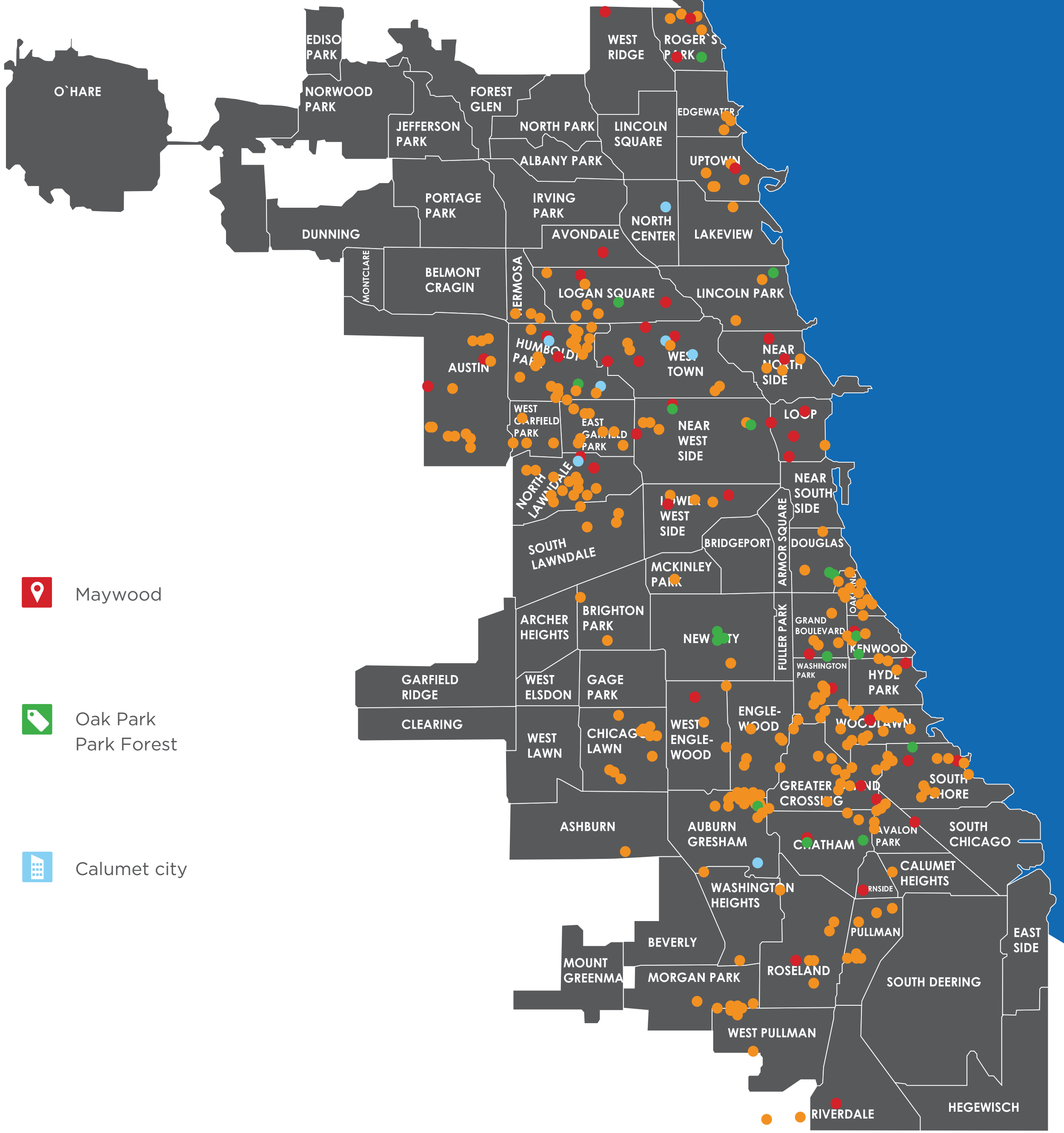
N

Commercial Real Estate

Social Enterprise

Community Facility

Housing



Where we are in Chicagoland

as of 12/31/2016

Our projects span the six counties surrounding Chicagoland (Cook, Kane, Lake, Mchenry, Will, Lake and DuPage) – an impressive landscape of housing, commercial development, job creation and more.

