



*Community Development
Financial Institution*

Opportunity *Unity* *Growth*
Hope *Creativity* **2009** *Strength*
Vision **ANNUAL REPORT** *Service*
Perseverance *Innovation* *Wisdom*
Success *Inspiration*



COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION

building healthy communities

creating financial strength

providing innovative solutions

funding dreams for tomorrow

Corporate Office

23861 El Toro Road, Suite 401
Lake Forest, California 92630
Main (949) 859-3600
Fax (949) 859-8534

www.ClearinghouseCDFI.com

Northern California Office

1007 Live Oak Blvd., Suite A-8
Yuba City, CA 95991
Direct (530) 923-4148
Fax (949) 859-8534

www.ClearinghouseNMTC.com

Dear Shareholders and Friends:

In 2009, Clearinghouse CDFI continued our long established trend of sustained growth and profitability. While financial institutions around us failed at record levels, 2009 marked our 10th consecutive year of profitability. We continue to closely monitor the difficult economic environment and the challenges it presents to our borrowers. We are constantly exploring new opportunities to increase our lending and have an even greater impact in the low-income and distressed communities we serve.

Total loan production in 2009 remained consistent during this unprecedented credit crisis. We funded a total of \$83,150,559 to over 80 different borrowers through our core, single family, and New Markets Tax Credit lending. This level was attained in spite of the significant reduction in single family lending brought about by the diminished secondary market for single family housing loans.

Our 2009 pre-tax profit was \$2.33 million. For the fifth consecutive year, we paid a dividend to all "Class A" shareholders providing a consistent and reliable return on their equity investment. Once again, the early retirement of some of our debt augmented corporate earnings from operations. We will continue to look for additional debt repayment opportunities in 2010 and beyond.

At year end, our capital ratios were well above the industry average for both CDFIs and regulated financial institutions. Our equity-to-assets ratio was above 17%. In 2009, our average return-on-equity was 14%. The cumulative year-end allowance for loan losses was over \$4 million representing 5.81% of total loans. We remain one of the strongest, well capitalized CDFIs in the nation.

We are excited about the prominent role CDFIs are playing in the economic recovery of our nation. With the strong support of the US Department of Treasury, CDFI Fund, we are poised to tackle even greater challenges. We are seeking new partnerships that will once again open up secondary markets for single family loans. We are investigating opportunities to make high-impact "green" environmental loans. We will continue to seek loans that create jobs, provide affordable housing, and foster economic growth in the communities we serve.

We wish to thank all of our shareholders and community partners for their strong support in 2009. With the ongoing support of our Board of Directors, committees, and dedicated staff, we will continue to make a meaningful difference in the lives of California residents - one loan at a time.

Sincerely,



Douglas J. Bystry
President / CEO



Alan Orechwa
Chairman of the Board





**Total Community
Development
Loans Funded
in 2009:
\$8,722,142**

Community Development Loans

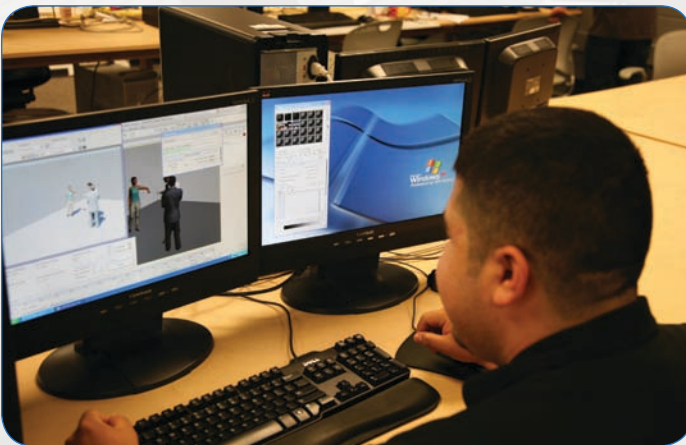
Plaza Community Services, Inc. →

Los Angeles - \$532,500 Acquisition loan that provided a facility for child care services for low-income families and resulted in the creation of 20 jobs.



← Playa Vista Job Opportunities Business Services

Los Angeles - \$737,000 Construction to permanent loan to establish a job-placement and training service center for an at-risk population.



Second Missionary Baptist Church →

Oceanside - \$692,892 Long-term facility financing to allow continued community enhancement through worship services, revivals, and member activities.



← ASA Charter School, Inc.

San Bernardino - \$2,800,000 Acquisition loan to enable a charter school, serving a low-income population, to relocate from an overcrowded site to a larger facility with ample space for program expansion and additional student enrollment.



Home Ownership for Personal Empowerment →

Various - \$2,627,840 Acquisition of several properties to provide service-enriched affordable rental housing for individuals with developmental disabilities.



