

Project Contract

A. Background

My project involves formalizing a relationship between two organizations, the Equity Trust and the Good Life Center, for the purpose of creating a loan fund.

The Equity Trust, Inc. is a charitable nonprofit corporation engaged in activities designed to promote a) access to land, housing, capital, and employment opportunities for low-income and other disadvantaged people, and b) conservation and ecologically responsible use of land and natural resources. The Equity Trust provides technical assistance and training, conducts a variety of educational programs, and consults on related issues of institutional and public policy.

The Equity Trust has evolved from the experience of its founders in the fields of community development, human rights, environmental policy, religion, and social justice. Programs are administered and implemented by a volunteer board of trustees, advisory committees, a small staff, and contracted associates. Programs include:

- **The Equity Trust Fund** which combines responsible investment with a voluntary land reform initiative by socially and environmentally concerned property owners. Individuals and institutions participate by making loans, equity pledges (promising to donate upon sale the percentage they have designated of any “social appreciation” in their property’s value), or property gifts. The Equity Trust Fund uses these resources to finance community development and conservation projects across the United States and occasionally abroad.
- **Training and Technical Assistance** to help land trusts, cooperatives, and other community-based organizations to address the challenges of organizing and advocacy, land tenure, and financing.
- **Seminars, Publications and Presentations** to provide valuable information and instruction and foster interdisciplinary exchange.

Equity Trust is located in Voluntown, CT on sixty-five beautiful acres. They have several cabins and a conference room and other facilities that are rented out to community groups and schools to raise revenue for the organization. My personal involvement with Equity Trust started through this conference center. For various trainings, retreats, and conferences my colleagues and I at Providence College utilized the space and facilities. Over the course of these short visits to Equity Trust, I came to know Chuck Matthei, the Director and founder of the Equity Trust and Ellie Kastonopolous, currently the only other full-time staff person who manages the Equity Trust Fund. Through my developing friendships with both Chuck and Ellie, I have learned about their work and the programs of the Equity Trust and have become more interested over time.

The Good Life Center is a nonprofit organization located in Harborside, Maine, with a mission to perpetuate the philosophies and lifeways exemplified by Helen and Scott Nearing, two of America’s most inspirational practitioners of simple, frugal, and purposeful living. Building on the Nearing legacy, the Good Life Center (GLC) encourages and supports individual and collective efforts to live sustainably into the future. Guided by principles of kindness, respect, and compassion in relationships with natural and human communities, the GLC promotes active participation in the advancement of social justice, creative

integration of the life of the mind, body, and spirit, and a deliberate choice in living responsibly and harmoniously in an increasingly complicated world.

The Good Life Center seeks to attain this mission through:

- Conservation of the Nearings' last hand-built home, Forest Farm in Harborside, Maine, as an inspirational example of conscientious and thoughtful living in harmony with nature;
- Sharing the philosophy underlying the "good life" practices at Forest Farm to encourage a diverse audience to apply this philosophy in their own distinct environments and life circumstances;
- Offering residential and visiting fellowships, stewardships, and educational programs on homesteading and sustainable living at Forest Farm and other homesteads;
- Extending Helen and Scott Nearing's broad social and political message by ensuring access to their publications, library and personal papers, as well as by publishing new works on related issues;
- Serving as a resource and network for scholars, homesteaders, gardeners, social and political activists, and students of simple and sustainable living;
- Practicing right livelihood and following simple living principles, in all pursuits, so that The Good Life Center itself models what it seeks to promote.

Up until now, Forest Farm and the promotion of organic agriculture and simple living have been the major foci for the GLC. With the establishment of the Nearing Good Life Fund, the GLC hopes to educate its constituents about the "economic experiment" that Helen and Scott undertook and to raise capital to support projects that are consistent with their purposes, goals, and philosophies.

I have not had any personal involvement with the Good Life Center before the initiation of this project. I do know and work somewhat closely with two of the members of the GLC Board of Directors in other contexts. I also know a couple of the members of their Board of Stewards.

My project involves the establishment of a collaborative loan fund between the Equity Trust and the Good Life Center, called the Nearing Good Life Fund. It will mark the first formal collaboration between the Good Life Center and the Equity Trust. Essentially, what will be established will be a special account within the Equity Trust Fund will be designated that will operate under principles and priorities defined by the GLC, but benefit from the management capabilities and net worth of the ETF.

My main task in this project is to make the loan fund operational—to put into place the parameters and the criteria, to formalize the working relationship between the two organizations, and to market the fund to various constituents.

B. Problem Statement:

There are many community groups engaged in projects and efforts to promote environmental sustainability, community development, and simple living that can not access capital for the continued growth and development of those projects. If access to capital is not provided, than many of these efforts will go unrealized. The Nearing Good Life Fund will be designed to provide a new opportunity for responsible social investment; a mechanism to educate individuals about the importance and significance of socially responsible investing; and a program through which community development and

environmental preservation projects can be financed so that they can continue to promote strong values and a commitment to the philosophies expressed by the Nearings.

C. Goal Statement

The goal for my project is to advance the goals of the GLC and the Equity Trust, which is to formalize their relationship with the establishment of the Nearing Good Life Fund. The benefits are manifold. For Equity Trust, this fund represents an opportunity to market to a new constituent group, one that is likely to be sympathetic to and supportive of the work of the Equity Trust. The resources of the Equity Trust Fund will grow with each additional investment made and the capacity for the Equity Trust to respond to the many requests for loans will increase.

For the GLC, the Nearing Good Life Fund represents a mechanism through which they can educate their constituency about socially responsible investing and highlight the economic agenda and teachings of the Nearings, which up until now has been largely unexplored. It also represents an opportunity to further the legacy of the Nearings on a much broader (geographically speaking) scale by offering financing to community groups all over the country, and possibly beyond. Most importantly, it will provide those individuals and groups most in need of capital with access to it

D. Project Product

For MY project, I will produce the documents necessary to formalize the agreement and assist the organization with defining some of the collaboration stipulations. I will also develop marketing material and market the fund to GLC “friends” by mid-fall. In other words, when my project is completed the Nearing Good Life Fund will be established and well marketed; investments will be coming in and applications for funding will be solicited.

For the product of the collaboration as a whole, the possibilities are numerous. The Nearing Good Life Fund will be created and it will serve individuals and community groups engaged in a variety of community development and environmental preservation projects. “Product” may not necessarily be the most appropriate term, however. I envision many potential impacts of the Nearing Good Life Fund and its’ productive life is limitless. There is no fixed duration for the collaborative fund, and therefore no limit to its potential.

E. Outputs

The following are elements that have to be put in place for the creation of the loan fund.

- Collaboration agreement between Equity Trust and Good Life Center
- Loan documents drafted and procedures established
- GLC loan made and processed
- Marketing plan and budget
- Outreach material
- Mailing

F. Inputs

The resources required to produce the “outputs” include mainly people. In other words, I need to have representatives from the Good Life Center and from Equity Trust available and willing to work with me on this to establish protocol, learn from history, and get the priorities rightly placed. I also have general Equity Trust Fund materials (loan documents, previous agreements) to use as resources.

G. Implementation Plan

	Draft	Final	What I need to do
Collaboration Agreement	week of Aug. 29	week of Sept. 5	<ul style="list-style-type: none"> • Read all prior communications • Determine how much of collaboration agreement has been worked out and figure out best process to complete it • Review similar agreements
Loan agreement and note for GLC Process GLC loan Draft Loan Documents	week of Sept. 12	week of Sept. 12	<ul style="list-style-type: none"> • work with Ellie • review ETF loan documents
Find example loans	week of Sept. 19	week of Sept. 19	<ul style="list-style-type: none"> • review ETF current loans out and loan applications
Marketing Plan and budget	week of Oct. 3	week of Oct. 10	
Outreach Material	week of Oct. 24	week of Oct. 31	<ul style="list-style-type: none"> • review and select previous ETF loans • get quotations/testimonials
Printing/ Prepare mailing		week of Nov. 7 week of Nov. 14	<ul style="list-style-type: none"> • obtain mailing lists
Mailing		mid-November	

EQUITY TRUST, INC.

529 Beach Pond Road
Voluntown, CT 06384
860-376-6174 Tel/Fax

January 8, 2001

MEMORANDUM OF AGREEMENT REGARDING THE ESTABLISHMENT OF THE NEARING GOOD LIFE FUND

This letter sets forth the understanding of the agreements reached in prior meetings by duly authorized representatives of the Equity Trust Inc., a Massachusetts nonprofit, and the Good Life Center, a Maine nonprofit, regarding the establishment of the Nearing Good Life Fund. If the terms and conditions herein accurately reflect your intentions, please sign both copies of this letter, keep one for your own files and return the other to our offices. The signed letter will constitute a formal agreement between the Equity Trust and the Good Life Center.

Background The Equity Trust, Inc. is a charitable nonprofit corporation, chartered under the laws of the Commonwealth of Massachusetts, qualified under Section 501(c)(3) of the Internal Revenue Code, and engaged in activities designed to promote a) access to land, housing, capital, and employment opportunities for low-income and other disadvantaged people, and b) conservation and ecologically responsible use of land and natural resources. Through the Equity Trust Fund, Equity Trust's loan fund program, the Equity Trust provides financing and technical assistance for projects that advance those objectives.

The Nearing Good Life Fund is a collaborative initiative between the Good Life Center and the Equity Trust. A special account within the Equity Trust Fund will be designated that will operate under principles and priorities defined by the GLC, but benefit from the management capabilities and net worth of the ETF. It provides the Good Life Center with a way to broaden its impact by financing projects that relate to its purposes while also encouraging socially responsible investing among its supporters.

Capitalization On September 15, 2000, the Good Life Center made an initial investment of \$10,000 to the Equity Trust; Upon the establishment of the Nearing Good Life Fund, the GLC investment will be transferred into the Nearing Good Life Fund account of the Equity Trust Fund.

The Good Life Center is responsible for marketing the Nearing Good Life Fund and has agreed to market this investment opportunity to its constituency, encouraging investors to negotiate designated loans to the Equity Trust Fund. The Equity Trust will offer the Good Life Center an initial grant for the costs associated with the first solicitation letter sent by the GLC, and possibly subsequent grants to cover marketing costs (See section on Use of Earnings). The entire amount of the GLC initial investment and subsequent investments made by the GLC and its constituents will be credited to the Equity Trust Fund, and managed as a special account according to the terms of this Letter of Agreement. All legal liabilities to investors rest with the Equity Trust.

The Good Life Center may solicit gifts to the GLC, which it then may designate for the Nearing Good Life Fund. The Equity Trust will not solicit gifts for the Nearing Good Life Fund. If approached by a potential Nearing Good Life Fund donor, the Equity Trust will refer the donor to the GLC. Gifts made

directly to the Equity Trust, even if designated for the Nearing Good Life Fund, belong to the Equity Trust.

Use of Funds The Equity Trust Fund generally receives loans and gifts from socially and environmentally concerned investors and donors. These resources are used to make loans and grants to community development and conservation projects in the United States and abroad, with priority on projects benefiting low-income people and projects involving models of land tenure that creatively balance the interests of both individuals and communities.

The resources from the Nearing Good Life Fund will be used for lending purposes consistent with these principles and practices. We understand that the Good Life Center has a particular interest in projects consistent with the *Guiding Principles for a Good Life*, as articulated by Scott and Helen Nearing which, among others, include a) increasing the equality of the economic relationships between people and communities; b) contributing to sustainable economies; and c) promoting principles of environmentally sound lifestyles. The GLC may set specific criteria or priorities for lending, which can be modified from time to time. These criteria will not affect loans previously approved and must be consistent with the principles and purposes of the Equity Trust Fund.

Application for Funding Both the Equity Trust and the Good Life Center will identify potential applicants and invite them to submit a request or proposal to the Equity Trust. Applications should contain a description of their organization (history, programs, personnel, legal and financial condition), the uses to which they would put loan funds, their need for these funds, their ability to repay the loan, and the ability of this loan to leverage other support. Applicants typically will be evaluated according to a) the number and level of need of the people to be served, b) democratic structure and indigenous leadership, and c) their analysis of the roots of their problems and plans for equitable development to meet the immediate needs of individuals and, as appropriate and feasible, to provide for the economic and environmental security of their communities over time. Preference usually will be given to applicants who cannot obtain the needed funding from other sources.

Written requests will be required of every applicant. Those selected for financial support will be required to sign an agreement pledging the use of the funds only for charitable purposes consistent with the provisions of Section 501(c)(3) of the Internal Revenue Code, and to submit program and financial reports on their uses of loan funds. [Note: It is expected that most borrowers will be tax-exempt nonprofit organizations; some loans may be offered to non-exempt groups, in the U.S. and abroad, but only for specific purposes that are consistent with the provisions of the IRC Section 501(c)(3). Borrowers need not have any prior relationship or other programmatic involvement with the Equity Trust or the Good Life Center to qualify.]

Approval of Loan Applications Approval of loan applications will be made through a joint process agreed upon by both the Equity Trust and the Good Life Center. All loan applications will be pre-screened by the staff of the Equity Trust. Those applications determined to be feasible and consistent with the fund principles will be forwarded for review to a committee of Good Life Center representatives, comprised of three people appointed by the Good Life Center, at least one of whom serves on the GLC board of directors. The two other reviewers may be among the group of GLC Board of Stewards. The GLC committee can either veto a loan, or else approve it (by consensus or majority, whichever they choose). Upon approval from the GLC committee, the application will be reviewed and approved by the staff and administrative committee of the Equity Trust Fund, under authority delegated by the board of directors of the Equity Trust, Inc. Final approval depends upon approval by both groups; The Equity Trust shall not use funds designated for the Nearing Good Life Fund without approval of the Good Life Center Committee, but neither shall loans approved by the Good Life Center be made without the

approval of the Equity Trust. If the Good Life Center does not approve a loan application, the Equity Trust may offer a loan with other funds.

Interim Use of Funds When not in use for loans, the investments made in the Nearing Good Life Fund will be maintained in the Equity Trust Fund's accounts with one or more appropriate depository institutions chosen with regard to their community reinvestment practices.

Use of Earnings Interest earnings on bank deposits and any loans made to the Nearing Good Life Fund will be considered revenue of the Equity Trust Fund. As such, they may be used to cover operating costs of the Fund, to establish loss reserves, to augment the principal of the Fund, and/or to provide grant monies for GLC's marketing costs, but not for other purposes.

The GLC may request grant monies in addition to the grant offered for the initial mailing, for on-going marketing costs, from the Equity Trust. The Equity Trust may, at its discretion, offer grant monies provided that a) the amount requested does not exceed the difference between obligations to investors plus two percent and the average earnings on loans and deposits; b) the funds are not required for loss reserves; and c) Nearing Good Life Fund loans are not delinquent or in default.

Acknowledgement The Good Life Center with its constituency may take credit for initiating the fund, and may refer to the Nearing Good Life Fund as a program of the GLC undertaken in collaboration with the Equity Trust. The Equity Trust may refer to the Nearing Good Life Fund as a special account of the Equity Trust Fund established in collaboration with The Good Life Center, and may report its activity with overall Equity Trust Fund volume and performance data. In various reports and promotional materials, both the Equity Trust and the Good Life Center may refer to the Nearing Good Life Fund and general circumstances of the investment(s), as well as the projects receiving support.

Reporting and Review The Equity Trust will report annually, and upon request, the status of the Nearing Good Life Fund to the Good Life Center which will include loan activity, gifts, and overall capitalization of the fund. A bi-annual meeting with representatives from both the Equity Trust and the Good Life Center will be held at a mutually agreeable time and place for review of the collaboration.