Not Shown on Map

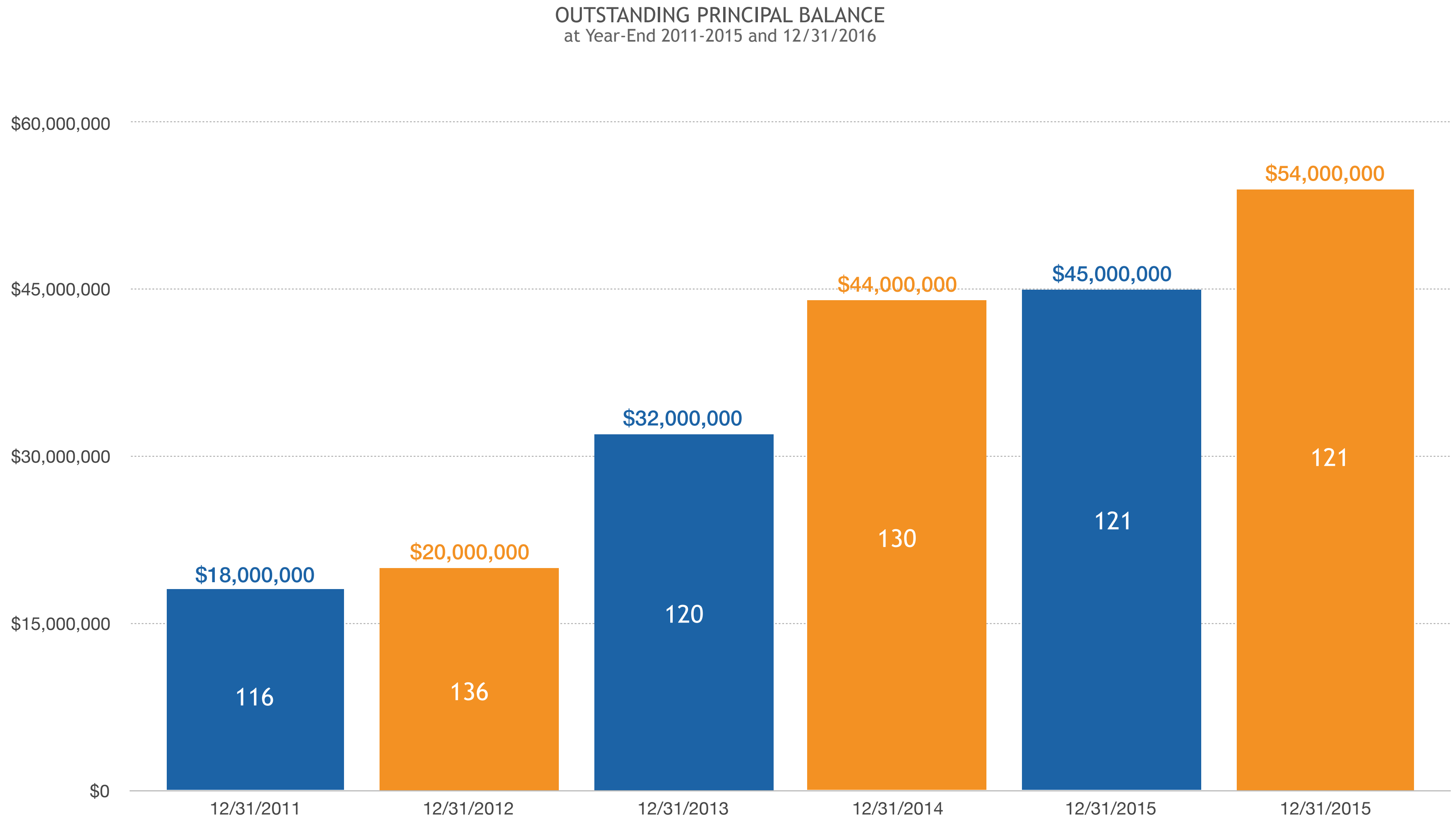
Housing:
- Aurora
- Bolingbrook
- Burnham
- Lake Zurich
- Chicago Heights
- Evanston
- Joliet
- Lansing
- McHenry
- Park Forest
- Plainfield
- Summit

