

2007 Annual Report



Our Business is
Community



MILE HIGH COMMUNITY
LOAN FUND



Our Growing Community

Dear Community Members,

Mile High Community Loan Fund (MHCLF) measures its success by our impact on the community. As you will see in this 2007 Annual Report, we had a productive year.

We rely on the community – many communities in fact – to accomplish our mission. Our goal is to improve the economic opportunities of low-income persons and neighborhoods.

In 2007, our community of investors grew with the addition of Bank of the West, Calvert Foundation, Mile High Banks, Seedco Financial Services and Fannie Mae, adding \$2.35 million to the Loan Fund.

New and expanded community partnerships were developed with Habitat for Humanity of Colorado, Seedco Financial Services and Funding Partners for Housing Solutions. Each of these relationships will help us leverage resources to continue to build community assets.

The community of borrowers that benefited from our products included six new organizations. Nearly a third of our volume was financing for nonprofit community facilities while another third were repeat borrowers who found our loan products competitive and our service reliable.

Our community of corporate and foundation donors, including first-time donors 1st Bank and Wachovia Foundation, continue their generous support that allows MHCLF to strengthen its capacity, maintain its competitive pricing and provide technical assistance to potential borrowers.

Our volunteer community board members also made huge contributions in loan committee, financial management and policy leadership. A special thank you goes out to longtime board member, affordable housing advocate and newest 'Hall of Fame' member Karen Lado of Enterprise Community Partners, who, due to term limit, left the board at the end of 2007.

The year had its challenges as well. Largely due to market and financing setbacks, one borrower has been unable to pay back a substantial loan received from MHCLF in 2005. MHCLF charged-off the loan, only our third in eight years, and continues to pursue workout options and loan recovery with the borrower. This one loss is the single cause for the year's disappointing financial performance.

We exist to serve the community and finance community assets. We are accountable to the community we serve – our investors, our borrowers, our partners, our board. We appreciate the support received and strive to have the greatest impact possible with the resources available.

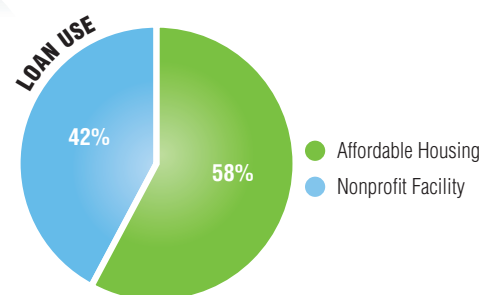
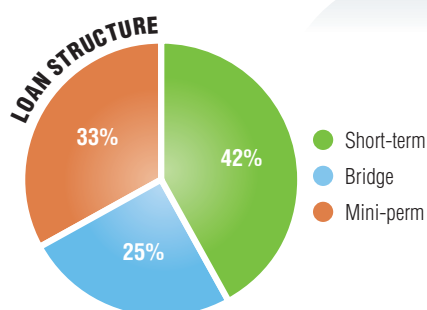
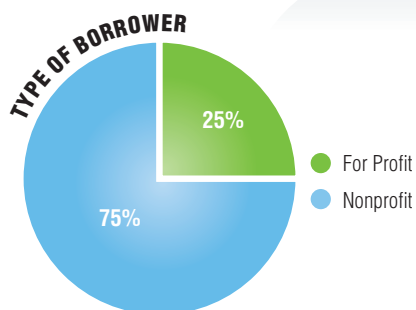
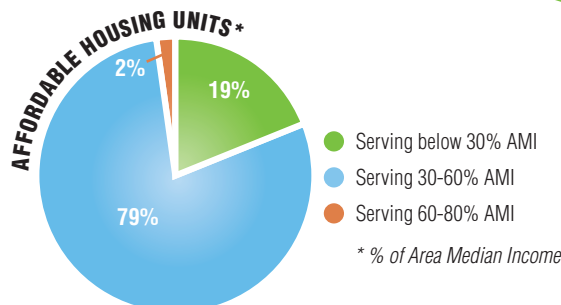
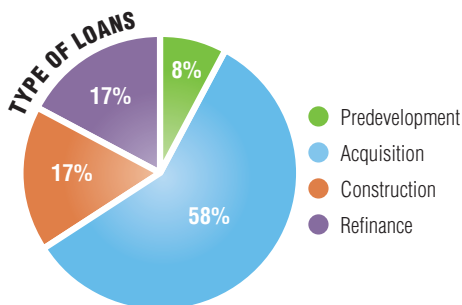
As we begin 2008, we begin a new era with our new name – Mile High Community Loan Fund – reflecting our commitment to community!

