

Crain's Chicago Business

September 18, 2006
By [Paul Merrion](#)

Community lender seeking spotlight

Positive investor rating would spur fund raising

Chicago Community Loan Fund, a small but fast-growing non-profit lender, is seeking national recognition to attract more funding and grow even faster.

Despite its relatively small size, the Chicago Community Loan Fund (CCLF) is one of the first participants in a trade group's new rating system for investors in non-profit lenders, a process that's comparable to what commercial banks undergo.



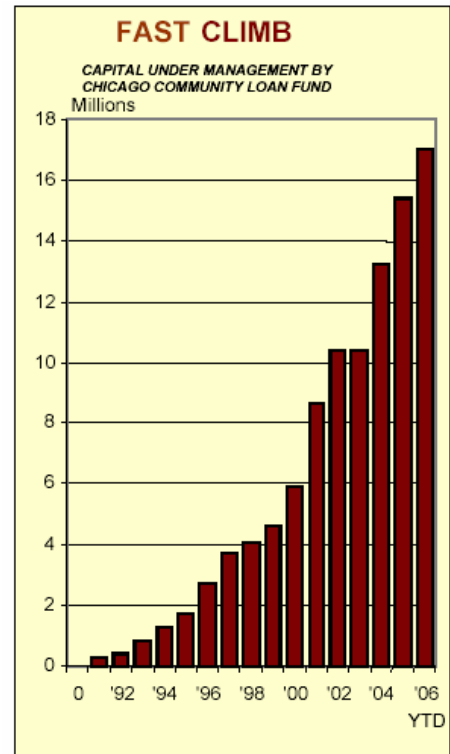
"A good rating helps you raise larger amounts at a lower cost," says Calvin Holmes, executive director of the CCLF since 1998. "If nothing else, it will push all of us into better-performing business models" by reaching for a national standard.

Mr. Holmes is on the board of the Opportunity Finance Network, whose ratings — still under way — are conducted by outside consultants to eliminate conflicts of interest.

"Our rating system is pretty brutal," says Mark Pinsky, the trade group's president and CEO. While a good rating would help with fund raising, there's always a chance "something quirky pops out."

However, the \$17-million fund seems likely to garner at least a respectable rating. Out of 130 transactions totaling \$28 million over the past 15 years, mostly for affordable housing, CCLF has written off only two bad loans totaling \$54,000. And its lending leveraged about \$460 million in additional investment by others in some of Chicago's toughest neighborhoods.

That performance would be noteworthy even if its clients were well-established real estate firms. But the fund's niche is early-stage or pre-development financing, such as lending money to create a non-profit group that wanted to start a home for teenage runaways in Humboldt Park. That loan, like many others, was made without much more than a "brilliant" business plan, Mr. Holmes says.



Among more than 500 community development funds in the country, CCLF was one of 73 to win funding last month from an annual Treasury Department grant program, totaling \$485,000 in loan capital plus \$100,000 in technical assistance funding for a new computer network.

"Calvin runs a very good shop," says Andrew Mooney, senior program director in the Chicago office of Local Initiatives Support Corp., a New York-based non-profit lender that has teamed up on some housing deals with CCLF. "He does an awful lot of hand-holding" with borrowers.

©2006 by Crain Communications Inc.