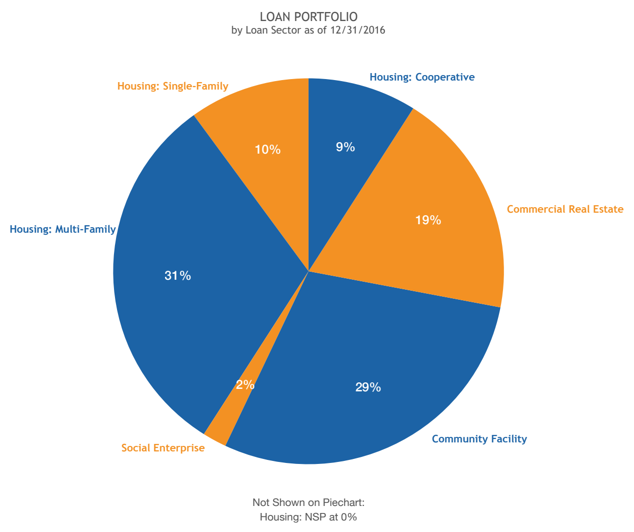
Community Facility:
- Maywood

Commercial Real Estate:
- Oak Park
- Park Forest

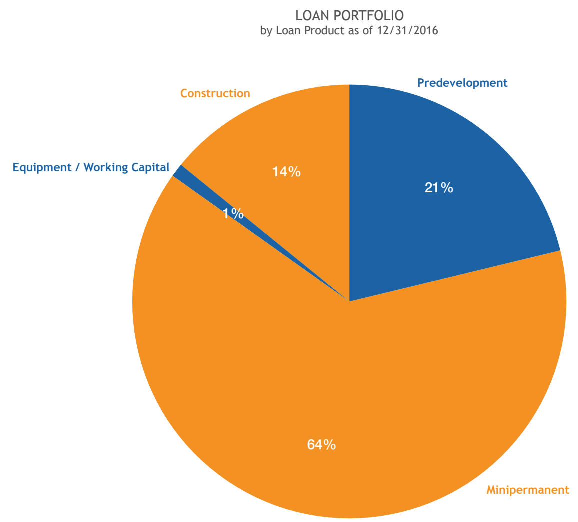
Social Enterprise:
- Calumet city

PORTFOLIO DASHBOARD | as of 12/31/2016

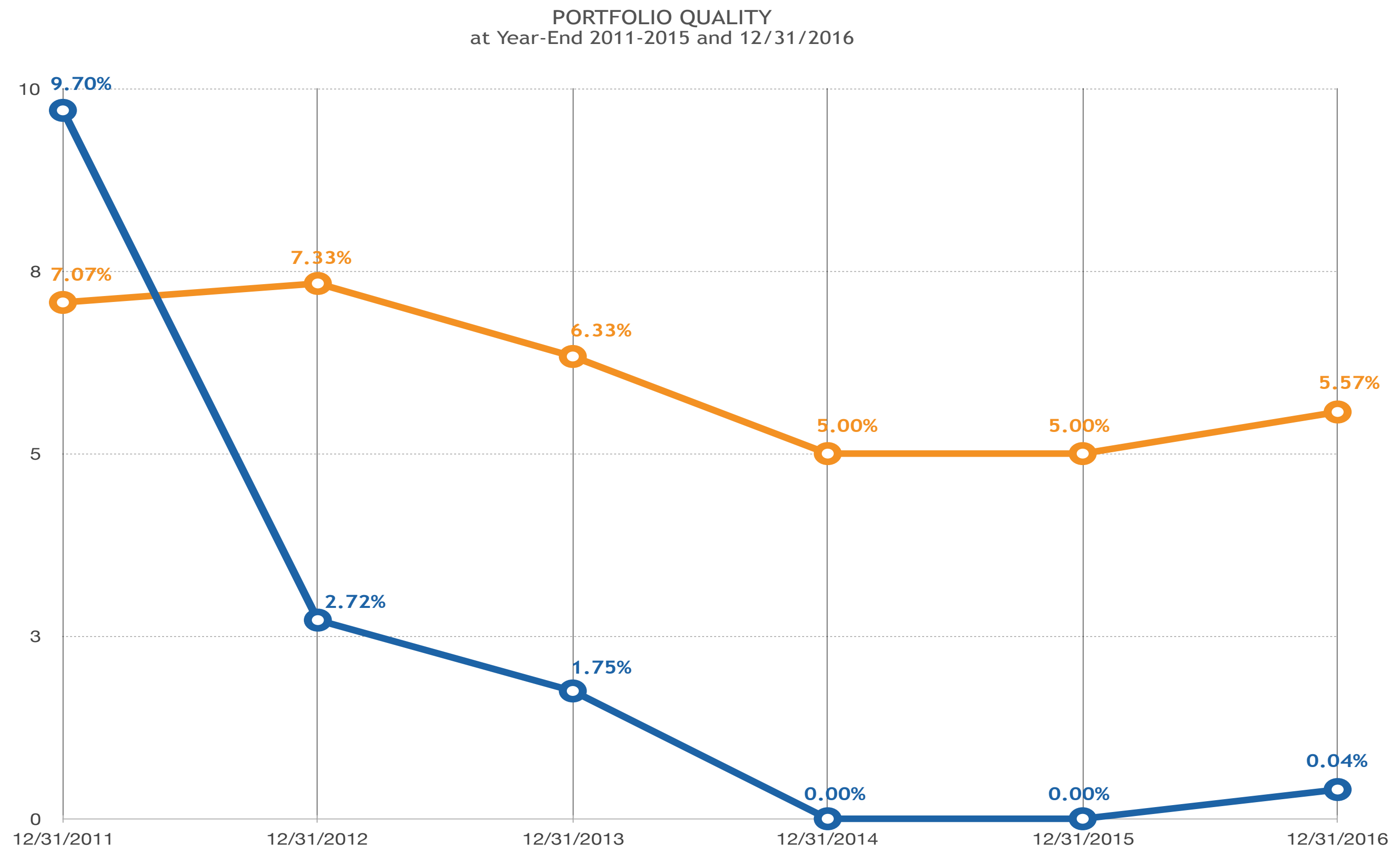




LOAN PORTFOLIO
by Loan Sector as of 12/31/2016
Housing: Single-Family
Housing: Cooperative
10%
9%
Commercial Real Estate
19%
Housing: Multi-Family
31%
2%
29%
Social Enterprise
Community Facility
Not Shown on Piechart:
Housing: NSP at 0%



LOAN PORTFOLIO
by Loan Product as of 12/31/2016
Construction
Predevelopment
Equipment / Working Capital
14%
21%
1%
64%
Minipermanent



PORTFOLIO QUALITY
at Year-End 2011-2015 and 12/31/2016
10
8
5
3
0
9.70%
7.07%
7.33%
6.33%
5.00%
5.00%
5.57%
2.72%
1.75%
0.00%
0.00%
0.04%
12/31/2011
12/31/2012
12/31/2013
12/31/2014
12/31/2015
12/31/2016