Dissolution of the Collaborative Either party may terminate the collaborative at any time upon written notification to the other party.

In the event that the GLC decides to terminate the collaborative, notice will be given to investors regarding the status of the collaborative. Investments shall remain with the Equity Trust Fund until maturity. Gifts made to the Good Life Center, designated as permanent capital and invested in the Nearing Good Life Fund shall also be repaid to the Good Life Center upon maturity. The Equity Trust may, however, offer early repayment if it determines, at its own discretion, that doing so does not jeopardize Equity Trust's ability to meet other obligations or to fulfill program objectives. Gifts made to the Equity Trust, even if designated for allocation to the Nearing Good Life Fund shall remain with the Equity Trust.

In the event that the Equity Trust should dissolve or for any other reason no longer be able to provide effective management of the Nearing Good Life Fund, the board of directors of the Equity Trust will identify a successor and transfer responsibilities and loan funds to another tax-exempt organization committed to fulfilling the objectives outlined above. The Good Life Center will be consulted prior to any action being taken or notification made to investors.

In closing, let me convey the excitement of the board and staff of the Equity Trust for the establishment of the Nearing Good Life Fund. We are eager to begin this collaboration and anticipate worthwhile outcomes. Please contact me if you have any questions or concerns about the contents of this letter. If its terms are acceptable, you may sign in the space provided below.

Sincerely,

Charles Matthei, President

ACCEPTED AND AGREED BY:

Date: _____

Date: _____

Who Will Benefit

The Nearing Good Life Fund gives priority to grassroots community groups engaged in community development and environmental preservation efforts. The Fund supports worthy projects that have a difficult time obtaining financing from any other lenders.

With investments already made, the Nearing Good Life Fund has participated in financing several project loans including:

Cold Pond Community Land Trust in Acworth, NH, to purchase land to expand their horse-powered, biodynamic farm, now in its second year of CSA production

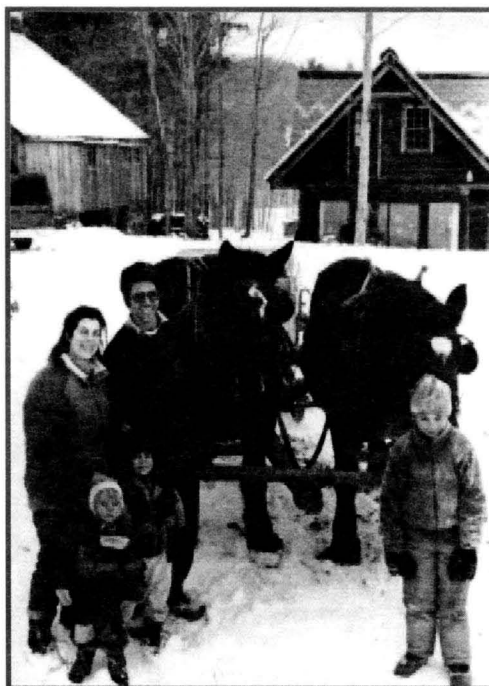
Sapelo Island Cultural and Revitalization Society in Georgia to finance the construction of a community center as part of their effort to preserve and protect one of the last remaining Gullah communities in the country

Sixth Street Community Center, in Manhattan, NY to finance pre-development costs for an organic café and juice bar, as part of their CSA economic development project

Many more community groups in Maine and across the country have expressed interest in borrowing funds.



Please consider investing in the Nearing **Good Life Fund**. With additional investments, the Good Life Fund will be able to finance more projects, enabling groups to continue and enhance their important work.



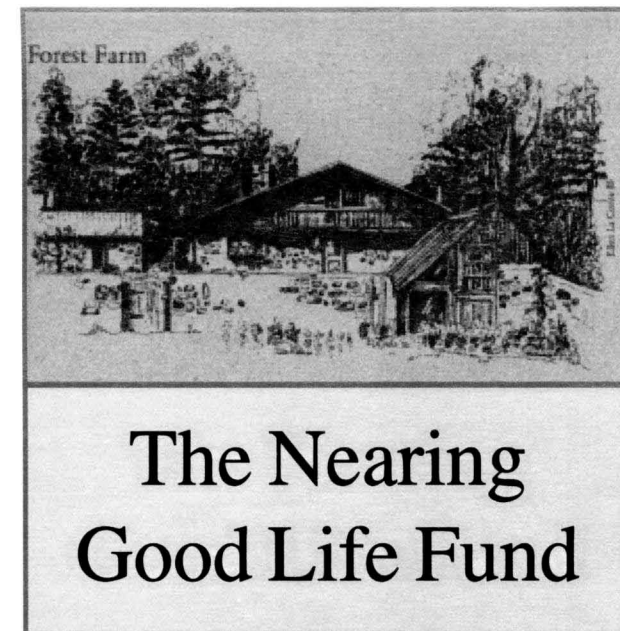
The Daris Family at Cold Pond CLT.

*For more information about
The Nearing Good Life Fund contact:*

The Good Life Center
P.O. Box 11
Harborside, Maine 04642
207-326-8211

or

The Equity Trust
529 Beach Pond Road
Voluntown, Connecticut 06384
860-376-6174



The Nearing Good Life Fund

The central task of responsible members of the human race is to make constant and sustainable efforts to provide all human beings with ample opportunity to extend and fulfill life's maximum possibilities.

*-Guiding Principles for a Good Life
(1998)*

The Good Life Center



*Advancing Helen and Scott Nearing's
commitment to social justice and simple living,
and preserving their last hand-built home.*

P.O. Box 11
Harborside, Maine 04642
(207) 326-8211

The Nearing Good Life Fund is a collaborative investment program between the Good Life Center and the Equity Trust. It provides supporters of the Good Life Center with a way to invest their money in a socially and environmentally responsible manner and further a shared vision of sustainable community economics. The Nearing Good Life Fund offers the opportunity to advance the mission of the Good Life Center and to promote the philosophy of the Helen and Scott Nearing by furthering economic justice throughout the United States, and, beyond.



The Good Life Center perpetuates the philosophies and lifeways exemplified by Helen and Scott Nearing, two of America's most inspirational practitioners of simple, and purposeful living. Building on the Nearing legacy, The Good Life Center encourages and supports individual and collective efforts to live sustainably into the future.



The Equity Trust works to promote access to land, housing, capital, and employment opportunities for low-income and other disadvantaged people; and, conservation and ecologically responsible use of land and natural resources. Through the Equity Trust Fund, Equity Trust provides loans and technical assistance to projects that advance those objectives.

Purposes and Priorities

The Nearing Good Life Fund receives loans from socially and environmentally concerned investors and donors. These resources are used to make loans to individuals and organizations engaged in work that is consistent with the social and economic principles and values articulated by Scott and Helen Nearing. Priority is given to projects that do one or more of the following:

- benefit low-income people
- promote the availability and accessibility of land for community-based agriculture
- promote environmentally-conscious, economically sustainable land use
- promote active participation in the advancement of social justice

How You Can Participate

If you are an investor who shares our concerns for economic justice, environmental preservation, and sustainable community development, we invite you to join us. Any individual or institution may participate in the Nearing Good Life Fund by making an investment to the fund. You choose the amount, time, rate, and repayment schedule, within parameters set by the Fund.



Security

The Nearing Good Life Fund is not insured or guaranteed. However, all investors share a claim on the entire assets of the Equity Trust Fund, now totaling approximately 5.25 million. However, with over one million dollars loaned out, the Equity Trust has a 100% repayment rate.

Terms

Investments should be made for at least one year. Longer terms are preferred, because most borrowers require longer commitments from the Fund.

Return

The rate of return is determined by the investor and may range from no interest to the prevailing money market rate at the time the loan is made.

Management and Support

The Fund is governed jointly by the Good Life Center and the Equity Trust. Lending decisions are made by representatives from both organizations. Management and operations of the fund are the responsibility of the Equity Trust. Together, they bring many years of experience in community development and conventional finance, related legal and professional skills, and the knowledge of grassroots practitioners.

THE NEARING GOOD LIFE FUND: TERMS FOR INVESTORS

The Nearing Good Life Fund is a collaborative investment program between the Good Life Center and the Equity Trust developed to provide supporters of the Good Life Center with a way to invest their money in a socially and environmentally responsible manner and further a shared vision of sustainable community economics. The Nearing Good Life Fund offers the opportunity to advance the mission of the Good Life Center and to promote the philosophy of the Helen and Scott Nearing by financing projects throughout the United States, and, beyond.

The Nearing Good Life Fund welcomes loans for socially and environmentally concerned investors. The combination of sources gives the Fund greater capacity and unusual flexibility in financing community development and environmental preservation and conservation projects throughout the United States and beyond.

Any individual or institution may invest in the Nearing Good Life Fund. Lenders may set the terms of their loans within the guidelines established by the Equity Trust Fund. Specifically, the opportunities for lenders are:

Amount You choose the amount you wish to lend to the Fund. There is no minimum or maximum amount.

Term We request commitments of at least one year, although exceptions can sometimes be made. Longer terms are preferred, because most borrowers require longer commitments from the Fund.

Rate You choose the interest rate on your loan, from no interest at all to a maximum approximately equal to the prevailing money market rate at the time your loan is made, and the rate is fixed throughout the term of your loan. We ask only that you consider the needs of our borrowers are you consider your own. (Note: When we lend your funds, we increase the rate by approximately 2% to cover administrative costs.) As of today, _____, 20____, the rate on the Equity Trust Fund's cash-flow money market account is approximately ____%.

Repayment Schedule We prefer to make payments on a quarterly, semi-annual, or annual schedule, and most lenders choose payments of interest only, deferring principal payment until the end of the term. However, other arrangements can be made, if you prefer.

Use of Funds The Good Life Center has a particular interest in projects consistent with the ideals articulated by Scott and Helen Nearing which, among others, include a) increasing the equality of the economic relationships between people and communities; b) contributing to sustainable economies; and c) promoting principles of

environmentally sound lifestyles. The resources from the Nearing Good Life Fund will be used for lending purposes consistent with these principles and the practices of the Equity Trust Fund. You may indicate specific preferences (geographical area, types of projects, etc.) regarding our use of your funds, or simply allow us to apply the funds to qualifying projects as needs arise. We will make a good faith effort to honor your requests whenever funds are available, and use funds for similar good purposes if there are no applicants meeting your criteria at that time. If your loan is designated for a specific project, that project and applicant will still be subject to our normal loan review process.

Security The Nearing Good Life Fund is not insured or guaranteed. However, all lenders share a claim on the assets of the Equity Trust Fund. Because of the substantial equity gifts which the Equity Trust Fund has received, lenders can feel considerable security. Any losses to the Fund on project loans would be covered first by liquidation of collateral, second by the Equity Trust Fund's loan loss reserves, and third by the Fund's other equity. In the highly unlikely event that all of these were insufficient, losses would be shared proportionately by all investors.

Loan Processing Making a loan to the Nearing Good Life Fund is very simple. Contact the Equity Trust by telephone or mail, so that we can answer any questions you might have and to establish the terms of your loan. We will then send you two copies of a Loan Agreement outlining these terms. If they accurately reflect your intentions, sign and keep one copy for your own files and return the other to the Equity Trust along with your check. We will then send you a Promissory Note evidencing our receipt of your funds.

We very much appreciate your interest in the Nearing Good Life Fund and will gladly provide additional information about the purposes and performance of the Fund, the other programs of the Equity Trust, Inc., or the structure and management of the organization, at your request. Please contact us to discuss your particular interests and needs as a prospective investor.

EQUITY TRUST, INC.

529 Beach Pond Road
Voluntown, CT 06384
860-376-6174 Tel/Fax

NEARING GOOD LIFE FUND LOAN AGREEMENT

This is a Loan Agreement by and between _____ ("Lender"), whose address is _____ and the Equity Trust, Inc., a nonprofit corporation organized under the laws of the Commonwealth of Massachusetts ("Borrower"), whose address is 539 Beach Pond Road, Voluntown, Connecticut 06384, made and entered into this _____ day of _____, 200__.

WHEREAS, the Borrower is organized for charitable purposes including the following

- 1) to promote and provide access to land, housing, capital, and employment opportunities for low-income people and others who are disadvantaged in their efforts to meet their basic human needs;
- 2) to promote the conservation and ecologically responsible use of land and natural resources;
- 3) to provide education, training, technical assistance and financing to organizations engaged in community economic development and environmental preservation;
- 4) to offer opportunities for people of greater economic means to support economic development in disadvantaged communities;
- 5) to overcome divisions of class, color, gender and nationality and to unite individuals and organizations in common efforts for economic and social reform; and

WHEREAS, the Lender shares these purposes and desires to support the Borrower in its activities in furtherance of these purposes; and

WHEREAS, the Borrower desires to borrow _____ dollars (\$ _____) for the use of its Equity Trust Fund program, and the Lender desires to lend this amount for this purpose;

NOW THEREFORE, the Lender and Borrower agree as follows:

- 1) The Lender shall provide the Borrower with _____ dollars (\$ _____).
- 2) The Borrower shall evidence this loan with a Promissory Note to the Lender for the sum of the loan, bearing interest at the rate of _____ percent (____%) per annum. The Borrower shall make annual payments of interest on the outstanding principal beginning one year from the date of its receipt of funds from the Lender. The entire principal balance, if not sooner paid, shall be due and payable _____ year(s) from the date of the loan.
- 3) Funds from this loan shall be used solely for the purposes of the Borrower's Equity Trust Fund program, designated for the Nearing Good Life Fund, including loans to community development and conservation projects benefiting low-income and other disadvantaged

individuals and communities. The Borrower shall notify the Lender, upon request, of its uses of funds.

4) The Borrower may prepay the whole or any part of the principal amount without penalty.

5) The Borrower shall use any interest received on loans made with the funds from this loan to pay the Lender, to pay administrative costs associated with the Equity Trust Fund and/or or increase the capital of the Fund, but not for any other purpose.

6) This Loan Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Borrower and Lender have issued this agreement to be executed this _____ day of _____, 200__.

Equity Trust, Inc.
Borrower

Lender

By: _____
Its: Fund Manager

EQUITY TRUST, INC.

529 Beach Pond Road
Voluntown, CT 06384
860-376-6174 Tel/Fax

NEARING GOOD LIFE FUND NOTE

US\$ _____

Voluntown, Connecticut
_____ (date)

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay _____
or order, the principal sum of _____ dollars, with interest on the outstanding principal balance
at the rate of _____ percent (____%) per annum.

The principal and interest shall be payable at _____ (Lender's address) _____ or such other
place as the Note holder may designate. Interest shall be paid annually, beginning
_____ (date), and the outstanding principal balance, unless sooner paid, shall be due and
payable on _____ (date).

Borrower may prepay the principal amount in whole or in part without penalty.

This Note shall be binding upon all makers and their successors and assigns.

Any notice to Borrower related to this obligation shall be given by mailing such notice by certified mail,
return receipt requested, to Borrower at the Property Address stated below, or to such other address as
Borrower may designate by notice to the Note holder. Any notice to the Note holder shall be given by
mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in
the second paragraph of this Note, or at such other address as may have been designated by notice to
Borrower.

Prepaid Finance Charge: None
Annual Percentage Rate: _____%

The Equity Trust Inc

By: _____

Its: _____

539 Beach Pond Road, Voluntown, Connecticut 06384
Property Address of Borrower

Community Development Finance Project

Socially Responsible Investing

The central task of responsible members of the human race is to make constant and sustainable efforts to provide all human beings with ample opportunity to extend and fulfill life's maximum possibilities.