Sincerely,

Bill Lunsford
2007 Board President

Jeff Seifried
Executive Director

2007 Loan Summary



It's Not Just About Housing Anymore.

To reflect its expanding scope of community development lending, Mile High Housing Fund introduced its new name – Mile High Community Loan Fund – in January 2008.

While affordable housing development lending has been at the heart of our mission, the organization has been capitalizing on that success over the last three years and diversifying into community facilities development lending. Since 2005, MHCLF has offered the same flexible, early-



MILE HIGH COMMUNITY LOAN FUND

stage, short-term loan products to nonprofits providing services to low-income people and communities. In that time more than 50,000 square feet of classroom, office, recreation, shelter and program service space has been acquired, renovated or developed with more than \$4 million in MHCLF loans. In 2007 alone, five loans for \$1.7 million were made for nonprofit facilities projects.

MHCLF is committed to maximizing the social impact it can attain through investments of its loan capital fund in community development projects, and continues to investigate needs in the community.



Visit Our New Website!

The year 2007 not only brought about a name change for the organization, but we also launched a new and improved website and an e-newsletter. Both are designed to keep our borrowers, investors and interested community members up to date with MHCLF activities and developments.

If you haven't already, take a few moments to visit www.mhclf.org where you can sign up for the e-newsletter and learn more about the organization including:

- Loan products
- Services for nonprofit and for-profit organizations
- Community partnerships
- Past projects and success stories
- Investors and contributors
- And more!



Community Successes

Expanding Capacity to Serve the Homeless

Colorado Coalition for the Homeless (CCH) is an organization whose programs, services, projects and advocacy are 100% focused on the needs of often-overlooked homeless individuals and families throughout Colorado. CCH has been successful in garnishing the resources needed for all its programs, however, developing the facilities needed to maintain a comfortable work environment for its other important resource – personnel – had fallen behind schedule.

The increased attention to homelessness in Denver in recent years and funds directed to homelessness services have translated into unprecedented growth for the organization.

In order to relieve overcrowding and expand capacity for its client services and back office staff, CCH applied for and was given a \$720,000 loan by Mile High Community Loan Fund in June 2007 for the acquisition of additional office space at 2101 Champa Street in Denver, a building located next door to its current offices. With a strong track record in both the community and with MHCLF, the Fund was pleased to make their fourth loan to CCH.

“[MHCLF] has been a good provider of interim financing for us while we put together other pieces of the puzzle,” said Dave Klimut, Director of Housing Development for CCH. “Timing is so important. These funds help us to compete in the market when an ideal property becomes available.”

Securing a location in the core downtown area was vital for CCH so they could continue to provide adequate services to the homeless community.

“We are in an area that is starting to rapidly gentrify,” Klimut said. “This is a strategic move for us as it allows us to stay in the same neighborhood and help those in need.”

Upon completion of renovations, the loan will be repaid with the proceeds of long-term mortgage funding.



Preserving History, Creating Affordability

In January 2007, Thistle Community Housing purchased The Cannery with a \$1,420,000 acquisition and bridge loan from MHCLF with participation from Funding Partners for Housing Solutions. Thistle is following its nearly 20-year commitment to end the growing displacement of residents who can no longer afford to live in Boulder County.

The main building, the historical Empson pea cannery, was built in the early 1900s and converted into apartments in 1984. Two additional apartment buildings were constructed on the property the same year. The conversion created a campus of 94 unique apartments located only a few blocks from Longmont’s original downtown area.