2016 | FINANCIALS

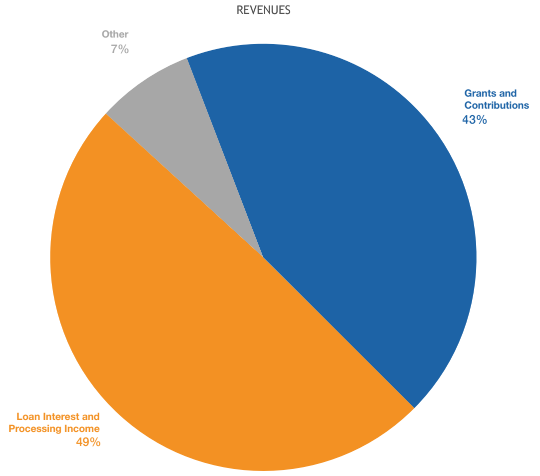
ASSETS		
Cash and Cash Equivalents	$	12,953,405.00
Investments	$	9,035,940.00
Notes Receivable	$	52,114,232.00
Allowance for Loan Losses	$	(2,969,425.00)
Other Assets	$	644,265.00
TOTAL ASSETS	**$**	**71,778,417.00**

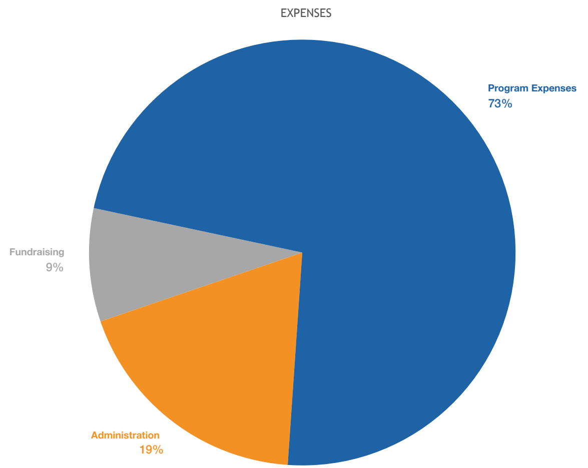
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes Payable	$	46,436,278.00
Refundable Advances	$	3,362,509.00
Other Liabilities	$	419,932.00
TOTAL LIABILITIES	**$**	**50,218,719.00**
NET ASSETS		
Unrestricted	$	18,130,307.00
Temporarily Restricted	$	1,654,073.00
Permanently Restricted	$	1,775,318.00
TOTAL NET ASSETS	**$**	**21,559,698.00**
TOTAL LIABILITIES AND NET ASSETS	**$**	**71,778,417.00**

REVENUES		
Grants and Contributions	$	3,421,765.00
Loan Interest and Processing Income	$	3,894,977.00
Technical Assistance and Contract	$	3,439.00
Other	$	584,424.00
TOTAL REVENUES	**$**	**7,904,605.00**

EXPENSES		
Program Expenses	$	4,501,055.00
Administration	$	1,155,196.00
Fundraising	$	532,029.00
TOTAL EXPENSES	**$**	**6,188,280.00**

Change in unrestricted net assets	$	2,837,247.00
Change in temporarily restricted assets	$	(1,120,922.00)
Change in permanently restricted assets	$	0.00
CHANGE IN TOTAL NET ASSETS	**$**	**1,716,325.00**





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Platinum Investor | Above $5 Million

Bank of America

CDFI FUND

Gold Investors | $3 Million to $5 Million

FHLB Chicago Federal Home Loan Bank of Chicago

NORTHERN TRUST

PNC

WINTRUST COMMUNITY BANKS

Silver Investors | $1 Million to $2.99 Million

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HSBC
John D. and Catherine T. MacArthur Foundation
State Farm
The PrivateBank
Trinity Health Corporation
US Bank

Bronze Investors | $500,000 to $999,000

Citizens Bank
Woodforest National Bank

Copper Investors | $100,000 to $499,000

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