--Scott Nearing

CED Final Project
Dana Farrell

My Interest in Community Development Finance

- ❖ current financial system does not serve everyone
- ❖ access to capital is manipulated
- ❖ financial system perpetuates injustice

A Project of Two Loan Funds

SMITH HILL COMMUNITY LOAN FUND

a loan fund program of

The Smith Hill
Community Development
Corporation

Providence, RI

THE NEARING GOOD LIFE FUND

a collaborative loan fund of

The Equity Trust, Inc.
Voluntown, CT

and

The Good Life Center
Harborside, ME

Smith Hill Project



Demographics of Smith Hill

6,000 residents

36% of residents are recent immigrants

\$20,700 median family income

< 50% of residents have high school degrees

CED Task Force Established under umbrella of Smith Hill CDC

Primary Functions:

- ❖ to identify financial needs of Smith Hill residents
- ❖ to identify financial services available
- ❖ to identify gap between what is needed and what is available
- ❖ create mechanism through which gap is filled

Assumptions made by Smith Hill CED Task Force

- ❖ Smith Hill residents bring in more than \$50 million in wages per year
- ❖ 80% of houses in Smith Hill are owned by absentee landlords
- ❖ Small business development is stagnant, largely because small business loans are unavailable
- ❖ Many residents have blemished credit histories

Task Force conclusion:

A small-scale revolving loan fund, operated as a program of the Smith Hill CDC, will serve financial needs of residents

My Concerns with Task Force Grow

- ❖ Has adequate research been conducted?
 - ◆ Have the financial needs of Smith Hill residents been adequately identified?
 - ◆ Have the financial services currently available been identified?
 - ◆ Has the “gap” been clearly identified?
- ❖ Is there sufficient community representation on Task Force?
- ❖ Is the CDC capable of developing and sustaining a new financial institution?
- ❖ To what extent are self-interests driving the process?

Late Spring, 2000 -- A major project shift

- ❖ I was offered an opportunity to develop a collaborative loan fund between two organizations:

The Equity Trust and The Good Life Center

FACTORS:

- ◆ increasing level of doubt regarding quality of research and decision making of Smith Hill Task Force
- ◆ my desire to work with Chuck Matthei
- ◆ prospect of working on a community development finance project that is interesting AND feasible

The Nearing Good Life Fund

a collaborative loan fund of

The Equity Trust, Inc.

Voluntown, Connecticut

promotes access to land,
housing, capital, and
employment opportunities for
low-income and other
disadvantaged people...

promotes conservation and
ecologically responsible use of
land and natural resources

The Good Life Center

Harborside, Maine

perpetuates philosophies and
lifeways exemplified by Helen
and Scott Nearing...

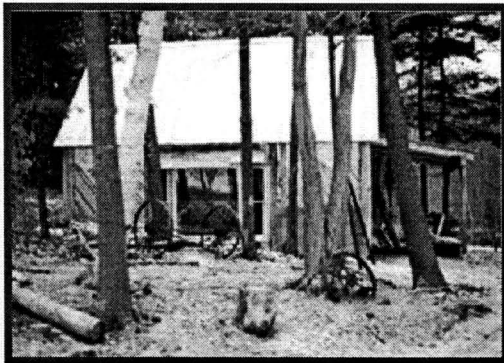
encourages and supports
individual and collective efforts
to live sustainably...

promotes active participation in
the advancement of social
justice and making deliberate
choices to live responsibly

Major Programs of The Equity Trust

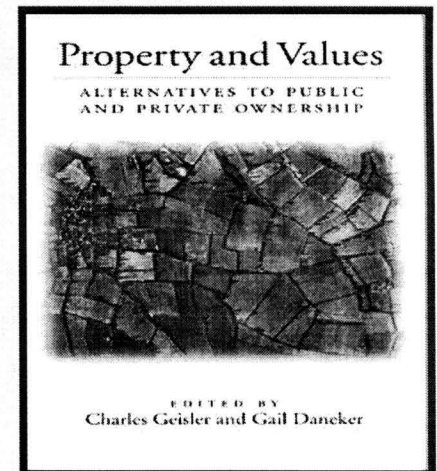
❖ The Equity Trust Fund

- ◆ receives loans and gifts from socially and environmentally concerned investors and donors, and uses these resources to finance community development and conservation projects in the U.S. and occasionally abroad



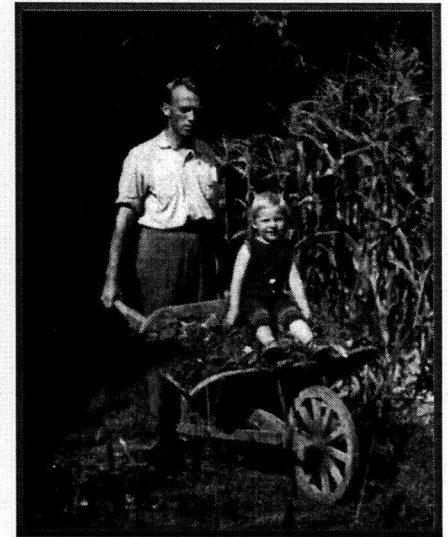
❖ Training and Technical Assistance

❖ Seminars, Publications, and Presentations

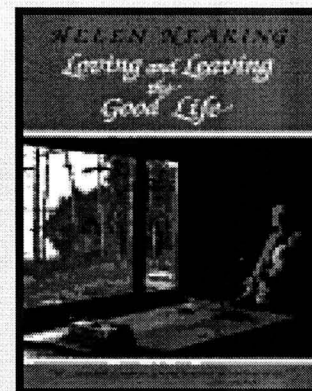
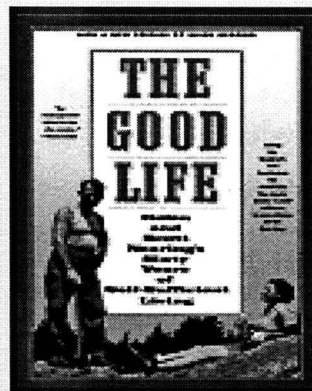
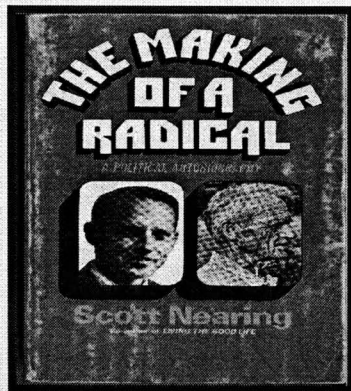


Major Programs of The Good Life Center

❖ Residential Stewardship at Forest Farm



❖ Publication of Nearings Books



❖ Monday Night Meetings

Who are the potential beneficiaries of the Nearing Good Life Fund?

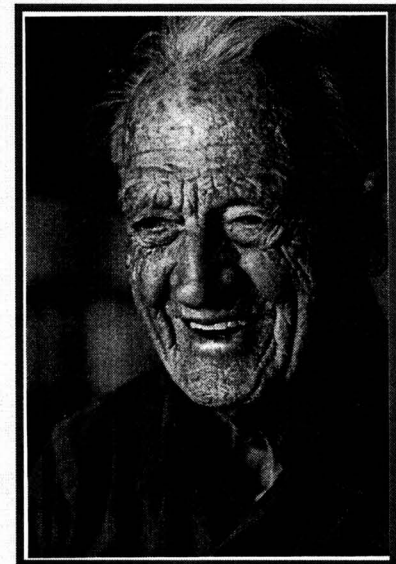
- ❖ The Equity Trust
- ❖ The Good Life Center
- ❖ community-based organizations

Problem Statement (from project contract)

There are many community groups engaged in projects and efforts to promote environmental sustainability, economic justice, and simple living that can not access capital for the continued growth and development of those projects. The Nearing Good Life Fund will be designed to provide a new opportunity for responsible social investment; a mechanism to educate individuals about the importance and significance of socially responsible investing; and a program through which community development and environmental preservation projects can be financed so that they can continue to promote strong values and a commitment to the philosophies expressed by the Nearings.



Scott and
Helen Nearing



My role in the Nearing Good Life Fund

- ❖ Act as liaison between The Equity Trust and The Good Life Center
- ❖ Advance the Nearing Good Life Fund to an operational stage

Expected Outputs:

- ◆ collaboration agreement
- ◆ loan documents
- ◆ process Good Life Center loan
- ◆ develop marketing plan and budget
- ◆ develop outreach material and send an initial appeal mailing

Were the expected outputs produced?

Fully achieved:

- ❖ Collaboration Agreement Written and Signed
 - ◆ describes roles and responsibilities of each organization with respect to the creation, operation, governance, and dissolution of the Nearing Good Life Fund
- ❖ Loan Documents Created
 - ◆ terms for investors
 - ◆ terms for borrowers
 - ◆ sample note
 - ◆ sample loan agreement
- ❖ Good Life Center Loan Processed
 - ◆ initial \$10,000 organizational investment by The Good Life Center

Were the expected outputs produced?

Partially achieved:

- ❖ Marketing Plan and Budget
- ❖ Outreach Material and Mailing
 - ◆ brochure created
 - ◆ mailing postponed until February 2001

Unexpected output achieved:

- ❖ Served in Educational Role for The Good Life Center Board of Directors and Stewards
 - ◆ attended November, 2000 Board Meeting at Forest Farm
 - ◆ gave presentation on socially responsible investing and the Nearing Good Life Fund

The Nearing Good Life Fund

a collaborative investment program between
The Equity Trust and The Good Life Center

- ❖ Structured as a “special account” within the Equity Trust Fund
- ❖ Receives loans and grants from socially and environmentally concerned investors and donors
- ❖ Makes loans to organizations engaged in work that is consistent with the social and economic values articulated by the Nearings

The Nearing Good Life Fund

a collaborative investment program between
The Equity Trust and The Good Life Center

Financing priority is given to projects that do one or more of the following:

- ◆ benefit low-income people
- ◆ promote the availability and accessibility of land for community-based agriculture
- ◆ promote environmentally-conscious, economically sustainable land use
- ◆ promote active participation in the advancement of social justice

The Nearing Good Life Fund

a collaborative investment program between
The Equity Trust and The Good Life Center

❖ Security

- ◆ investments not insured or guaranteed
- ◆ all investors share a claim on entire assets of the ETF

❖ Terms

- ◆ investments should be made for at least one year

❖ Rate of Return

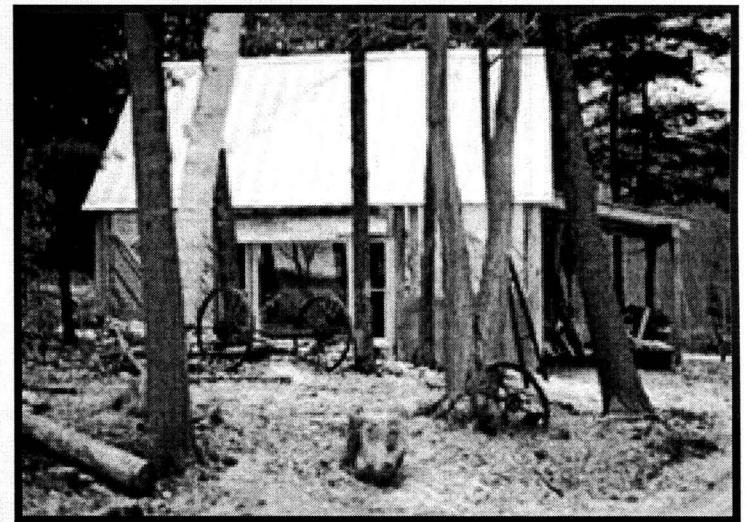
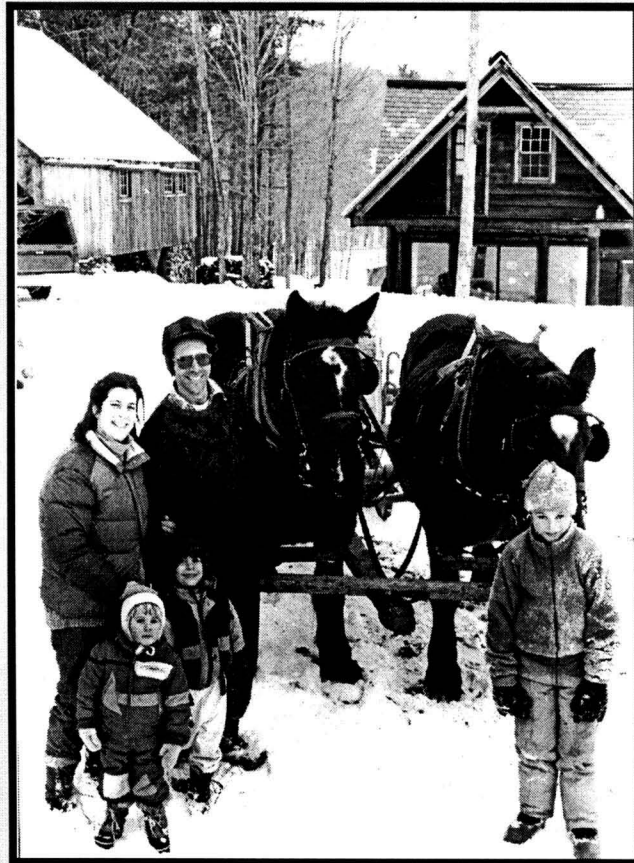
- ◆ determined by investor
- ◆ range from none to money market rate

❖ Management and Support

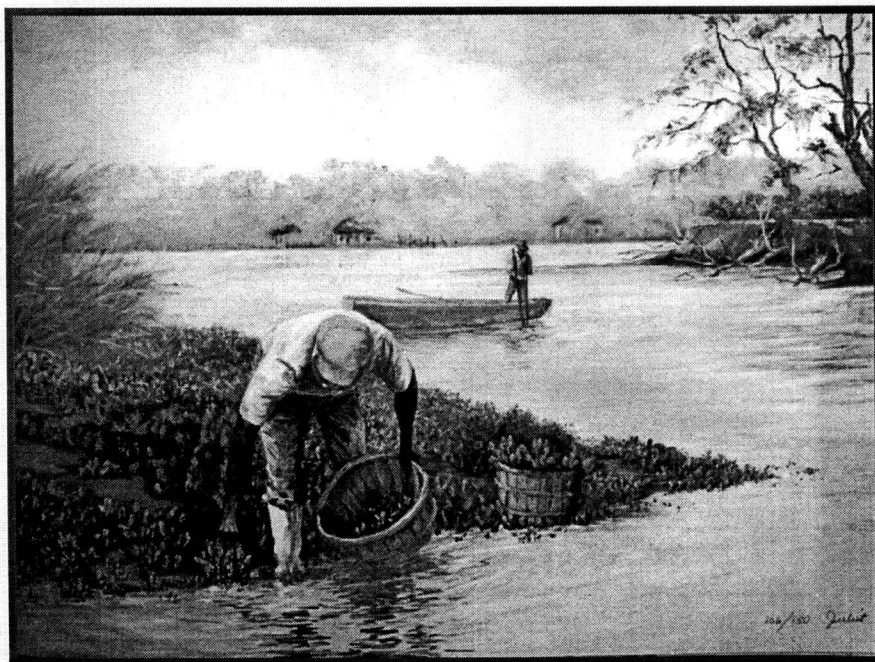
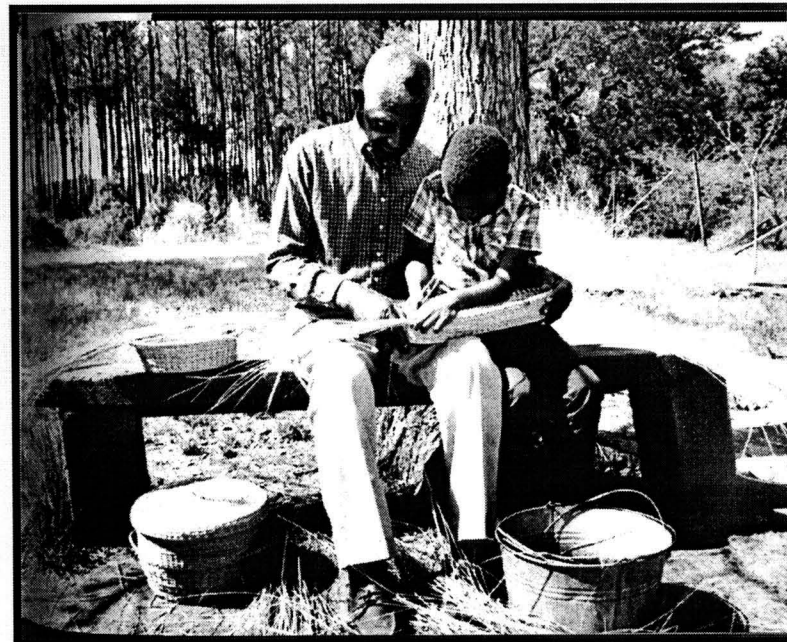
- ◆ lending decisions made jointly
- ◆ The Equity Trust is responsible for operations

