

ITEM 1 – Cover Page

Investment Adviser Brochure

Community Capital Management, Inc.

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March 25, 2015

This brochure provides information about the qualifications and business practices of Community Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (877) 272-1977 or agreenspan@ccmfixedincome.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Community Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration does not imply a certain level of skill or training.

ITEM 2. Material Changes

This page discusses only the material changes to this brochure since the last update on March 14, 2014. Those changes include:

- Item 4:
 - Revise ownership name from Carol Cooper to John Cooper.
 - Update of Assets under Management, number of Clients and number of accounts to reflect balances as of the fiscal year end of December 31, 2014.
- Item 10:
 - Update number of registered representatives.
 - Revise location of compliance consulting firm.
- Item 13: Update of membership of Investment Management & Trading Committee and revision of titles of personnel involved in account reviews.

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ITEM 4. Advisory Business

Community Capital Management, Inc. (“Community Capital”) was founded in 1998 by Todd Cohen, President and Chief Investment Officer and Director and Barbara VanScoy, Chief Impact Investment Officer, Chair of the Board and Director. The principal owners of Community Capital are Todd Cohen, the Patricia R. Cohen Irrevocable Trust and John Scott Cooper.

Community Capital is an institutional fixed-income manager and investment adviser providing investment supervisory services on a discretionary or non-discretionary basis. Investment management is guided by the objectives articulated by the client (*i.e.*, preservation of capital, growth, income, growth and income). Community Capital also provides investment supervisory services on a discretionary basis to The Community Capital Trust (the “Trust”) a series trust including The Community Reinvestment Act Qualified Investment Fund and the CCM Alternative Income Fund (the “Registered Funds”), both open-end management investment companies and the CCM Economic Development Bond Fund LLC, The New York State Series (the “Private Fund”), a pooled investment vehicle sponsored and advised by Community Capital which is not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Private Fund is exempt from registration under the Investment Company Act by virtue of Section 3(c)(1). Accordingly, interests in the Private Fund are offered and sold exclusively through the means of a private placement memorandum to investors satisfying the applicable eligibility and suitability requirements. Community Capital Management, Inc. is the sole managing member of the Private Fund.

Community Capital Management engages in fixed income investment in government related subsectors of the bond market traditionally excluded from the major bond indices. Our primary goal is to produce above-average, risk-adjusted returns while providing added diversification and simultaneously having a positive impact on the community and the environment.

Community Capital Management primarily manages *impact investing* portfolios, providing fixed income investment services to: foundations, religious organizations, pension funds, not-for-profit healthcare systems, insurance companies, financial institutions, and mission-related investors.

The portfolio management team establishes long-term strategic asset allocation ranges, which may call for the inclusion of instruments from the following subsectors (among others):

1. Taxable municipal bonds
2. U.S. Agency Multifamily Mortgage Backed Securities (MBS)
3. Government-guaranteed Small Business Administration (SBA) pools and loans
4. U.S. Agency Single Family MBS (collateralized by loans with relatively low loan balances)

For certain portfolios, Community Capital engages in a hedging strategy utilizing futures trading.

Separate account clients may restrict investments based on their specific investments and goals, subject to Community Capital’s ability to effectively manage the portfolio.

Additionally Community Capital Management may engage in the management of a merger arbitrage strategy utilizing stocks of U.S. and foreign companies involved in pending merger and acquisition activities.

As of December 31, 2014, Community Capital managed 29 accounts for 17 Clients on a discretionary basis with an approximate value of \$1,990,175,654.

ITEM 5. Fees and Compensation

Community Capital's annual fees are payable monthly in arrears based upon the calendar quarter market value either as provided by the pricing agencies utilized by Community Capital or by the custodian when mandated by contract according to the following standard schedule:

<u>Assets under Management</u>	<u>Annual Fee as a Percentage of Assets</u>
First \$25,000,000	0.40%
Next \$25,000,000	0.30%
Next \$50,000,000	0.25%
Balance	0.20%

Community Capital may negotiate fees. Fees for mutual fund and similar products are generally 0.30% of net assets. Fees for separate accounts are charged according to the above schedule. To the extent that a client's assets are invested in mutual funds, the client will indirectly incur any investment management fees that are charged to the mutual funds by their investment managers. Separate account assets are not invested in any funds managed by Community Capital.