In purchasing The Cannery, Thistle took a beautiful and uniquely designed property and made it permanently affordable. The apartment complex offers 10 units at 60% AMI, 79 units at 50% AMI and 5 units at 30% AMI.

“Boulder County is a high-income county,” said Sarah Batt, Financing Project Manager. “Any affordable housing that can be preserved and/or built in this community is very important.”





A Permanent Home, with Room to Grow

After moving every two years for the past six years, Sisters of Color United for Education (SCUE) was looking for a permanent place to house their 20-year-old health education and advocacy organization.

SCUE was born out of the grassroots efforts of two Latinas, Belinda Garcia and Bernadette Berzoza, who were frustrated with the lack of proactive health services for women in the Latino community. They knew there were numerous free and inexpensive health service and education sources for women to learn about reproductive health and other health issues facing their families, but these resources were not reaching their community.

With the help of a \$275,000 mini-perm loan from MHCLF, SCUE purchased a building located at 2895 W. 8th Avenue to house their offices and programs. SCUE also received a \$250,000 grant from Denver Department of Housing and Neighborhood Development for the purpose of building acquisition.

“It was so important for Sisters to be able to purchase this building,” said Mary Loring, Development Specialist for the organization. “Not only does it accommodate our staff with room to grow, but the location is ideal as it is central to our participant demographic.”

The 9,100 square foot building is not only surrounded by predominately Latino neighborhoods, but is also located near excellent public transportation access, which ensures SCUE’s vision to offer Latinas and their families a safe and supportive environment in which to address sensitive health issues reflecting traditional Latino cultural values.

Keeping the emphasis on building trusting relationships and recognizing the impact of intergenerational familial relationships within the context of treatment, SCUE offers many services to the community.

In addition to health services, SCUE works with youth in the neighborhood. A number of those youth have designed and painted murals that show how they see the world around them. The murals are both inside and outside of the new building.

Now with a permanent home, SCUE’s impact continues to grow as they reach out to and help more than 2,500 people every year.

Moving Into the Mountains

Since 1994, Blue Spruce Habitat for Humanity, the Habitat affiliate serving the mountain communities of Jefferson County, has, with the help of more than 500 volunteers, completed 21 homes for people who live, work, have children in schools and are a vital part of the mountain communities.

“There is a need for housing for people who live here, work here and support the community,” said Kathleen O’Leary, Executive Director for Blue Spruce. “These homes are an important part of the mountain community as there are no other organizations currently building affordable housing in this area.”

In July 2007, Blue Spruce needed short-term financing to keep the construction of a duplex in Kittredge, Colorado, on schedule. The quick processing and favorable terms available through MHCLF had previously caught the attention of a Blue Spruce Board member. Blue Spruce approached MHCLF and was given a \$150,000 construction loan. The homes were completed in December 2007 with the families moving in right before the holidays.

“[MHCLF is a] major resource for us and has truly made a lasting and tangible difference to our work,” said Pandora Reagan, Development Director, Blue Spruce Habitat for Humanity.

A true community project, the lot on which the duplex sits was bought with a \$20,000 grant from the Colorado Division of Housing and is the first of 14 additional lots in the area assembled for Blue Spruce housing projects. Funds and in-kind donations for this project were also made available from more than 17 private contributors and community organizations including Jefferson County Community Development, Colorado Housing and Finance Authority, Daniels Fund and Colorado Association

of Realtors Housing Opportunity Foundation.





Partners in Community

Providing Service to Partners

Mile High Community Loan Fund and Habitat for Humanity of Colorado (HFHC) joined forces in October 2007 to help fund the building and sustainability of affordable housing in Colorado. This unique partnership provides local Habitat for Humanity affiliates with greater access to early stage capital for their housing projects.

HFHC received a \$250,000 low-interest, long-term loan from Wells Fargo Community Development Corporation to establish a revolving loan fund for local Habitat affiliates to meet the early-stage financing needs of their projects.