With investments already made, the Nearing Good Life Fund has participated in financing several project loans including:

❖ Cold Pond Community Land Trust



❖ Sapelo Island Cultural
and Revitalization Society



Results of the Nearing Good Life Fund

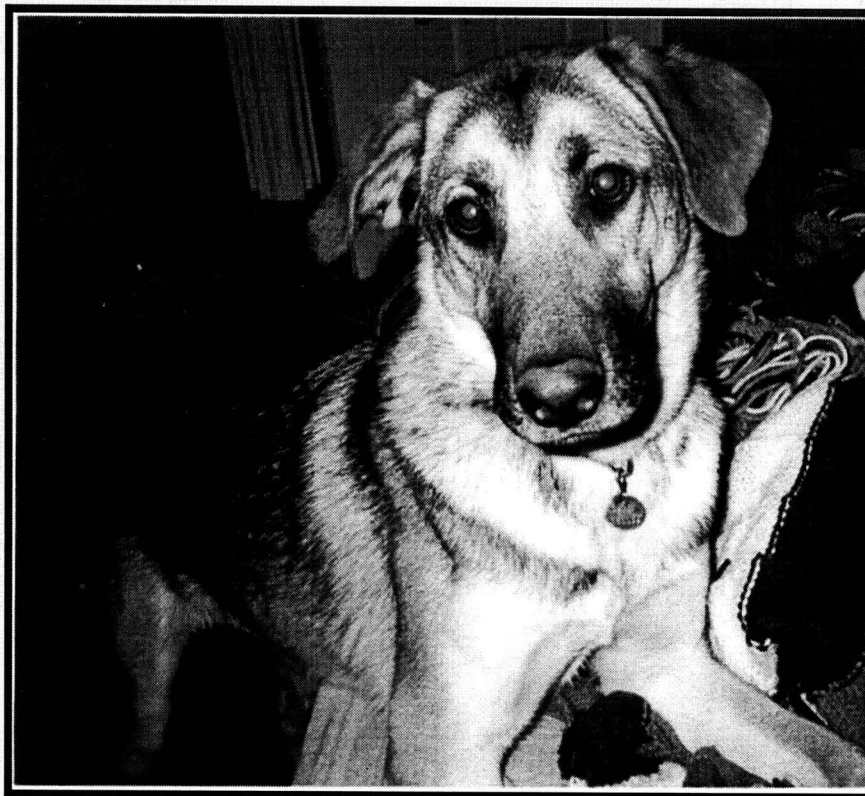
- ❖ Created an opportunity around which friends and supporters of The Good Life Center can be educated about socially responsible investing
- ❖ Provided a mechanism through which supporters of The Good Life Center can invest their money in a socially and environmentally responsible way
- ❖ Expanded the scope of the work and geographic impact area of The Good Life Center
- ❖ Increased capacity of The Equity Trust Fund to finance and support community development and conservation projects

Major Lessons Learned...

- ❖ Tools of community development finance
- ❖ Improved skills
- ❖ Project management
- ❖ Working with others
- ❖ About myself

Advice

- ❖ Avoid making premature commitments
- ❖ Don't get stuck in the "paralysis of analysis"
- ❖ Make learning the top priority



In memory of Molly

Lettprojects2000 Item 8



[NHC Caucus Center](#) => [Lettprojects2000](#) => [Item 8](#) => [Resp 29](#)

You are [Dana Farrell \(dfarr\)](#).

Dana Farrell's Project Item



☐ Item 8 14-JAN-2000 8:55 [Woullard Lett \(wlett\)](#)

Dana Farrell's project has been moved here from Project2001.

☐ 8:1) 14-JAN-2000 9:56 [Dana Farrell \(dfarr\)](#)



Definition of the Project--Assignment #1

A. Project Description

The project that I am working on is the establishment of the Smith Hill Community Loan Fund. The Smith Hill Community Development Corporation, located at 206 Smith Street in Providence, RI, will manage the project. Approximately seven people are actively working on the Smith Hill CDC's Economic Development Task Force to establish the Community Loan Fund.

The Smith Hill Community Loan Fund (SHCLF) will be a small-scale lending operation aimed at serving the needs of local residents of the Smith Hill community in Providence, RI. The capital fund will be used for micro-credit loans aimed at supporting actions that improve the economic conditions of residents of Smith Hill and the neighborhood as a whole. At the current time, we are considering a peer lending model, in which loans will be made to peer groups, rather than to individuals.

Organizational chart is forthcoming.

A detailed funding plan will need to be developed. At the present time, there is no funding for the SHCLF. However, at least \$10,000 has been committed (verbally) to the project. Equity Trust in Voluntown, CT is willing to provide substantial initial support. Other funding sources will likely include individual contributors, foundations, and local institutions. We will seek support from local universities and colleges, churches and other religious organizations.

The SHCLF is currently affiliated with Providence College, Rhode Island Housing, The National Campus Compact, Equity Trust, and St. Patrick's Church.

B. History and the context of the project

The Smith Hill Community Development Corporation was created in 1992 to address concerns of local residents about the decaying condition of the housing stock. Since its incorporation as a non-profit organization in 1992, the Smith Hill CDC has concentrated its' efforts on renovating and rehabilitating housing for both rental and home ownership. The organization has been very successful in securing grant monies and other funds to ensure that residents have safe and affordable housing in the neighborhood. While the board of directors of the CDC has prioritized economic development, in

addition to housing in their strategic plan, the CDCs' staffing capacity to undertake economic development initiatives is extremely limited. Thus, a small group of community residents, CDC staff, and other interested people joined together to form a volunteer Economic Development Task Force. The Task Force has met on monthly basis for approximately 1 ½ years. Initially, the group looked at the feasibility of establishing a local credit union. Several other options for CDFIs were explored and recently, the Task Force made a decision to move ahead with the revolving loan fund idea.

The Smith Hill Community Loan Fund will provide micro-economic lending services to the residents of the Smith Hill neighborhood in Providence who are primarily of very low-, low- and, moderate-income. The fund will look to support peer groups, informal associations of individuals who together, can access capital and provide a rich support network for one another. It is our goal to build and promote the sense of community in Smith Hill and it is our belief that our lending services will support community-building efforts. The project does not have a fixed duration. The SHCLF will be in operation for as long as the local residents need the lending services it will provide.

Demographic Information:

Smith Hill is defined as the area bounded by the Woonasquatucket River to the south near Promenade Street and the Chad Brown public housing complex on the north, and includes the area surrounding the State Capitol between Route 44 (Smith Street), the railroad downtown, the West River, and Interstate 95. Smith Hill has a population of approximately 6,000 residents.

Income

Median family income is \$24,870

Median household income is \$19, 086

Ethnicity

Nonwhite 39.6%

Black 12.2%

Hispanic 20.5%

Asian and Pacific Islanders 17.2%

Native American 0.8%

While the demographic information reported above is the most accurate information available, it is dated. The source of the information is the 1990 U.S. Census (as reported on the Providence Plan web site: www.providenceplan.org/oldtppweb/databook/partb/smhill.html) The number of nonwhite residents in Smith Hill, mostly immigrants, is generally thought to have increased significantly since 1990 and the median incomes have probably decreased or remained the same.

There are not other organizations in the area doing similar work. The closest model is probably the Oasis Credit Union, a recently formed credit union that primarily serves the South Providence population. While its implicit goal of providing lending services to historically marginalized populations is similar to the goal of the SHCLF, the services it provides are more comprehensive than those we will provide in Smith Hill. The credit union is federally regulated, while the SHCLF, once developed will not be. I do not know of any other CDFI that serves the local population in Smith Hill.

C. Stakeholders

There are three primary stakeholder groups for the SHCLF: Smith Hill residents, the Smith Hill Community Development Corporation, and Providence College. SHCLF will provide Smith Hill residents access to important financial resources and technical assistance. The Smith Hill CDC will benefit because their capacities as a small non-profit organization will be increased as they will focus more broadly on economic development initiatives, not strictly housing. Essentially, the work of the Task Force will push the CDC's economic development agenda forward and reflect favorably on the CDC. Providence College abuts the Smith Hill neighborhood. The success of the college is tied to the success of the neighborhood. Due to its' close proximity the college has an interest in the economic development in the neighborhood.

Several Smith Hill residents are members of the Task Force. While their opinions do not necessarily reflect the feelings of the neighborhood as a whole, we have been careful to include residents in every step of this process. The staff of the CDC have fully sanctioned and encouraged the efforts of the Task Force. We have not yet discussed the matter of the loan fund with college administrators, although students, particularly the ones involved in the Feinstein Institute seem generally interested.

As for casualties of the project, it is likely that if lending services are accessible to residents, the usage of local pawn shops will decrease. The impact of the SHCLF on the Smith Hill Pawn Shop has not been discussed with the owners.

D. Project Goals

A formal business plan has not yet been created for the SHCLF and many of its policies and procedures are just now being considered. This is one area where significant work will need to be done.

The SHCLF does not have a mission statement at the present time. Broadly, the goals for the SHCLF are to provide access to capital to promote economic development activities in Smith Hill while also promoting the sense of community among residents.

The Task Force is committed to seeing this project to a point when it will be able to sustain itself. A key in assuring the project moves towards its original goals is constant monitoring by all members of the Task Force.

E. Project Objectives

We are uncertain as to a realistic timeline. By next October, we imagine that enough funds will be raised and peer groups will be constituted so that our small initial loans can be given.

We need a business plan and start-up capital. We need to attract the interest and commitment of small peer groups. We need staffing for the SHCLF to provide technical assistance and overall management. We are confident that we have the resources to fulfill the prerequisites.

F. My Role

I have been a member of the Smith Hill Economic Development Task Force for almost one year. My contributions thus far have been very limited; My responsibilities have been very broadly defined up until this point. At the next Task Force meeting, on November 10th, I will present myself as a resource to the Task Force (I have met individually with almost all members already) to determine how I can best contribute to this ongoing effort. I imagine that my YOP may involve developing a written business plan and working out necessary procedures and protocols. My YOP may also involve raising start-up funds for the fund.

Through meeting with individual Task Force members, CDC staff, and CDC board members, it is clear to me that the Task Force needs committed leadership and energy. I expect to carve out specific responsibilities at the next Task Force meeting.

G. Definition of the project environment

While the members of the Task Force clearly are committed to developing a successful loan fund, each members' contribution to the effort is limited. It is a voluntary committee, and therefore, no one person devotes concentrated and consistent time to the management of Task Force progress. Taking a leadership role in the Task Force is exciting to me. I am getting to know each of the members of the Task Force, and a couple of them I have known for two years through my work at Providence College. Each one of the is extremely supportive of me as a person, and supportive also, of my efforts in promoting our goal.

In terms of the neighborhood, the CDC has developed an increasingly strong reputation. Several of the members of our Task Force are well respected community residents who are able to mobilize the energy of others.

Smith Hill is an immigrant community. Waves of immigrants move into and then out of Smith Hill. In recent years, there have been large numbers of Southeast Asian immigrants. Informal ethnic and religious associations are strong, and while Smith Hill is rich in human resources, financial services are not available to most residents. There are no bank branches located in the neighborhood, although banks have promised to consider moving into the neighborhood for over ten years. The main road in Smith Hill, Smith Street, is dotted with check-cashing shops and pawn brokers.

H. Resources

The collaboration with Providence College, and specifically with the Public and Community Services Program there, provides a rich pool of human resources both in the faculty and student populations. We have already been successful in enlisting faculty and students to contribute to the work of the Task Force in several ways.

In terms of physical resources, we are not in short supply. The CDC is housed in two floors of a three story house. There is both office and meeting space available for the work of the Economic Development Task Force there. The Feinstein Institute for Public Service at Providence College is also available to us for space and equipment, which includes access to computers, printers, fax machines, copiers, and other important office equipment.

☐ 8:2) 14-JAN-2000 9:56 Dana Farrell (dfarr)

Problem Statement:

Like many low income communities in the United States, Smith Hill has been underserved by traditional financial institutions. Conventional lending opportunities are not available to most Smith Hill residents; The residents are considered to be too risky because they often lack credit histories and collateral and the loans they seek are too small to be profitable to conventional lenders. Until appropriate lending services and technical assistance are available to the residents of Smith Hill, their ability to access capital for the purposes of small-scale economic development activity (including property rehabilitation, working capital, etc.) will continue to be limited. The Smith Hill Community Loan Fund will provide lending services and technical assistance aimed at encouraging asset accumulation and community development in Smith Hill.

Methodology:

My sources of information used to establish the problem statement were as follows:

Interviews (informational interviews that I conducted)

- * Keith Morton, member of Task Force, Providence College professor
- * Tom Twitchell, member of Task Force, retired community organizer, community activist and resident
- * Jeff Mason, member of Task Force, Rhode Island Housing
- * Aime Brissette, Smith Hill CDC, Executive Director
- * Paulette Larence, Smith Hill CDC, Assistant Director

Meetings (among members of the Task Force with the following organizations)

- * Oasis Credit Union
- * Rhode Island State Employee Credit Union
- * Smith Hill Neighborhood Council

Other Sources

- * Neighborhood Factbook, 1990 U.S. Census Information
- * various websites

While I wrote the problem statement above, it is a product of one and a half years of monthly meetings held by the Task Force and the collective thinking of the group. The lack of financial services in Smith Hill is a glaring reality and the reason for the Task Forces' coming together.

In terms of how broadly this "problem" is recognized, it surely depends upon the reference group. Among residents in Smith Hill, the problem is very real and widely recognized. In terms of conventional financial institutions, the feedback is mixed; Some local residents believe that banks are paying slightly more attention to the needs of the neighborhood, while others believe that the opposite is true, especially in light of the gigantic bank mergers of Fleet and Bank Boston. Small, low-income communities are easily overlooked. Regardless, it has been over fifteen years since a bank branch was located within the neighborhood. Apparently, the "problem" as stated above, is not very compelling to conventional financial institutions.