For the Funds, fees are computed daily and paid monthly and are calculated at annual rates based on the average daily net asset value of the Funds. Currently, Community Capital is not paid investment advisory fees in advance of services. Generally, a client may terminate an investment advisory agreement at any time on written notice and Community Capital may terminate the agreement after thirty days' written notice. Community Capital or the Funds may terminate the investment advisory agreement on 60 days' written notice to the other party.

Investors in the Private Fund should refer to the offering documents for additional/supplementary information regarding the various fees and charges associated with investments in the Private Fund

Separate accounts may have fees deducted or billed at the client's discretion.

From time to time, Community Capital will provide non-investment-related advice and education with regard to the implications of the Community Reinvestment Act of 1977. Community Capital has a special servicing agreement with respect to a particular share class (CRA Shares) of The Community Reinvestment Act Qualified Investment Fund whereby it charges an additional fee for this type of advice and education.

In addition to Community Capital's fees discussed above, clients may incur transaction costs. See the section titled "Brokerage Practices" below.

ITEM 6. Performance-Based Fees and Side-By-Side Management

Community Capital does not receive performance based fees.

ITEM 7. Types of Clients

Community Capital provides investment supervisory services to financial advisors, banks or thrift institutions, investment companies, pooled investment vehicles, pension and profit sharing plans, trusts, estates or charitable organizations and corporations or other business entities.

Community Capital requires a minimum investment of \$10,000,000 for a separate account, which may be waived in certain circumstances. Information regarding minimum investment requirements for the Private Fund is described within the offering documents.

ITEM 8. Methods of Analysis, Investment Strategies and Risk of Loss

FIXED INCOME: Community Capital's fixed income research process combines community impact research with financial analysis to provide clients an added layer of investment transparency.

The first step in the fixed income security selection process is to identify investments typically in one of the following sectors: multifamily mortgage-backed securities; single family mortgage-backed securities; taxable municipal bonds; and Small Business Administration (SBA) pools and loans. The next step is to analyze the use of bond proceeds by evaluating the community and environmental impact and determine if there are any geographic targeting needs. The third step is to conduct credit rating assessment and verification procedures by doing independent research on taxable municipal bonds and prepayment analysis on agency mortgage-backed securities. Then the bond's fundamental impact on the portfolio is analyzed. Finally, the bond is purchased after determining the fair value of the bond is based on quantitative financial data.

- Generally, the prices of fixed-income debt securities tend to move in the opposite direction of interest rates. When rates are rising, the prices of debt securities tend to fall. When rates are falling, the prices of debt securities tend to rise.
- The value of debt securities also depends on the ability of issuers to make principal and interest payments. If an issuer cannot meet its payment obligations or if its credit rating is lowered, the value of its debt securities will fall. The ability of a state or local government issuer to make payments can be affected by many factors, including economic conditions, the flow of tax revenues and changes in the level of federal, state or local aid. Some municipal obligations are payable only from limited revenue sources or private entities.
- Prepayments of principal on mortgage-backed securities may tend to increase due to refinancing of mortgages as interest rates decline. When this occurs, the portfolios may lose a portion of its principal investment to the extent the portfolio paid any premium for a security. In addition, the portfolio's yield may be affected by reinvestment of prepayments at lower rates than the original investment. The portfolio may sell securities

that it has held for less than one year. When it does so, the portfolio may realize short-term capital gains, which are taxed at higher rates than long-term capital gains.

HEDGING: Hedging is done primarily to mitigate interest rate risk of the fixed income positions. On a frequent basis, the Portfolio Managers will review the key rate duration of each security and its impact to the overall portfolio. The primary means of hedging is short treasury futures. Noteworthy risks associated with hedging include the following:

- *Hedging Transactions Risk:* The success of the any hedging strategy is subject to the investment adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedging strategy will also be subject to the investment adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.
- *Leverage Risk:* The Fund may make investments in futures contracts, swaps and other derivative instruments. The futures contracts, swaps and certain other derivatives provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. If the Fund uses leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a "when-issued" basis or purchasing derivative instruments in an effort to increase its returns, the Fund has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the Fund. The net asset value of the Fund employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires the Fund to pay interest.
- *Commodities Risk:* Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity.