MHCLF, through an agreement with HFHC, administers and manages the loan program established with the Wells Fargo funds and intends to participate in many of the loans granted, enabling the loan funds to be leveraged and more loans to be made to affiliates.

The early-stage, flexible loans can be used by Habitat affiliates for predevelopment, land acquisition, construction or gap financing needs on their affordable housing development projects.



Building Confidence

In 2007, Mile High Community Loan Fund volunteered to participate in CARS, the CDFI Assessment Rating System, a comprehensive, third-party analysis of community development financial institutions that is designed to aid investors and donors in their decision making. CARS uses a comprehensive methodology, including on-site visits, to rate CDFIs in the areas of Impact Performance and Financial Strength and Performance. The Financial Strength and Performance Rating uses a CAMEL (Capital, Assets, Management, Earnings, and Liquidity) analysis to assess overall credit worthiness.

MHCLF was awarded an A3 rating. The rating equates to satisfactory or above in all the categories of assessment.

MHCLF elected to participate to demonstrate its commitment to transparency and to identify key infrastructure and operations issues to be addressed as the Fund grows. Several recommendations validated the direction MHCLF was heading – particularly in the area of portfolio management software upgrades.

Recognizing Our Leaders

In a continuous effort to remember the roots and acknowledge the champions of Mile High Community Loan Fund, the organization chooses people who were critical to the growth of MHCLF for induction into the Hall of Fame. Inducted this year was **Karen Lado**.

Karen, Denver Office Director of Enterprise Community Partners, served on the Board of Directors from 2000 through 2007. Karen freely contributed her broad expertise and helped establish the sound lending policies and operational infrastructure of the organization. Karen was the champion for Enterprise’s reliable and generous support of MHCLF since its founding.

Due to term limits, Karen left the Board at the end of 2007, but continues to serve on the Product Development/Marketing Committee.

At the end of 2007, we also bid farewell to two longtime Loan Committee members who served the organization well since the beginning – **Joe Simmons** and **Allan Fredrick**.

Both were both members of the Loan Committee from 2000 through 2007. During that time the committee reviewed nearly 100 applications for affordable housing and nonprofit community facilities.

2007 Financial Summary

ASSETS

Cash and Equivalents	\$31,559
Short-term Investments	\$3,895,290
Interest Receivable	\$31,206
Net Loans Receivable	\$5,023,679
Other Assets	\$831,564
Total Assets	\$9,813,298

LIABILITIES

Interest and Other Payables	\$60,358
Notes Payable	\$2,475,000
Equity Equivalent Investments	\$2,950,000
Total Liabilities	\$5,485,358

NET ASSETS

Designated-loan Capital	\$3,855,013
Designated-operating Reserve	\$322,927
Undesignated	\$100,000
Temporarily Restricted	\$50,000
Total Net Assets	\$4,327,940
Total Liabilities & Net Assets	\$9,813,298

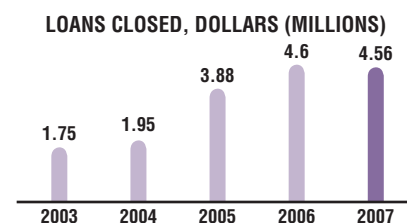
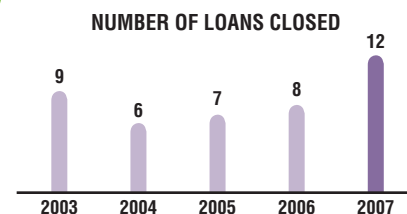
REVENUES

Grants	\$101,841
Investment Income	\$181,832
Loan Interest Income	\$330,648
Fees, Other	\$163,414
Total	\$777,735