☐ 8:3) 14-JAN-2000 9:56 Dana Farrell (dfarr)

At our November 10th Task Force meeting, we identified the two directions of our work up until that point. There is a clear desire to move ahead with the loan fund. There is also a push to look at the loan fund as one of several potential programs of a community economic development umbrella plan of the CDC. While I am more interested in the former, for the purposes of my YOP, others in the Task Force are more interested in the latter. The need to constitute two distinct groups (with some overlaps) was discussed: a smaller group to focus primarily on the establishment of the loan fund and a larger group to focus on developing an overarching CED agenda and plan for the CDC. This is the proposal the Task Force is bringing to the CDC Board this Thursday night (November 18th).

What has evolved is that I will be "taking the lead" along with one other member of the original Task Force on the development of the loan fund (assuming that the board approves of the two groups). And while, within that, there are many areas for the development of my YOP, I feel as though the establishment of the fund is becoming my YOP—which is enormously overwhelming and probably more than what is intended for the YOP design. We do not have a large number of people from whom we can look to for leadership. And, because of my expressed interest and demonstrated commitment in recent months, I am being looked to for providing this leadership. Note that I did not include my knowledge of or expertise in CED, financial institutions, or alternatives, etc...or of the Smith Hill neighborhood as my strengths. Clearly, I have major shortcomings in this role.

☐ 8:4) 14-JAN-2000 9:56 Dana Farrell (dfarr)

Edit 

Defining my YOP

As I wrote above, I am having difficulty deciphering between my YOP and the establishment of the loan fund as a whole. What has become clear in recent weeks is that I will be assuming a significant amount of responsibility for many aspects of the loan funds' development. With that said, however, I will due my best to narrow the scope of my YOP and provide a detailed timeline.

By October 2000, through my YOP, I will have worked with the Task Force to arrive at a loan fund model that will serve the interests and needs of Smith Hill neighborhood residents. I will have worked to attract and educate residents to participate in the development process. One year from now, the loan fund will likely still be in formation.

Ongoing

I will develop a more intimate knowledge of Smith Hill—its residents, its local leaders, its institutions, its assets, and its needs by spending time in the neighborhood, talking with local residents, patronizing local establishments, etc.

December

I will review the various models of loan funds, with particular attention paid to peer lending models.

January

I will meet with several neighborhood leaders to inform them about the loan fund and to recruit them as potential task force members; I will solicit additional names of people who they think might be interested and contact those individuals directly.

February and March

I will conduct a series of neighborhood presentations to inform residents about the loan fund and to recruit potential task force members

April

I will concentrate my efforts on "task force development." I will share my knowledge of the development process up until this point with the new task force members; I will provide an overview as to the various loan fund models around the country; Together, we will determine whether the model currently being discussed is the appropriate model.

May

Start developing formal business plan and begin to formalize lending process, protocols, procedures, etc.

June

Explore funding alternatives and begin to develop funding plan.

July and August

I will conduct a series of neighborhood presentations (along with task force members) to attract potential borrowers.

After this point, what needs to happen month by month gets fuzzy to me. I do not know how to reconcile the fact that we do have a task force in place and the task force wants to move forward with my belief that a more active and representative task force needs to be constituted before much more progress is made. How much of this process can be planned out in this linear fashion? How much of this process will be determined as challenges arise or successes are experienced? There is no objective answer to these questions. While thoughtful and deliberate plans need to be made, there is still the sense among the group that we are at the "edge of a cliff" and that we need to jump off. There have been more than one and a half years of meetings, up until this point and task force members want to "see something happen," recognizing that there are just some things that can not be planned or predicted and acknowledging that from encountering challenges and making necessary modifications/changes, we will learn. Our true goal is to promote relationship building. And, we have set up a situation where there isn't much to lose. Where is the balance here?

☐ 8:5) 14-JAN-2000 9:56 Dana Farrell (dfarr)

Edit 

Problem Statement (remains the same from above):

Like many low income communities in the United States, Smith Hill has been under-served by traditional financial institutions. Conventional lending opportunities are not available to most Smith Hill residents; The residents are considered to be too risky because they often lack credit histories and collateral and the loans they seek are too small to be profitable to conventional lenders. Until appropriate lending services and technical assistance are available to the residents of Smith Hill, their ability to access capital for the purposes of small-scale economic development activity (including property rehabilitation, working capital, etc.) will continue to be limited. The Smith Hill Community Loan Fund will provide lending services and technical assistance aimed at encouraging asset accumulation and community development in Smith Hill.

While I seem to be extremely busy doing CLF related business, it is still painfully obvious to me that I have not yet carved out a reasonable and realistic YOP project. Offering myself up to the Task Force as a potential resource, I have taken responsibility for general tasks of the Task Force, like making a presentation to the CDC Board of Directors. It is clear, however, that the time has come to get focused!

I have spent a considerable amount of time thinking about how, specifically, I can be a resource to this

effort. It may be helpful for me to describe the work that I do in Providence so that the readers of this caucus item will have some clarity about the background that I bring. For the past 2 ½ years I have worked as the service-learning coordinator at the Feinstein Institute for Public Service at Providence College. My primary responsibilities include developing and maintaining partnerships with community-based organizations and schools in Providence. My goal is to develop these relationships so that the students, faculty, and Providence College as a whole can make meaningful contributions to the work currently underway in our Providence neighborhoods. The research and writing that I have done over the past couple of years has focused mainly on the responsibilities of colleges and universities to their surrounding communities and the potential for the development of those relationships. But, through my work, it has become clear that institutional alliances/partnerships between and among not-for-profits, schools, religious organizations, and foundations, all hold tremendous potential for community building efforts.

CLFs need a broad base of support to be sustainable. They typically appeal to many sources for support including individual investors, religious institutions, banks, foundations, and schools. I believe that my skills can be utilized in the effort to assess what institutional support would be needed for the success of the CLF and to strategize around how to begin to build the support.

Earlier, Tosun's questions focused mainly on the peer-supported aspect of the loan fund. While this is certainly an important aspect of our plan, it is one that clearly needs significant exploration. I do not want this, however, to be the focus of my YOP. Examining whether the peer-supported model is appropriate for our effort will be a charge of the Task Force. At this point, we have not made a firm commitment to this model. Our commitment is to create a fund that will provide local residents with access to funds to support economic development activities; Ultimately, we want to enable residents to establish their own credit histories, so as their sophistication around money management increases, access to more funds will be made available through conventional lenders/banks.

For a successful operation, even at the modest scale that we envision, we are certain that we will need institutional partners. I would like to focus my efforts in this area. I am decently positioned in the community (and on the campus of Providence College) to begin this exploration.

Broadly, then, my YOP will involve the following:

- examining what level of institutional support we need for the capitalization and operation of the CLF
- identifying potential institutional partners
- identifying potential institutional contributions (funding is the obvious priority, but not the only one)
- creating a plan for the pursuit of the support

It is difficult to say what I expect to achieve in the project within the next 14 months. So much of my work depends upon the work of Task Force members (and our ability to engage additional community members). But, I would expect that within 14 months I will have been able to explore the institutional potential in great depth—to understand how institutional support fits into the conceptualization of the fund. I would expect that I would have been able to assess what types of support we will need and which institutional players we should attract. I would also expect that a comprehensive plan could be developed in that time frame that would guide our future activities in relation to institutional support. In this process, I would also expect that many personal connections will be made throughout this process that will foster the likelihood of creating institutional partnerships.

Some sources that have been helpful:

- The Community Loan Fund Manual, Institute for Community Economics
- Operations Guide for Community Development Loan Funds, National Association of Community Development Loan Funds

The Price of a Dream, David Bornstein
Who Needs Credit?, Geoffrey Wood

□ 8:6) 14-JAN-2000 9:56 Dana Farrell (dfarr)



CED Project Resources

The Community Loan Fund Manual, Institute for Community Economics, 1987.

Operations Guide for Community Development Loan Funds, National Association of Community Development Loan Funds

Both the CLF Manual and the Operations Guide provide important information about the function and forms of CLFs. They both provide detailed descriptions of the various steps groups should take to evaluate whether the CLF model serves the interests of the community. They also provide suggestions for planning, organizing, fundraising, etc.

Who Needs Credit? Poverty and Finance in Bangladesh, edited by Geoffrey Wood and Iffath Sharif, 1997

This book examines the success of the micro-credit lending operation, the Grameen Bank, in Bangladesh and critically questions whether that model can effectively be adapted in other countries.

The Price of a Dream, David Bornstein, 1996.

This book examines the context for the success of the Grameen Bank.

Smith Hill Renewal Project, Official Redevelopment Plan, Providence Redevelopment Agency, 1981

Official Redevelopment Plan for the Douglas Avenue Revitalization Project, Dept. of Planning and Development, 1996.

Smith Hill Neighborhood Analysis, City of Providence, 1979.

There is certainly not a shortage of economic development plans for Providence, and specifically for the Smith Hill neighborhood. These historical documents give a history of the plans that have been created by various entities in the city for the revitalization of Smith Hill.

<http://www.providenceplan.org/nhfactbk/fbhome.htm>

Provides demographic information of Providence, by neighborhood.

<http://www.providence.edu/psp/smithhill/index.html>

Provides history of Smith Hill neighborhood.

<http://www.soc.titech.ac.jp/icm/>

Virtual Library on Microcredit

There are many other web sites that I have not documented. The list of resources I've checked out related to peer lending is forthcoming. Info. is not available to me tonight.

❑ 8:7) 14-JAN-2000 9:56 Dana Farrell (dfarr)



CED PROJECT PROPOSAL

Smith Hill Community Loan Fund:

An Analysis of Institutional Players and Resources

A Strategy for Mobilizing Institutional Resources

Background

- A. History and the context
- B. Affiliations
- C. Demographics
- D. Stakeholders
- E. Definition of the environment

Problem Statement

- A. Methodology
- B. Recognition of the "Problem"

Goal Statement

My Niche

- A. Background
- B. My Project
- C. Rationale
- D. My Goal
- E. Timeline

Resources

Additional Research

CED PROJECT PROPOSAL

Background

A. History and the context

The Smith Hill Community Development Corporation was created in 1992 to address concerns of local residents about the decaying condition of the housing stock. Since its incorporation as a non-profit organization in 1992, the Smith Hill CDC has concentrated its' efforts on renovating and rehabilitating housing for both rental and home ownership. The organization has been very successful in securing grant monies and other funds to ensure that residents have safe and affordable housing in the neighborhood. While the board of directors of the CDC has prioritized economic development, in addition to housing in their strategic plan, the CDCs' staffing capacity to undertake economic development initiatives is extremely limited.

One and a half years ago a small group of community residents, CDC staff, and other interested people, including myself, joined together to form a volunteer Economic Development Task Force. The Task Force has met on monthly basis. Initially, the group explored various options for establishing a community development financial institution, including a community development credit union and a revolving community loan fund. Recently, the Task Force made a decision to move ahead with the establishment of a revolving loan fund.

The Smith Hill Community Loan Fund (SHCLF) will be a small-scale lending operation aimed at serving the needs of local residents of the Smith Hill community in Providence, RI. The capital fund will be used for micro-credit loans to support actions that improve the economic conditions of residents of Smith Hill and the neighborhood as a whole. The scale of the loan fund, as well as its' operating procedures remain to be worked out.

B. Affiliations

The Smith Hill Community Loan Fund, once established will be affiliated with the Smith Hill Community Development Corporation, located at 206 Smith Street in Providence, RI. Members of the Economic Development Task Force are currently exploring options for legal affiliation. The Task Force is considering strategies to increase staffing for the CDC, as well as erecting a firewall to protect the CDC against liabilities of the loan fund.

The SHCLF is also currently affiliated with Providence College, Rhode Island Housing Corporation, The National Campus Compact, Equity Trust, and St. Patrick's Church.

C. Demographics

Smith Hill is defined as the area bounded by the Woonasquatucket River to the south near Promenade Street and the Chad Brown public housing complex on the north, and includes the area surrounding the State Capitol between Route 44 (Smith Street), the railroad downtown, the West River, and Interstate 95. Smith Hill has a population of approximately 6,000 residents.

Income

Median family income is \$24,870

Median household income is \$19, 086

Ethnicity

Nonwhite	39.6%
Black	12.2%
Hispanic	20.5%
Asian and Pacific Islanders	17.2%
Native American	0.8%

While the demographic information reported above is the most accurate information available, it is dated. The source of the information is the 1990 U.S. Census (as reported on the Providence Plan web site: www.providenceplan.org/oldtppweb/databook/partb/smhill.html) The number of nonwhite residents in Smith Hill, mostly immigrants, is generally thought to have increased significantly since 1990 and the median incomes have probably decreased or remained the same.

D. Stakeholders

There are three primary stakeholder groups for the SHCLF: Smith Hill residents, the Smith Hill Community Development Corporation, and Providence College. SHCLF will provide Smith Hill residents, who are primarily very low-, low- and, moderate-income, access to important financial resources and technical assistance. The Smith Hill CDC will benefit because their capacities as a small non-profit organization will be increased as they begin to focus more broadly on economic development initiatives, not strictly housing. Essentially, the work of the Task Force will push the CDC's economic development agenda forward and reflect favorably on the CDC. Providence College abuts the Smith Hill neighborhood. The success of the college is tied to the success of the neighborhood. Due to its' close proximity the college has an interest in the economic development in the neighborhood.

Several Smith Hill residents are members of the Task Force. While their opinions do not necessarily reflect the feelings of the neighborhood as a whole, we have been careful to include residents in every step of this process. The staff of the CDC have fully sanctioned and encouraged the efforts of the Task Force. We have not yet discussed the matter of the loan fund with college administrators, although students, particularly the ones involved in the Feinstein Institute seem generally interested.

The harm that the establishment of the loan fund could potentially cause appears to be minimal. It is likely that if lending services are available to residents, the usage of local pawn shops and check cashing outfitters will decrease. Currently, there are four pawn shops in Smith Hill and two check cashing businesses. The impact of the SHCLF on these businesses has not been discussed with the owners.

E. Definition of the environment

Below are Smith Hill neighborhood facts which help to define the environment of the neighborhood, while at the same time make a case for the establishment of a CDFI.

Smith Hill residents bring more than \$50 million per year in wages into the neighborhood

Smith Hill homes are more than 80 percent rental units, most managed by absentee landlords and residents have a very difficult time getting access to mortgage loans

Small business development in Smith Hill is stagnant, due in part to the difficulty residents have

in getting access to small business loans

While many Smith Hill residents have sound work and rental histories, many also have a blemished or non-existent credit record, making it difficult for them to obtain conventional credit.

Smith Hill has no financial institution - bank or credit union - that can serve the retail and credit needs of its residents. While the State Employees Credit Union is located within the boundaries of Smith Hill, it is not in a position to make character loans; describes its loan policies as increasingly conservative due to changes in federal regulations, and is not open to Smith Hill residents who are not U.S. citizens.

Smith Hill is largely an immigrant community. Waves of immigrants move into and then out of Smith Hill. In recent years, there have been large numbers of Southeast Asian immigrants who have made Smith Hill their home. Informal ethnic and religious associations are extremely strong; it will be critical for the Task Force to identify and then enlist the support of these associations in the establishment of the loan fund.

While the members of the Task Force clearly are committed to developing a successful loan fund, each members' contribution to the effort is limited. It is a voluntary committee, and therefore, no one person devotes concentrated and consistent time to the management of Task Force progress. Each active member expects to make contributions of time, energy, and expertise in appropriate and productive ways as they are identified at the monthly meetings. Assignment of responsibilities, up until now, has largely been ad hoc and voluntary but the need to formalize responsibilities has become clear. The need to increase participation in the work of the Task Force is also clear. Current members consider this to be the most important area for development as the effort continues.