← Heritage Housing Partners

Pasadena - \$1,250,000 Rehabilitation loan to create six units of affordable for-sale housing for low- and moderate-income homebuyers.

Neighborhood Housing Services of Orange County →

Orange County - \$1,400,000 Acquisition and rehabilitation loan to transform blighted bank REOs into for-sale affordable housing.



← Lupoid, LLC

Yucaipa - \$715,000 Acquisition and rehabilitation loan to revitalize an abandoned and extremely dilapidated property into high quality, affordable rental housing for 15 families.

Total Affordable Housing Loans Funded in 2009: \$16,768,131

Affordable Housing Loans

Jamboree Housing Corporation →

Huntington Beach - \$197,000 Acquisition and rehabilitation loan to provide affordable rental housing for five households.



← LINC Housing Corporation

Sacramento - \$3,368,000 Acquisition loan for the development of 168 units of low-income, affordable rental housing.

Key Community Housing, Inc. →

Greater Los Angeles - \$1,266,700 Acquisition loans to provide affordable rental housing for individuals with developmental disabilities.



← Casa Familiar, Inc.

National City - \$685,000 Acquisition loan to develop affordable rental housing for low-income individuals and families.

West Bay Housing Corporation →

San Francisco Bay Area - \$624,924 Acquisition loans to create service-enriched affordable rental housing for individuals with developmental disabilities.





**Total New Markets
Tax Credit Loans
Funded in 2009:
\$50,000,000**

New Markets Tax Credit Loans

Gateway Towne Center →

Compton - \$29,000,000 Permanent loan for a new retail shopping center with a number of major anchor tenants providing retail services in this distressed area. NMTC financing created the new Jr. Achievement Finance Training Center offering financial education as well as life and job skills.

Completed Project



Before



← West Senior Wellness Center

San Diego - \$7,000,000 Acquisition and construction loan to provide a community center for low-income seniors which will address basic needs – food, healthcare, shelter – and provide innovative services such as job training, life-long learning, a health center, civic engagement, and recreational activities.

Lancaster Promenade →

Lancaster - \$14,000,000 From blight to downtown destination – This acquisition and construction loan, in partnership with the City of Lancaster, will transform a neglected downtown area into a vibrant city center with restaurants and shopping.

Completed Project



Single Family Loans

Creating Innovative Solutions

Dramatic changes in the lending industry forced Clearinghouse CDFI's Single Family Lending Department to find new ways to serve and address the housing needs of our clients. New regulations and a sharp decrease in the mortgage broker market negatively impacted our wholesale origination business. As a result, we created a Retail Lending Division, hiring loan officers to work directly with our homebuyers.

Furthering Our Reach

Clearinghouse CDFI also expanded our out-of-state lending significantly, utilizing the USDA Rural Development Guaranteed Loan program which provides up to 102% financing to low- and moderate- income borrowers purchasing homes in rural areas. In addition to our California lending, we made loans in Arkansas, Texas, Maine, Maryland, and Connecticut. Clearinghouse CDFI also became an FHA approved lender during 2009, making the Federal Housing Administration's programs available to our first time homebuyers.



Adapting to Changing Times

Clearinghouse CDFI has always been committed to meeting unmet credit needs. We move forward into 2010 with high expectations of serving a larger population of low- to moderate-income families.

Our Non-Profit Partner

Affordable Housing Clearinghouse (AHC) Activity/Production



AHC provides financing for affordable housing and homeownership. In addition, AHC assists low- and moderate-income potential homebuyers in Southern California through homebuyer education classes.

As the County of Orange Mortgage Assistance Program Administrator, AHC successfully provided \$1.2 million dollars in downpayment assistance to qualified first time home buyer families purchasing homes in Orange County's participating cities and unincorporated areas. From 2003 through 2009, AHC empowered 30 families to realize their dream of homeownership.

AHC is also developing 22 units of multi-family rental housing in a distressed area of Riverside County in partnership with Mary Erickson Community Housing.



AHC Staff

New Executive Director

In July 2009, Affordable Housing Clearinghouse (AHC) welcomed Brenda J. Rodriguez, as the new Executive Director. She brings a wealth of experience both public and private sector as well as international business. She serves as a Board Member of the Kennedy Commission and the Southern California Association of Non-Profit Housing. Brenda studied at UC Berkeley and received her masters from John H. Heinz School of Pubic Policy at Carnegie Mellon University.

REO Joint Venture Program

AHC and Clearinghouse CDFI partnered together in the REO Purchase-Rehab Program. The foreclosed properties will be acquired, completely rehabilitated and resold to qualified first time homebuyers using a \$1.5 million dollar line of credit provided by Clearinghouse CDFI.