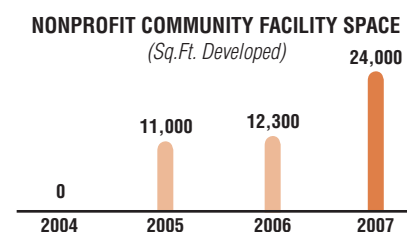
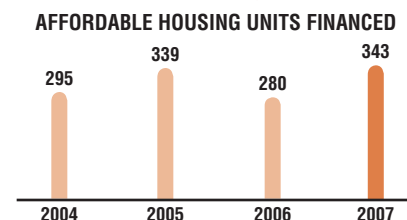
EXPENSES

Program Services	\$578,857
Provision for Loan Loss Reserve	\$925,233
Technical Assistance	\$9,902
Supporting Services	\$198,179
Total	\$1,712,171
CHANGE IN NET ASSETS	(\$934,436)

Loan Production



Social Impact



Footnote to Financial Summary

In 2007, Mile High Community Loan Fund (MHCLF) charged-off a land development loan originally made in 2005. This one-time expense was the principle determinant in the reported loss. The financial stability of MHCLF remains strong and operating revenue exceeded expenses for the year. MHCLF has, in response to changing market conditions and experience, adopted changes to loan policy that tighten underwriting of and restricts the potential amount of land-secured loans. MHCLF continues to vigorously pursue recovery of the charged-off loan but it remains undetermined when and how much of the loss will be recovered.

2007 Capital Fund Investors

Bank of the West
 City and County of Denver
 City of Arvada
 City of Boulder
 City of Englewood
 City of Lakewood
 Calvert Foundation
 Colorado Housing and Finance Authority
 Community Development Financial Institutions Fund

Daniels Fund
 Enterprise Community Partners
 Fannie Mae Foundation
 Key Bank
 Mile High Banks
 Seedco Financial Services
 U.S. Bank
 Wachovia Bank (2008)
 Wells Fargo Bank

2007 Operating Fund Supporters

1st Bank
 Anschutz Family Foundation
 Bank of the West
 Colorado State Bank and Trust
 The Denver Foundation
 The Denargo Fund
 Rose Community Foundation
 U.S. Bank
 Wachovia Bank
 Wells Fargo Bank

2007 Board Members

Bill Lunsford, President – Housing Development Manager, Lakewood Housing Authority

Bob Munroe, President Elect and Loan Committee Chair – Manager Multifamily Housing, Colorado Housing and Finance Authority

Mark Gallegos, Secretary – MARKDG, LLC

Heidi Aggeler, Treasurer – Director, BBC Research and Consulting

Cherie Kirschbaum, Past President – President, City Projects Real Estate Development

Gordon Banks – Senior Vice President, 1st Bank Data Corporation

Tracy Huggins – Executive Director, Denver Urban Renewal Authority

Karen Lado – Denver Office Director, Enterprise Community Partners

Shelley Marquez – Community Development Officer, Wells Fargo Bank N.A.

Jann Oldham – Housing and Community Development Program Manager, City of Boulder

Christopher Smith – Housing Program Manager, City and County of Denver

Community Committee Members (not serving on the Board)

Darla Goddard – Assistant Vice President, Community Development Lending, Wells Fargo Bank

Ismael Guerrero – Executive Director, Denver Housing Authority

Tom Heule – Partner, Denargo Capital

Mickey Landy – Management Consultant, NeighborWorks America

Diane Leavesley – President, Mercy Loan Fund

Rejean Peebles – Community Development Program Specialist, City and County of Denver

Joe Simmons – Enterprise Community Partners, Housing Finance, West Coast Programs

Linda Tinney – Vice President, Community Development, US Bank

Staff

Jeff Seifried – Executive Director

Erika Lindholm – Loan Programs Director

Jaime Jarrett – Marketing & Outreach Manager

Liz Hayden-Jenkins – Finance Manager

Contact

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www.mhclf.org

Our Mission

Mile High Community Loan Fund invests in affordable housing and other community assets to improve economic opportunities of low-income persons and communities.

Mile High Community Loan Fund is a comprehensive Community Development Financial Institution (CDFI).

- Affordable Housing
- Nonprofit Facilities



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