Problem Statement

Like many low income communities in the United States, Smith Hill has been under-served by traditional financial institutions. Conventional lending opportunities are not available to most Smith Hill residents; The residents are considered to be too risky because they often lack credit histories and collateral and the loans they seek are too small to be profitable to conventional lenders. Until appropriate lending services and technical assistance are available to the residents of Smith Hill, their ability to access capital for the purposes of small-scale economic development activity (including property rehabilitation, working capital, etc.) will continue to be limited. The Smith Hill Community Loan Fund will provide lending services and technical assistance aimed at encouraging asset accumulation and community development in Smith Hill.

A. Methodology

My sources of information used to establish the problem statement were as follows:

Interviews (informational interviews that I conducted)

- * Keith Morton, member of Task Force, Providence College professor

* Tom Twitchell, member of Task Force, retired community organizer, community activist and resident

* Jeff Mason, member of Task Force, Rhode Island Housing Corporation

* Aime Brissette, Smith Hill CDC, Executive Director

* Paulette Larence, Smith Hill CDC, Assistant Director

Meetings (among members of the Task Force with the following organizations)

* Oasis Credit Union

* Rhode Island State Employee Credit Union

* Smith Hill Neighborhood Council

Other Sources

* Neighborhood Factbook, 1990 U.S. Census Information

* various websites

B. Recognition of the "Problem"

While I wrote the problem statement above, it is a product of one and a half years of monthly meetings held by the Task Force and the collective thinking of the group. The lack of financial services in Smith Hill is a glaring reality and the reason for the Task Forces' coming together.

In terms of how broadly this "problem" is recognized, it surely depends upon the reference group. Among residents in Smith Hill, the problem is very real and widely recognized. In terms of conventional financial institutions, the feedback is mixed; Some local residents believe that banks are paying slightly more attention to the needs of the neighborhood, while others believe that the opposite is true, especially in light of the gigantic bank mergers of Fleet and Bank Boston. Small, low-income communities are easily overlooked. Regardless, it has been over fifteen years since a bank branch was located within the neighborhood. Apparently, the "problem" as stated above, is not too compelling to conventional financial institutions.

Goal Statement

The Smith Hill Community Loan Fund will provide access to capital and technical assistance to low and moderate income residents in Smith Hill. The Loan Fund endeavors to promote economic development activities in Smith Hill while at the same time promoting a sense of community among residents (possibly through peer group lending).

My Niche

A. Background

For the past two and a half years I have worked as the Service-Learning Coordinator at the Feinstein Institute for Public Service at Providence College. The Feinstein Institute administers an academically based service-learning program. My primary responsibilities include developing and maintaining

partnerships with community-based organizations and schools in Providence. My goal is to develop these relationships so that the students, faculty, and Providence College as a whole can make meaningful contributions to the work currently underway in our Providence neighborhoods. Much of my work has been concentrated in Smith Hill and I have worked closely with approximately six not-for profit organizations and schools in the neighborhood. The research and writing that I have done over the past couple of years has focused mainly on the responsibilities of colleges and universities to their surrounding communities and the potential for the development of those relationships. Through my work, it has become clear that institutional alliances/partnerships between and among not-for-profits, schools, religious organizations, and foundations, hold tremendous potential for community building efforts.

I have developed my project idea out of my own personal strengths, current interests, knowledge of the neighborhood, and relationships within the neighborhood. Examining institutional responsibilities to the neighborhood and identifying the resources that those institutions can bring to bear on community development efforts, and the loan fund, in particular is of interest to me.

B. My Project

My project will involve the following:

1. examining what level of institutional support we need for the capitalization and operation of the CLF
2. identifying potential institutional partners
3. identifying potential institutional contributions (funding is the obvious priority, but not the only one)
4. creating a plan for the pursuit of the support

The Task Force is currently considering a sustainable model for the scale of the loan fund, and the level of capitalization that will be necessary. Our thinking suggests that varying levels of contributions both from individual and institutional investors will be necessary. I will participate in the process of determining appropriate scale of the fund for the neighborhood, with an emphasis on the contributions that will be needed from institutional partners.

I will create an institutional map of the neighborhood, which will include all colleges, universities, schools, not-for-profit organizations, for-profit companies, and religious institutions located within or adjacent to the Smith Hill neighborhood in Providence, RI.

I will identify the potential contributions of each of the institutions to the loan fund. This will include financial contributions, as well as other human, technical, or other resources that could be mobilized. This portion of my project is similar to the asset-mapping approach in asset-based community development.

Finally, I will create a strategic plan around the engagement of the institutional resources that are deemed most important to the success and sustainability of the Smith Hill Community Loan Fund.

C. Rationale

CLFs need a broad base of support to be sustainable. For a successful operation, even at the modest scale that we envision, we are certain that we will need institutional partners. CLFs typically appeal to many sources for support including individual investors, religious institutions, banks, foundations, and schools. I believe that my skills and previously developed relationships can be utilized in the effort to assess what institutional support would be needed for the success of the CLF and to strategize around how to begin to build the support.

D. My Goal

Through the implementation of my project, I hope to contribute in a significant way to the efforts of the Smith Hill Economic Development Task Force. After conducting research on the institutions in the neighborhood and their potential contributions, I will be in a position to inform the Task Force about what institutional resources exist in the neighborhood and effective ways to engage these resources. Because of my efforts, the Task Force will be better positioned to enlist the support of these strategically critical institutional resources.

E. Timeline

It is with the expectation that the timeline will shift considerably each month that I specify a rough time table for the progress of my project.

Ongoing

I will develop a more intimate knowledge of Smith Hill—its residents, its local leaders, its institutions, its assets, and its needs by spending time in the neighborhood, talking with local residents, patronizing local establishments, etc.

January

I will organize and facilitate a meeting of "Smith Hill Friends," neighborhood residents and local leaders, to inform them about the progress of the Task Force, enlist their personal support, ask for their blessings of current direction of our efforts, and give them information to take back to the companies, schools, and organizations where they work.

Inputs: personal feedback, group exchange

February and March

I will work with Task Force to devise a capitalization plan, including specifications for ideal institutional levels and forms of support.

Inputs: consideration of CLF models nationally, consultation with CED/CLF expert [Chuck Matthei, Equity Trust]

April

I will create a "map" of neighborhood institutions.

Inputs: information about what institutions exist within or adjacent to the Smith Hill neighborhood

May and June

I will meet with representatives of each of the area institutions to inform them about progress and goals for Task Force and CLF, as a whole. I will encourage representatives to consider how the institution that they represent could contribute to the establishment and sustainability of the CLF. I will work begin to strategize around how to enlist the support.

Inputs: meetings with representatives, personal feedback

July

I will present the potential institutional contributions to the Task Force and work with them to determine which of them are most critical to the success and sustainability of the CLF, given the identified needs and interests of neighborhood residents.

Resources

The following is a partial list of resources that I have already utilized:

The Community Loan Fund Manual, Institute for Community Economics, 1987.

Operations Guide for Community Development Loan Funds, National Association of Community Development Loan Funds

Both the CLF Manual and the Operations Guide provide important information about the function and forms of CLFs. They both provide detailed descriptions of the various steps groups should take to evaluate whether the CLF model serves the interests of the community. They also provide suggestions for planning, organizing, fundraising, etc.

Who Needs Credit? Poverty and Finance in Bangladesh, edited by Geoffrey Wood and Iffath Sharif, 1997

This book examines the success of the micro-credit lending operation, the Grameen Bank, in Bangladesh and critically questions whether that model can effectively be adapted in other countries.

The Price of a Dream, David Bornstein, 1996.

This book examines the context for the success of the Grameen Bank.

Smith Hill Renewal Project, Official Redevelopment Plan, Providence Redevelopment Agency, 1981

Official Redevelopment Plan for the Douglas Avenue Revitalization Project, Dept. of Planning and Development, 1996.

Smith Hill Neighborhood Analysis, City of Providence, 1979.

There is certainly not a shortage of economic development plans for Providence, and specifically for the Smith Hill neighborhood. These historical documents give a history of the plans that have been created by various entities in the city for the revitalization of Smith Hill.

<http://www.providenceplan.org/nhfactbk/fbhome.htm>

Provides demographic information of Providence, by neighborhood.

<http://www.providence.edu/psp/smithhill/index.html>

Provides history of Smith Hill neighborhood.

<http://www.soc.titech.ac.jp/icm/>

Virtual Library on Microcredit

Additional Research

Clearly, additional research for every step of my project, and for every step that the Task Force makes is critical. For my project, I will need to continue to research CLF models around the country and the world to determine the appropriate capitalization strategy. I will also need to familiarize myself, even

more so with the asset-based community development literature and strategies.

Probably the most critical research that I will do is the neighborhood survey of the resources. In the process of conducting the research, I will meet with many people who work for and represent the various institutions in the neighborhood. It will be this "research" that will probably be the most valuable and important to the success of my project. This one-on-one interaction with people, where I will take the opportunity to explain and rationalize the CLF and then receive feedback will be critical.

☐ **8:8) 04-FEB-2000 15:34 John A.Henderson (redhoj)**

Dana: Just a few questions:

- 1) Does a viable thriving commercial corridor exist in Smith Hill which boundaries run parallel to the college?
- 2) Has a survey been done of the existing business?
- 3) Will current business owners be able to access your CFI?
- 4) Is the business climate friendly or adversarial due to ethnic diversity?

☐ **8:9) 07-FEB-2000 18:46 Woullard Lett (wlett)**

I want to know about the Smith Hill Neighbors. How are plans for the meeting developing?

☐ **8:10) 11-FEB-2000 2:20 John A.Henderson (redhoj)**

Dana: For your information.

There's a certified CDFI located in Providence named Minority Investment Development Corporation which lends to minority and disadvantage entrepreneurs throughout the state.

☐ **8:11) 18-FEB-2000 10:55 Woullard Lett (wlett)**

Dana, it feels like you are not talking to me. What's up? We got to do the update thing.

☐ **8:12) 08-MAR-2000 17:18 Woullard Lett (wlett)**

Dana, come on now. Talk to me. We need to think about what you are doing together with the rest of the group. Right folks?

☐ **8:13) 03-APR-2000 18:03 Woullard Lett (wlett)**

Dana. Please put your project into the proposal format identified in item one.

What's happening?

☐ **8:14) 06-APR-2000 17:42 Dana Farrell (dfarr)**



Project Update
April 2000

I am happy to report that I have made significant progress on my project this month. I have talked at some length over the past several months about the various projects that I have developed and the troubles that I've had fitting them into the work of the Task Force. Because the Task Force is moving ahead in a completely non-linear fashion, I have had difficulty understanding where we came from and where we intend to go. When I have come up with what I thought to be a viable project idea, I would go to the next Task Force meeting only to discover that what I had developed seemed irrelevant to where the group was going.

I've seriously considered whether continuing to work with the Task Force is in my interest, given my learning objectives for this course (and more importantly, for my own knowledge). I have decided to continue on with the group. While although at times I have not felt that my concerns have been heard, over the past month or so, I've been encouraged by the responses that I've received from Task Force members and with how my suggestions or concerns have been incorporated into revised plans for the loan fund.

As it stands now, I am going to continue to work with the group, and have, I believe, identified an area where I can contribute in a very meaningful way. In the project that I have identified, I am also not constricted by decisions previously made by the group (some of which I have questioned), but rather, I will serve as an informant and advisor to the group, to help them refine/retool the products, services, and technical assistance that will be offered. It is my hope that the role I play will be critical in ensuring that the loan fund functions in a way that helps up move towards our goal....to promote home ownership.

Our problem statement has been clarified. The premise that we are operating on is that mortgage loans have been extremely difficult or impossible for residents of Smith Hill to obtain because they do not have credit histories, or else their credit histories are blemished. We want our loan fund to be able to help residents to establish a credit history, so that eventually, they will be able to successfully get a mortgage loan to buy a house. This is where my project comes in...

There are 4 components to my project:

1. to obtain CRA data and analyze

We need to know what is really going on with respect to banks' lending activity in this neighborhood. How many mortgage applications are made? How many mortgage loans are offered? How many are denied? This component will entail data and information collection from several of the major financial institutions in Providence, RI.

2. profile of successful borrower

What would make a Smith Hill residents' application for a mortgage a "slam dunk"? What are the criteria that banks use? What type of credit history are they looking for? What disqualifies an applicant? This component will also involve gathering information from several of the major financial institutions in Providence, RI.

3. plan for loan fund

How can our loan fund be designed so that I helps people develop a credit history that will be acceptable to a bank? What are the terms under which our loans should be made? This component of my project will involve advising the loan fund Task Force so that our products/services are well designed for the objectives that we have identified.

4. integration of initiatives

As explained in an earlier posting, the loan fund will be one initiative under an umbrella of community economic development initiatives of the Smith Hill CDC. This part of my project will involve an

analysis of how other initiatives could be combined, modified, or integrated. I can imagine that what I learn from completing first 3 components of my project, will have implications for other programs, whether existing or developing, at the CDC. For example, I might learn that the home buyer program, for one reason or another, is not serving the purposes for which it was designed. This component will involve a discussion of the others programs/initiatives of the CDC and an analysis for how the loan fund work can help inform the development of these other various programs.

A proposal (in the format that Woullard has presented) and a detailed timeline is forthcoming.

☐ 8:15) 25-APR-2000 16:24 Dana Farrell (dfarr)



CED PROJECT PROPOSAL

Background

A. History and the context

The Smith Hill Community Development Corporation was created in 1992 to address concerns of local residents about the decaying condition of the housing stock. Since its incorporation as a non-profit organization in 1992, the Smith Hill CDC has concentrated its' efforts on renovating and rehabilitating housing for both rental and home ownership. The organization has been moderately successful in securing grant monies and other funds to ensure that residents have safe and affordable housing in the neighborhood. While the board of directors of the CDC has prioritized economic development, in addition to housing in their strategic plan, the CDCs' staffing capacity to undertake economic development initiatives is extremely limited.

Almost two years ago, a small group of community residents, CDC staff, and other interested people, including myself, joined together to form a volunteer Community Economic Development Task Force. The Task Force has met monthly to discuss the problem of the lack of financial services accessible to Smith Hill residents. Currently, there are no financial institutions in the neighborhood. Initially, the group explored various options for establishing a community development financial institution, including a community development credit union and a revolving community loan fund. Several months ago, the Task Force made a decision to move ahead with the establishment of a revolving loan fund.

The Smith Hill Community Loan Fund (SHCLF) will be a small-scale lending operation aimed at serving the needs of local residents of the Smith Hill community in Providence, RI. The capital fund will be used for micro-credit loans to support actions that improve the economic conditions of residents of Smith Hill and the neighborhood as a whole. The scale of the loan fund, as well as its' operating procedures remain to be worked out.

B. Affiliations

The Smith Hill Community Loan Fund, once established will be affiliated with the Smith Hill Community Development Corporation, located at 206 Smith Street in Providence, RI. Members of the Community Economic Development Task Force are currently exploring options for legal affiliation. The Task Force is considering strategies to increase staffing for the CDC, as well as erecting a firewall to protect the CDC against liabilities of the loan fund.

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D. Stakeholders

There are three primary stakeholder groups for the SHCLF: Smith Hill residents, the Smith Hill Community Development Corporation, and Providence College. SHCLF will provide Smith Hill residents, who are primarily very low-, low- and, moderate-income, access to important financial resources and technical assistance. The Smith Hill CDC will benefit because their capacities as a small non-profit organization will be increased as they begin to focus more broadly on economic development initiatives, not strictly housing. Essentially, the work of the Task Force will push the CDC's economic development agenda forward and reflect favorably on the CDC. Providence College abuts the Smith Hill neighborhood. The success of the college is tied to the success of the neighborhood. Due to its' close proximity the college has an interest in the economic development in the neighborhood.