Clearinghouse CDFI & AHC Staff



Douglas J. Bystry
President / CEO

Melissa DeMotte
Chief Financial Officer

Jay Harrison
Chief Investment Officer

Kristy Ollendorff
Director of Lending / Chief Credit Officer

Melissa Brown
Director of Single Family Lending

Brenda J. Rodriguez
AHC Executive Director

Kathy Bonney
Office Manager /
Executive Assistant to CEO

Guy Krikorian
Controller

Darnell Robinson
Community Development Director

Susie Beers
Commercial Loan Coordinator

Alanna Rogers
Commercial Loans & Marketing

Annie Mooney
Commercial Underwriter / Southern
California Community Outreach

Nathan DeSa
Commercial Underwriter

Amanda Virrey
Commercial Loan Coordinator

Lundi Chea
NMTC Accounting / Compliance

Sara Clark
Community Impact Analyst

Manny Sandoval
Sr. Single Family Loan Officer

Armando Benitez
Sr. Single Family Loan Officer

Janell Abarca
AHC Housing Program Coordinator /
Housing Counselor

Miguel Niembro
Single Family Underwriter

Linda Peaslee
Sr. Single Family Underwriter

Warren Carnes
Document Drawer / Funder / Post Closing

Loretta Schultz
Loan Servicing Manager

Marilyn Stone
Loan Servicing Specialist

Ken Kowalczyk
Special Assets Consultant

Jenna Klipfel
Staff Accountant

Cesar Plascencia
Marketing / Outreach Coordinator

Ana Garibo
AHC Homeownership Education Coordinator

Bonnie Morris
AHC Homeownership Manager

Jean Swanson
Receptionist

Our Boards and Committees



Alan Orechwa, Chairman of the Board

Mr. Orechwa has served on the Board since the inception of the CDFI. He is a certified public accountant. He has been actively involved in the growth and development of the Clearinghouse CDFI and Clearinghouse NMTC.



David Levy, Secretary

Mr. Levy is the Development Director with the Fair Housing Council of Orange County. He is a founding Board Member and liaison with the AHC and the NMTC Advisory Boards.



Susan Montoya, Treasurer

Ms. Montoya is currently Vice President/Corporate CRA Officer for First Bank. She is active in numerous financial and community initiatives including protecting and informing elders on financial abuse and teaching children and adults about saving and money management.



Ray Nayar

Mr. Nayar is President of the non-profit AOF/Pacific Affordable Housing Corporation. He has over 20 years experience as a builder/developer of affordable housing.



Alva Diaz

Ms. Diaz is Vice President of Wells Fargo Community Lending and Investing, Capital Preservation Team. She has over 20 years of commercial banking experience, which includes expertise in NMTC's, LIHTC's, Private Equity Funds and Equity Equivalent Investments.



Patricia Neal

Ms. Neal is an active leader in housing issues. She is President and CEO of the Orange County Housing Trust and recently served as Deputy Secretary for Housing in the Business, Transportation, and Housing Agency.



Glen Pacheco

Mr. Pacheco is Vice President of U.S. Bank. He is a very active Board Member serving as Chair of both the Asset Review Committee and the Loan Committee.



Linda Walker

Ms. Walker is Senior Vice President, Corporate Community Development Manager of BBVA Compass. She is the Founder and Board President of the Jeffries St. Learning Center, a non-profit literacy community center.



Terrin Enssle

Ms. Enssle is responsible for the Treasury and Asset Liability Management functions for CapitalSource Bank. She is experienced in corporate finance, cash management, strategic planning and financial analysis.

Not Pictured:

Murray Zoota, Emeritus - Board Member



NMTC Board (pictured above)

Left to Right: Alan Woo, Orange County. Stanley Tom, Central Valley-South. Delores Brown, Los Angeles County. Tim Johnson, Sacramento-Northern California. Dave Levy, Board of Directors Liaison. Mike McCraw, San Diego/ Imperial County.

Not Pictured: Lisa Jackson, Disabled Communities. Anne Griffith, San Francisco Bay Area.

Loan Committee

Glen Pacheco, Chair
U.S. Bank

Alan Orechwa
Orechwa Consultants

J. Chris Walsh
Sunwest Bank

Waheed Karim
U.S. Bank

Melody Winter Nava
Orange County
Community Housing
Advisory Board

Wesley Wolf
Wolf & Company, Inc.