E. Definition of the environment

Below are Smith Hill neighborhood facts which help to define the environment of the neighborhood, while at the same time make a case for the establishment of a CDFI.

< Smith Hill residents bring more than \$50 million per year in wages into the neighborhood

< Smith Hill homes are more than 80 percent rental units, most managed by absentee landlords

and residents have a very difficult time getting access to mortgage loans

< Small business development in Smith Hill is stagnant, due in part to the difficulty residents have in getting access to small business loans

< While many Smith Hill residents have sound work and rental histories, many also have a blemished or non-existent credit record, making it difficult for them to obtain conventional credit.

< Smith Hill has no financial institution - bank or credit union - that can serve the retail and credit needs of its residents. While the State Employees Credit Union is located within the boundaries of Smith Hill, it is not in a position to make character loans; describes its loan policies as increasingly conservative due to changes in federal regulations, and is not open to Smith Hill residents who are not U.S. citizens.

Smith Hill is largely an immigrant community. Waves of immigrants move into and then out of Smith Hill. In recent years, there have been large numbers of Southeast Asian immigrants who have made Smith Hill their home. Informal ethnic and religious associations are extremely strong; it will be critical for the Task Force to identify and then enlist the support of these associations in the establishment of the loan fund.

While the members of the Task Force clearly are committed to developing a successful loan fund, each member's contribution to the effort is limited. It is a voluntary committee, and therefore, no one person devotes concentrated and consistent time to the management of Task Force progress. Each active member expects to make contributions of time, energy, and expertise in appropriate and productive ways as they are identified at the monthly meetings. Assignment of responsibilities, up until now, has largely been ad hoc and voluntary but the need to formalize responsibilities has become clear. The need to increase participation in the work of the Task Force is also clear. Current members consider this to be the most important area for development as the effort continues.

Problem Statement

I have developed several iterations of the problem statement. Until recently, the Task Force was not in full agreement as to the nature of the "problem" and the specific niche that the loan fund would serve. Recently, we have come to some clarity on this issue. Our effort has been refocused and the loan fund and its constituents will surely benefit.

Smith Hill homes are more than 80 percent rental units, most managed by absentee landlords. Residents have a very difficult time getting access to mortgage loans. Smith Hill is under-served by traditional financial institutions; thus, conventional mortgage lending opportunities are not available to most Smith Hill residents. The residents are considered to be too risky because they often lack credit histories and collateral. Until appropriate lending services and technical assistance are available to the residents of Smith Hill, their ability to buy homes that would stabilize the community is limited. The Smith Hill Community Loan Fund will provide lending services and technical assistance aimed at building credit histories and promoting responsible financial management for residents. This in turn, will increase residents' likelihood for mortgage loan approval from a conventional lender.

Goal Statement

The Smith Hill Community Loan Fund will provide access to capital and technical assistance to low and moderate income residents in Smith Hill. The loan fund will help residents build a credit history so that they will be able to access mortgage loans for the ultimate goal of home ownership.

My Project

My project will involve the following:

1. Obtaining CRA data and analyzing it

We need to know what is really going on with respect to banks' lending activity in this neighborhood. How many mortgage applications are made? How many mortgage loans are offered? How many are denied? This component will entail data and information collection from several of the major financial institutions in Providence, RI.

2. Profiling a successful borrower

What would make a Smith Hill residents' application for a mortgage a "slam dunk"? What are the criteria that banks use? What type of credit history are they looking for? What disqualifies an applicant? This component will also involve gathering information from several of the major financial institutions in Providence, RI.

3. Planning for loan fund

How can our loan fund be designed so that it helps people develop a credit history that will be acceptable to a bank? What are the terms under which our loans should be made? This component of my project will involve advising the loan fund Task Force so that our products/services are well designed for the objectives that we have identified.

4. Integrating CDC initiatives

The loan fund will be one initiative under an umbrella of community economic development initiatives of the Smith Hill CDC. This part of my project will involve an analysis of how other initiatives could be combined, modified, or integrated. I can imagine that what I learn from completing first 3 components of my project will have implications for other programs, whether existing or developing, at the CDC. For example, I might learn that the homebuyer program, for one reason or another, is not serving the purposes for which it was designed. This component will involve a discussion of the others programs/initiatives of the CDC and an analysis for how the loan fund work can help inform the development of these other various programs.

I expect that the loan fund will be established and fully operational within one year. For my contributions to the project, I expect to do the following:

May

Learn about credit histories -- how credit histories are established, how one can repair a blemished credit history, who has access, etc.

Gather and analyze data from CDC (statistics on number of people pre-qualified by CDC and then either approved/denied for mortgage loan, credit history status, etc.)

June

Gather mortgage-lending data from local financial institutions
Analyze mortgage-lending data

July and August

Meet with bank representatives (CRA officers and mortgage lenders) to define "profile" of successful borrower from Smith Hill; also, figure out whether banks accept alternatives to traditional credit histories, and if so, what kind.

☐ 8:16) 20-MAY-2000 22:43 Dana Farrell (dfarr)



May Update

The work of the Task Force is moving along. Over the past couple of weeks, I have focused my time on organizational issues of the Loan Fund. Namely, at the meeting we outlined the governing structure for the fund. This is how it will work:

The Oversight Committee will play the role of the loan fund's board of directors-and will have a President, Secretary, and Treasurer. This group will have primary responsibility for the operation of the loan fund, policy governing the fund, and oversight of the fund's capital and assets. The membership will include: Executive Director of CDC, CDC Board Member, neighborhood resident (not on CDC Board), person with related business expertise and financial network, two younger colleagues (one from Providence high school and one college student, and two at-large members. In total, there will be 8 members of this oversight committee, and a majority of them will be neighborhood residents.

The advisory committee is not limited in size. It will serve two functions: to expand the network of investors and borrowers for the loan fund, generating resources and business, and participating in the peer groups and providing other technical support to borrowers. This group will also serve as a sounding board for the Oversight Committee on an occasional basis.

At our next meeting, we will discuss the process for electing committee members and also begin the process of developing by-laws.

This month there is a major development that could potentially effect the work of the Task Force. The Executive Director, who up until now has been completely supportive of the CED initiatives and loan fund progress, will be stepping down as of June 3, 2000. The CDC is in the midst of conducting a search for a new director. Clearly, this puts us all in a position of uncertainty, not knowing who the incoming Director will be and how he/she will view our work, and our goals. The President of the Board of Directors of the CDC recently submitted his resignation, as he is applying for the Director position. Since the Board has expressed complete support, I assume that if he becomes the new Director, our work will be able to continue, without missing a beat. However, this is still up in the air. The alternative would be for the Task Force to file a 501C3 application to become our own not-for-profit. We have always maintained this as a possibility. The disadvantage of going down this route would be the absence of the legal and accounting services promised by the current CDC director. I would identify this uncertainty as my biggest challenge of the month, and of course, nothing can be done about it until a new director is selected, which will be in a course of the next couple of weeks. Once a new person is on board, I assume that our Task Force will probably together a presentation for him/her on the work that we've done up until now and the direction that we are headed.

As outlined in my time line, I should be well underway into the investigation of credit issues. I have begun this process, but, have not gotten as far as I had expected. Instead, I focused on organizational issues and did some research on the organizational bodies of similar loan funds. My time line will be shifted back a few weeks, which is not problematic because I allowed time for changes.

☐ 8:17) 23-MAY-2000 7:49 Woullard Lett (wlett)

Dana, is there any comfort in knowing that the board fully supports your work? will not the board's support provide some cushion against the whims of a new director? do you have a strong commitment

and backing from the board?

Please touch bases with Linda via email and see if you have info about loan fund operational structure that might be of use to her (it sounds like you might).

☐ **8:18) 29-JUN-2000 22:32 Dana Farrell (dfarr)**

Edit 

June update

This month has been slower, in terms of the strides made by the Task Force as a whole, b/c of summer conflicts and vacations, mainly. However, our Task Force did meet once towards the beginning of the month and allocated several jobs to members.

A big decision, to identify a "launch" date, was made and it was determined that by October of this year, the loan fund should be operational. That means, that the fund will be capitalized and we will launch a marketing plan to identify potential borrowers, and will continue on with the plan to identify additional investors. Setting this date was a good decision, I believe, because it finally puts a deadline on some of the work that we've been doing and gives us something very concrete to look forward to. The launch of the fund will be planned around the introduction and welcoming of the incoming executive director to the CDC.

In the meantime, a Task Force member and I agreed to do a substantial amount of work drafting up some of the important documents that will be needed such as bi-laws, and governance structure. We have discussed the major points of these documents in meetings, but we are far away from having clear, succinct material that we can replicate and use publicly to advertise and explain the fund.

An important point to mention is that the assistant director of the CDC (also) just gave two weeks notice that she will be leaving the organization. So, a small organization made up of three full time staff members (e.d., assist. dir, and office manager) will be transitioning in two new full time staff people in upcoming weeks.

A nagging problem for me is my continued dissatisfaction with our identification of our "target market." I'm still not fully convinced that we have appropriately gauged the level of interest and need in the community. I have not made much progress in this area.

☐ **8:19) 25-JUL-2000 12:54 Dana Farrell (dfarr)**

Edit 

July update

Finally, finally, I have some new and EXCITING developments to report.

But, first, let me back-track, to explain the factors that have led up to my decision to make a fairly drastic change in my project.

As I've mentioned, I was involved with the Task Force to establish the Smith Hill loan fund for several months before the idea of attending the CED program cropped up. When I first started to attend the Task Force meetings, I was more of an observer than a participant. I was unknowledgeable about CED finance and the various models of financial institutions that were being discussed. But, my initial passive involvement sparked a genuine interest in CED. It was last fall, when my interest really piqued, and I learned that a student whom I knew who had been enrolled in the program dropped out. I saw that as a window of opportunity; Within two days of an initial call to Michael and Karim I was in NH with an

armful of books, a month's worth of work to catch up on, and a very exciting road ahead of me!

I did not explore options before selecting a project. I just figured that there couldn't be a more perfect match between the work of the Task Force with what I would learn in the CED program (and what I wanted to learn in the CED program). I began to attempt to carve out a "niche" for myself, a YOP, within the context of establishing the fund. First, I had the idea to do an institutional "assets" map and then to develop a strategy around how to enlist the support of the larger institutional players in the neighborhood. I did not get the kind of feedback I was looking for, after presenting this idea in the first iteration of the project proposal. I'm not sure if there was some confusion, looking back, in the change between advisors in between the first and second term. I think at that time, however, I took it personally and figured that the idea might not have been a good one. Plus, at that point, the Task Force was not in the position to even consider finding institutional partners. To me, the idea, even though I had initially been very energized around it, was premature, so I abandoned it.

The second main project proposal that I created was around doing a CRA-type of analysis-examining what was really happening in the neighborhood with regard to mortgage loans and then to help tailor the Smith Hill Loan Fund in a way that it will serve actual needs of local residents. I thought that tailoring the loan fund products so that people who use the fund will be in a better position to use conventional lending sources, eventually [with the goal of promoting home ownership] was an important goal. By the time I formulated this plan, I had major reservations about the progress of the group, more generally. My most troubling concerns include:

- One Task Force member assumes a majority of responsibility, made a majority of the decisions, and holds, in my estimation, an uneven and unhealthy amount of power. I think it is important to note, too, that this one task force member is not a neighborhood resident and is not likely to ever be one.
- Unclear problem statement. We vacillate within the Task Force about the "problem" that the fund seeks to address. In my opinion, there was not an adequate amount of research conducted on the financial needs and interests of neighborhood residents. I believe that many of the conclusions drawn were not justified by data, but rather by anecdotal information. I also found that information that supported the particular version of the "problem" that was on the table was incorporated, but contradictory information was discarded.
- Lack of community resident involvement. While although there are a good number of local residents involved in the process, the level of involvement is minimal, and it borders on tokenism.
- Tunnel vision. As described above, the Task Force has met regularly for (now) well over two years. There was a substantial amount to be learned in this process, and many false starts and time consuming considerations. This has resulted in an itchiness to see something come of the time/energy already invested into this process, which one might think is a very good thing. Unfortunately, however, the way that this is playing out in this group might not be particularly good. It seems to me that the group (largely because of the desires of the one influential member) have settled on a "model" for the fund. Even as major concerns have been raised by knowledgeable colleagues and friends [which include questions of why creating a new institution is the appropriate route], the Task Force maintains that the model it has chosen is the best.

Certainly, these concerns are HUGE. On top of those listed above, is also my discomfort with how, at times, my feedback, suggestions, and challenges have been received. And, all of these concerns together have caused me to step back-and, to ask the question of whether or not I want to continue to put my time and energy towards a project about which I have so many reservations. I have asked this question to myself countless time every month, since probably January. So, what keeps me tied to this project?

Why, given all of these concerns, didn't I just leave the group and take on an alternative project. The following are a few of the reasons why I would stay with the project:

- I said I would. When I started the CED program, I spoke with all of the members of the Task Force and offered myself as a resource to the group--someone who could spend a substantial amount of time to the work of the Task Force, and have the added resources of faculty and fellow students in NH to assist me. [In retrospect, I was much too hasty in committing myself, but, nonetheless, I hate to have to go back on something I've agreed to.]
- Personal relationships. I have close personal relationships with several Task Force members, including the one member who I described as having a disproportionate amount of power (who also just happened to have become MY BOSS at work TODAY!!!). I worry about the potential fallout in these relationships. I'm not necessarily concerned that I'll lose relationships with people; I'm more worried that people will be either disappointed in me, or feel like I've just given up.
- Program constraints. As I've belabored this decision, I've always been painfully aware of the program requirements and the speedy passage of time. In recent months, I've felt sort of "trapped" in my project, not because I wanted to stick with it, but, rather because I didn't know if I had any other options.
- Time. In addition to program constraints, I'm also aware of the limited time each week that I can devote to a project--and that a new project of some sort would require a substantial amount of additional time, to get the thing up and running. I've questioned whether or not I have the time (meaning hours per week) to spend on initiating a new project.

When I came to NH last month, a few different things happened to jump start me into serious reconsideration of my project (again!). The first was that after not having seen Mtangulizi in several months, he inquired about how my project was progressing. I explained that it was a huge source of disappointment and frustration. He said, "Well...you must be learning something!" I said, "Sure, I am," but, it was clear that what I am learning from the process of my project is in no way what I want to be learning, or what I think I would benefit from learning. If, at graduation, I feel the same way about answering a question about how my project is going as how I did last month, it will surely be a missed opportunity. The second thing that happened was near the end of my project group session on Saturday morning--I excused myself from the group to use the lavatory. My timing, however, was purposeful. I feared that I would be selected to "report out" next on my project, and I was hoping that if I took a break to the bathroom, that by the time I returned the class time would have expired, and I would have averted having to talk more about my project. This, my friends, is pitiful and certainly not the way I like to comport myself.

So, I turned to my friend Chuck Matthei, a community development practitioner of 20 or 30 years, an activist with a storied past, and someone whom I admire and trust. He is the former executive director of the Institute for Community Economics and the current director of the Equity Trust, a small non-profit organization in Voluntown, CT. Equity Trust runs a small retreat center, where I have spent a lot of time for various trainings, conferences, and retreats. Through my time spent in Voluntown, I have gotten to know Chuck, and learned bits and pieces about his work. [Two interesting things to note: the first is that Chuck was one of the main encouragers for me to participate in the CED program, and was for Michael Swack some twenty years ago; and second is that I met my boyfriend down at Equity Trust several years ago when he was living and working down there with Chuck. While although he does not live there anymore, he (Chris) still does work down there about two days per week.]