Jeff Spinelli
Farmers & Merchants
Bank

Asset Review Committee

Glen Pacheco, Chair
U.S. Bank

Rosanna Yu
East West Bank

Linda Walker
BBVA Compass

Elsa Monte
California Bank & Trust

**Terry Burm /
Dudley Benoit**
Chase

ALCO Committee

Alan Orechwa
Orechwa Consultants

David Levy
Fair Housing Council of
Orange County

Susan Montoya
First Bank

Terrin Enssle
CapitalSource Bank

Douglas J. Bystry
Clearinghouse CDFI

Melissa DeMotte
Clearinghouse CDFI

Shareholders

Class A Shareholders



Class C Shareholders (non voting)

U.S. Dept. of Treasury
CDFI Fund



Shareholders

New Markets Tax Credit Investors



CRA Investment Fund



Depositors



Erich and Hannah
Sachs Foundation



Other Lenders



Selected Financial Data

Clearinghouse Community Development Financial Institution Companies

Combined Balance Sheets

December 31, 2009 and 2008

ASSETS	2009	2008
Cash and cash equivalents	\$ 23,046,000	\$ 20,815,000
Certificates of deposit	250,000	1,000,000
Loans receivable, net	278,211,000	226,602,000
Loans held for sale	1,695,000	2,277,000
Accrued interest receivable	1,567,000	1,500,000
Deferred taxes	1,460,000	1,057,000
Fixed assets, net	136,000	163,000
Other real estate owned	1,236,000	149,000
Other receivables and prepaid expenses	1,534,000	1,281,000
Other assets	496,000	30,000
Investment in other companies	12,987,000	7,131,000
TOTAL ASSETS	322,618,000	\$ 262,005,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,973,000	\$ 1,662,000
Accrued interest payable	544,000	554,000
Lines of credit	9,851,000	13,237,000
Interest-bearing deposits	450,000	450,000
Non-interest-bearing deposits, stockholders	2,150,000	1,350,000
Notes payable, Class A stockholders	51,758,000	49,758,000
Other notes payable	4,300,000	4,300,000
TOTAL LIABILITIES	72,026,000	71,311,000
STOCKHOLDERS' EQUITY		
Common stock, no par value		
Class A	5,460,000	4,708,000
Class C	3,580,000	3,830,000
Retained earnings	5,133,000	4,152,000
Controlling equity	14,173,000	12,690,000
Noncontrolling equity	236,419,000	178,004,000
TOTAL STOCKHOLDERS' EQUITY	250,592,000	190,694,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 322,618,000	\$ 262,005,000

Selected Financial Data

Clearinghouse Community Development Financial Institution Companies

Combined Statements of Income

For the years ended December 31, 2009 and 2008

	2009	2008
INTEREST INCOME		
Interest on loans receivable	\$ 12,164,000	11,133,000
Interest-bearing deposits	159,000	349,000
Total interest income	12,323,000	11,482,000
INTEREST EXPENSE	(2,437,000)	(2,909,000)
Net interest income	9,886,000	8,573,000
PROVISION FOR LOAN LOSSES	(3,154,000)	(1,398,000)
Net interest income after provision for loan losses	6,732,000	7,175,000
NON INTEREST INCOME		
Fees and gains on sale of single-family loans	119,000	659,000
Other loan fees	263,000	203,000
Grants and other	2,425,000	261,000
Management fees	872,000	903,000
Gain on debt extinguishment	843,000	1,197,000
Total non interest income	4,522,000	3,223,000
NON INTEREST EXPENSE		
Compensation and related benefits	2,223,000	1,815,000
Insurance	185,000	145,000
Investment loss	377,000	-
Organization & start up costs	250,000	-
Professional fees	512,000	403,000
Depreciation	66,000	60,000
Amortization	21,000	-
Rent	151,000	122,000
Charitable contributions	73,000	64,000
Historic tax credit investment amortization	731,000	343,000
Other expenses	505,000	467,000
Total non interest expense	5,094,000	3,419,000
Income before provision for income taxes	6,160,000	6,979,000
Provision for income taxes	1,352,000	1,291,000
Net income	\$ 4,808,000	\$ 5,688,000
Income allocable to noncontrolling equity	\$ 3,771,000	\$ 4,233,000
Income allocable to controlling equity	\$ 1,037,000	\$ 1,455,000

2009 Highlights

Pre-tax Profit Total:
\$2.33 Million

New Markets Tax Credit Award:
\$100 Million

CDFI Fund Award:
\$1 Million

Core Loans Funded Total:
\$25.5 Million

Our Mission

Clearinghouse CDFI Provides economic opportunities and improves the quality of life for lower-income individuals and communities through innovative and affordable financing that is unavailable in the conventional market; while achieving shareholder objectives.

Our Vision

At Clearinghouse CDFI, we believe in providing equal access to credit in neighborhoods of all income levels and ethnicities. We spend the time and energy required to find creditworthy borrowers whose projects create assets in the community. These borrowers, because of their unique circumstances, are rejected or not even considered by traditional lenders.

Community development lending must be profitable in order to be sustained. As with conventional lenders, we carefully evaluate each applicant's ability to repay the loan.

Unlike traditional lenders, we do not have predefined loan programs. We analyze each loan application individually. Every loan we make benefits the community in a measurable way.

A member of the
OPPORTUNITYFINANCE
NETWORK 



Community Development Financial Institution



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