Upon hearing my repeated frustrations, Chuck offered for me to get involved in one of several projects at Equity Trust (as he has many times before). But, this time, I listened to the options very carefully, and

eventually settled upon one.

I will describe the work of Equity Trust, and also describe the new project venture, and my role in it.

Located in Voluntown, CT Equity Trust works to link land conservation, sustainable economics and social justice, primarily by creating opportunities for investment and borrowing that ensure that real property (land) will be removed from the speculative market, that its natural integrity will be preserved, and that it can remain productive. Currently capitalized at approximately \$4 million, the Equity Trust runs a loan fund to support protection of land for conservation purposes; land trusts in rural and urban locations; community supported agriculture, and also provides technical support for a wide range of organizations across the country working in these areas.

The project involves setting up a loan fund, in collaboration with another organization, the Good Life Center (described below). While Equity Trust has several funds as part of the larger Equity Trust Fund, designated for specific purposes, the collaboration with the GLC will be the first of its kind. The project will be to establish a "Nearing Good Life Loan Fund" within Equity Trust that would further the mission of the GLC throughout the United States. It will provide people associated with the GLC a way to invest their money in a socially responsible manner, receive a modest financial return on investment, and further a shared vision of sustainable community economics.

The Good Life Center is an organization with a mission to "perpetuate the philosophies and lifeways exemplified by Helen and Scott Nearing, two of America's most inspirational practitioners of simple, frugal and purposeful living."

Building on the Nearing legacy, The Good Life Center encourages and supports individual and collective efforts to live sustainably into the future. Guided by the principles of kindness, respect and compassion in relationships with natural and human communities, The Good Life Center promotes active participation in the advancement of social justice, creative integration of the life of the mind, body and spirit, and deliberate choice in living responsibly and harmoniously in an increasingly complicated world.

Currently the programs of the GLC include conservation of the Nearings' last hand-built home, Forest Farm in Harborside, Maine, as an inspirational example of conscientious and thoughtful living in harmony with nature; residential and visiting fellowships, stewardships, and educational programs on homesteading and sustainable living at Forest Farm and other homesteads; publication of the Nearings' writing to make old and new Nearing publications available to future generations; and, Monday Night Meetings to continue Helen and Scott's tradition of informal talks at their home, a series of speakers on a range of topics from organic gardening to economic justice. (most Monday evenings at 7 p.m., June through mid-September). The expansion of the GLC's programs to include a loan fund marks a new direction for the GLC, but one that they have decided is a logical and reasonable direction, given their mission and goals.

I have talked with Chuck and John Saltmarsh (a GLC board member) at some length about the endeavor. Chuck seems to think that this project will be a "seamless transition" and not necessarily a "new project" from the one I've been working on in Smith Hill. He has assured me that whatever knowledge I have gained throughout the project process, up until now, will be valuable to the GLC / ET fund collaboration. Much of the ground work to this collaboration has been laid. But, the staff of the Equity Trust does not have the time to devote to putting together the pieces to this fund to make it operational. That is where I come in...

The main goal of my project will be to have the fund be operational by mid-fall. I will produce several

items to further this process which include: a collaboration agreement between ET and GLC, a document describing purposes and priorities for the fund, terms for investors, terms for borrowers, a loan agreement and note for the initial GLC investment, outreach material (a big part of the project!), loan examples, and loan terms.

By next week, I will post a detailed time line and work plan.

☐ 8:20) 26-JUL-2000 4:44 Gregory Smith (rogerg)

Dana,
You sound happy, I hope that this will be the one for you.
Life is this way, and I am sure you have much to give this new group.
Greg

☐ 8:21) 26-JUL-2000 11:04 Woullard Lett (wlett)

Dana, this sound interesting and very promising. Please draft a project proposal using the requested format.

☐ 8:22) 27-JUL-2000 8:38 John A.Henderson (redhoi)

Dana, a fantastic opportunity has presented itself. I know you will bring a new persepective and insight in the development of the loan fund.

Peace and Blessings

☐ 8:23) 27-JUL-2000 17:27 Dana Farrell (dfarr)

Edit 

hey guys,
thanks for still tuning in!
glad you are still with me!!!
see you all tomorrow in NH.
dana

☐ 8:24) 28-JUL-2000 9:38 Linda Van de Car (linvaca)

Dana - sounds good - it seems in sync with you and I'm sure that your experiences in Providence will not be lost. Glad you've found a project you can identify with.

☐ 8:25) 12-SEP-2000 13:46 Dana Farrell (dfarr)

Edit 

Here is a portion of a memo that i drafted to folks from both the Equity Trust and the Good Life Center months ago that I did not post--It will begin to clarify my role.

The way I understand my role is that of a part-time staff person of ET to formalize the relationship between the ET and the GLC, and to move the collaborative loan fund from a preliminary/discussion

stage to an operational one by mid-fall. I plan to spend approximately ten hours per week on this project from August 1, 2000 through mid-November, with a possibility of continuing work on the project beyond the fall. I will work from Voluntown and from my home, and will arrange and attend other meetings as needed. I also hope to make a trip to Forrest Farm during the time I'm working on this project.

The main products that I will deliver will include:

- A collaboration agreement between ET and GLC that will include:
relevant background information about the collaboration
purposes/priorities for the fund
stipulations/conditions for collaboration and termination provisions
roles, rights, and responsibilities of each organization
- A marketing plan and outreach material which will include:
letter from GLC (from or in addition to letter from John-as Board member and investor)
letter from ET
 loan stories/examples to demonstrate potential for impact
 response card/envelope
- A budget for marketing plan and initial mailing
- Loan documents that will include:
terms for investors
terms for borrowers
- Loan agreement and note for GLC

☐ 8:26) 13-SEP-2000 12:19 Dana Farrell (dfarr)



Project Contract

A. Background

My project involves formalizing a relationship between two organizations, the Equity Trust and the Good Life Center, for the purpose of creating a loan fund.

The Equity Trust, Inc. is a charitable nonprofit corporation engaged in activities designed to promote a) access to land, housing, capital, and employment opportunities for low-income and other disadvantaged people, and b) conservation and ecologically responsible use of land and natural resources. The Equity Trust provides technical assistance and training, conducts a variety of educational programs, and consults on related issues of institutional and public policy.

The Equity Trust has evolved from the experience of its founders in the fields of community development, human rights, environmental policy, religion, and social justice. Programs are administered and implemented by a volunteer board of trustees, advisory committees, a small staff, and contracted associates. Programs include:

- The Equity Trust Fund which combines responsible investment with a voluntary land reform initiative by socially and environmentally concerned property owners. Individuals and institutions participate by making loans, equity pledges (promising to donate upon sale the percentage they have designated of any "social appreciation" in their property's value), or property gifts. The Equity Trust Fund uses these

resources to finance community development and conservation projects across the United States and occasionally abroad.

- Training and Technical Assistance to help land trusts, cooperatives, and other community-based organizations to address the challenges of organizing and advocacy, land tenure, and financing.
- Seminars, Publications and Presentations to provide valuable information and instruction and foster interdisciplinary exchange.

Equity Trust is located in Voluntown, CT on sixty-five beautiful acres. They have several cabins and a conference room and other facilities that are rented out to community groups and schools to raise revenue for the organization. My personal involvement with Equity Trust started through this conference center. For various trainings, retreats, and conferences my colleagues and I at Providence College utilized the space and facilities. Over the course of these short visits to Equity Trust, I came to know Chuck Matthei, the Director and founder of the Equity Trust and Ellie Kastonopolous, currently the only other full-time staff person who manages the Equity Trust Fund. Through my developing friendships with both Chuck and Ellie, I have learned about their work and the programs of the Equity Trust and have become more interested over time.

The Good Life Center is a nonprofit organization located in Harborside, Maine, with a mission to perpetuate the philosophies and lifeways exemplified by Helen and Scott Nearing, two of America's most inspirational practitioners of simple, frugal, and purposeful living. Building on the Nearing legacy, the Good Life Center (GLC) encourages and supports individual and collective efforts to live sustainably into the future. Guided by principles of kindness, respect, and compassion in relationships with natural and human communities, the GLC promotes active participation in the advancement of social justice, creative integration of the life of the mind, body, and spirit, and a deliberate choice in living responsibly and harmoniously in an increasingly complicated world.

The Good Life Center seeks to attain this mission through:

- Conservation of the Nearings' last hand-built home, Forest Farm in Harborside, Maine, as an inspirational example of conscientious and thoughtful living in harmony with nature;
- Sharing the philosophy underlying the "good life" practices at Forest Farm to encourage a diverse audience to apply this philosophy in their own distinct environments and life circumstances;
- Offering residential and visiting fellowships, stewardships, and educational programs on homesteading and sustainable living at Forest Farm and other homesteads;
- Extending Helen and Scott Nearing's broad social and political message by ensuring access to their publications, library and personal papers, as well as by publishing new works on related issues;
- Serving as a resource and network for scholars, homesteaders, gardeners, social and political activists, and students of simple and sustainable living;
- Practicing right livelihood and following simple living principles, in all pursuits, so that The Good Life Center itself models what it seeks to promote.

Up until now, Forest Farm and the promotion of organic agriculture and simple living have been the major foci for the GLC. With the establishment of the Nearing Good Life Fund, the GLC hopes to educate its constituents about the "economic experiment" that Helen and Scott undertook and to raise

capital to support projects that are consistent with their purposes, goals, and philosophies.

I have not had any personal involvement with the Good Life Center before the initiation of this project. I do know and work somewhat closely with two of the members of the GLC Board of Directors in other contexts. I also know a couple of the members of their Board of Stewards.

My project involves the establishment of a collaborative loan fund between the Equity Trust and the Good Life Center, called the Nearing Good Life Fund. It will mark the first formal collaboration between the Good Life Center and the Equity Trust. Essentially, what will be established will be a special account within the Equity Trust Fund will be designated that will operate under principles and priorities defined by the GLC, but benefit from the management capabilities and net worth of the ETF.

My main task in this project is to make the loan fund operational-to put into place the parameters and the criteria, to formalize the working relationship between the two organizations, and to market the fund to various constituents.

B. Problem Statement:

There are many community groups engaged in projects and efforts to promote environmental sustainability, community development, and simple living that can not access capital for the continued growth and development of those projects. If access to capital is not provided, than many of these efforts will go unrealized. The Nearing Good Life Fund will be designed to provide a new opportunity for responsible social investment; a mechanism to educate individuals about the importance and significance of socially responsible investing; and a program through which community development and environmental preservation projects can be financed so that they can continue to promote strong values and a commitment to the philosophies expressed by the Nearings.

C. Goal Statement

The goal for my project is to advance the goals of the GLC and the Equity Trust, which is to formalize their relationship with the establishment of the Nearing Good Life Fund. The benefits are manifold. For Equity Trust, this fund represents an opportunity to market to a new constituent group, one that is likely to be sympathetic to and supportive of the work of the Equity Trust. The resources of the Equity Trust Fund will grow with each additional investment made and the capacity for the Equity Trust to respond to the many requests for loans will increase.

For the GLC, the Nearing Good Life Fund represents a mechanism through which they can educate their constituency about socially responsible investing and highlight the economic agenda and teachings of the Nearings, which up until now has been largely unexplored. It also represents an opportunity to further the legacy of the Nearings on a much broader (geographically speaking) scale by offering financing to community groups all over the country, and possibly beyond. Most importantly, it will provide those individuals and groups most in need of capital with access to it

D. Project Product

For MY project, I will produce the documents necessary to formalize the agreement and assist the organization with defining some of the collaboration stipulations. I will also develop marketing material and market the fund to GLC "friends" by mid-fall. In other words, when my project is completed the Nearing Good Life Fund will be established and well marketed; investments will be coming in and applications for funding will be solicited.

For the product of the collaboration as a whole, the possibilities are numerous. The Nearing Good Life Fund will be created and it will serve individuals and community groups engaged in a variety of community development and environmental preservation projects. "Product" may not necessarily be the

most appropriate term, however. I envision many potential impacts of the Nearing Good Life Fund and its' productive life is limitless. There is no fixed duration for the collaborative fund, and therefore no limit to its potential.

E. Outputs

The following are elements that have to be put in place for the creation of the loan fund.

- Collaboration agreement between Equity Trust and Good Life Center
- Loan documents drafted and procedures established
- GLC loan made and processed
- Marketing plan and budget
- Outreach material
- Mailing

F. Inputs

The resources required to produce the "outputs" include mainly people. In other words, I need to have representatives from the Good Life Center and from Equity Trust available and willing to work with me on this to establish protocol, learn from history, and get the priorities rightly placed. I also have general Equity Trust Fund materials (loan documents, previous agreements) to use as resources.

G. Implementation Plan

(my chart won't appear in a readable format) I will have to post this after I get some assistance.

[please note: some of the information presented above about both the Equity Trust and the GLC were taken directly from their literature]

☐ 8:27) 13-SEP-2000 12:26 Woullard Lett (wlett)

good work Dana. Where you have taken info directly from another source, you should footnote or acknowledge that in some way. Otherwise people have the tendency to feel that you are presenting it as your original work.

☐ 8:28) 13-SEP-2000 12:49 Dana Farrell (dfarr)

Edit 

August Update

Things are moving forward and I am immensely happy that I made the decision to switch projects. In August I have done the following things:

- Read portions of several books authored by Helen and Scott Nearing
- Spent time learning about how loans are processed by the Equity Trust
- Met individually with representatives of each the Equity Trust and the Good Life Center to clarify goals and vision for the collaboration; then a joint meeting was conducted to discuss my workplan and timeline.
- Drafted and revised collaboration agreement between the Equity Trust and GLC
- Drafted loan documents
- Processed GLC loan
- Processed two other loans from individuals

So, steady progress is being made. I'm on target for my timeline which was not posted in contract because of technical problems. But, now that I think of it, I think it is important to include at least the basic time line as I have constructed it. I will retype it below:

Collaboration Agreement

Draft week of Aug. 29

Final week of Sept. 5

Loan Agreement and Note for GLC / Process GLC loan / Draft loan documents

Draft week of Sept. 12

Final week of Sept. 12

Find example loans

Week of Sept. 19

Marketing plan and budget

Draft week of Oct. 3

Final week of Oct. 10

Outreach Material

Draft week of Oct. 24

Final week of Oct. 31

Printing/Mailing

Week of Nov 7-14

As for the status of the loan fund, as a whole, current commitments of investors to the fund total \$16,000 already! (but, I can't take much personal credit for this!). That includes investments from the GLC and two individuals.

Progress looks good!

☐ 8:29) 22-SEP-2000 11:21 Woullard Lett (wlett)

Dana, congratulations. It is not always possible to do what we first think we want to do. Then again, sometimes we are able to do what we want by doing something else. In any event, you are on the move and making a contribution to a receptive and appreciative organization.

I hope that I am asking a question already answered, but what is the projected capitalization of the fund? How does that fit into your timeline? do you have benchmarks or specific amounts you hope to raise by certain times?

Also, since the organization that you were working with in Providence were undercapitalized, could they qualify for a loan from either your fund or the Equity Trust? If so, informing them of this and the steps required to qualify might be a way of nudging them towards getting their act together.

Act on checked responses

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You are [Dana Farrell \(dfarr\)](#).


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35 of 35 B

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