MERGER-ARBITRAGE:

Community Capital's universe for merger-arbitrage positions begins with all announced event driven transactions regardless of size. The focus is on deals with a Definitive Merger Agreement (DMA) in place and deals tend to gravitate to those with market values of approximately \$1 billion or less. Several factors are taken into account when considering an investment, including: the size of the buyer, the size of the target, the available and committed financing. In addition, the terms and structure of the deal along with any anti-trust risk and any communications from large shareholders with regards to the transaction are weighed into the final decision. Noteworthy risks associated with merger arbitrage include the following:

- *Merger Arbitrage Risk:* Employing arbitrage strategies has the risk that anticipated opportunities do not play out as planned, resulting in potentially reduced returns or losses to a portfolio as it unwinds failed trades.
- *Derivatives Risk:* Derivatives come in many varieties and have a wide range of potential risks and rewards, and may include forward contracts, futures contracts, options (both written and purchased), swaps and options on futures and swaps. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets.
- *Short Sales Risk:* Short sales expose the Fund to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the Fund. The amount the Fund could lose on a short sale is theoretically unlimited (as compared to a long position, where the maximum loss is the amount invested). The use of short sales may also cause the Fund to have higher expenses than those of other funds.
- *Foreign Securities Risk:* The risk that investing in foreign (non-U.S.) securities may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to less liquid markets, and adverse economic, political, diplomatic, financial, and regulatory factors. Foreign governments also may impose limits on investment and repatriation and impose taxes. Any of these events could cause the value of the Fund's investments to decline.

All investment portfolios are affected by changes in the economy and swings in investment markets. Investing in securities involves a risk of loss that clients should be prepared to bear.

It is Community Capital's policy to ensure the proper valuation of all securities purchased and held for the benefit of Community Capital's clients. In general, when the market value of a security is readily available, Community Capital shall rely on pricing services to determine the value of securities. In this connection, Community Capital is authorized to engage the services of one or more qualified independent pricing services to value securities. Differing pricing services for each type of security may be selected. When market value is not readily available, the value obtained is deemed to be unreliable, or there is a significant event affecting the value of a security, the "fair value" of a security is determined by the Investment Management & Trading Committee taking into account various factors as recommended by applicable regulatory authorities, including the SEC, and the Valuation Committee.

The Valuation Committee shall be responsible for procedural oversight of the actions of the Investment Management & Trading Committee with respect to the pricing of securities. The fair value of a security may differ from its actual sales price at the time of sale.

ITEM 9. Disciplinary Information

On July 6, 2006, the Securities and Exchange Commission settled public administrative proceedings against Todd Cohen arising from Mr. Cohen's previous employment as a brokerage supervisor with Suncoast Capital, which is not an affiliate of Community Capital. Mr. Cohen consented to an Order in which he neither admitted nor denied that he failed reasonably to supervise two Suncoast Capital traders in 1998 and 1999. The Order suspended Mr. Cohen from

acting in a supervisory capacity for any broker, dealer, or investment adviser for a period of six months and required him to pay disgorgement of \$52,897.11, prejudgment interest of \$30,504.45 and a civil monetary penalty of \$50,000. Upon the completion of the suspension period, Mr. Cohen became the President and Chief Investment Officer at Community Capital.

ITEM 10. Other Financial Industry Activities and Affiliations

Community Capital has engaged Foreside Fund Services LLC to carry registered representative or principal licenses of those employees of Community Capital who will service or assist in the offering of the shares of a Fund. Currently there are 15 Community Capital employees who are Registered Representatives with Foreside Fund Services. Community Capital serves as the investment adviser to the Funds, which are registered investment management companies. Stefanie Jane Little is Community Capital's Chief Compliance Officer. Ms. Little is a lawyer and is the President of Little Consulting Group, Inc. ("LCG"), a compliance consulting firm located in Elkton, Maryland. Ms. Little is also Managing Member of SEC Compliance Alliance LLC ("SECCA"), also a compliance consulting firm based in Elkton, Maryland. Community Capital has entered into a Compliance Services Agreement with LCG pursuant to which LCG provides compliance services to Community Capital, including the designation of Ms. Little as Community Capital's Chief Compliance Officer as well as the Chief Compliance Officer for the Community Capital Trust.

ITEM 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Community Capital and its employees owe a fiduciary duty that client interests be placed ahead of personal or business interests. In an effort to ensure that Community Capital develops and maintains a reputation for integrity and high ethical standards it has adopted a Code of Ethics that establishes the standard of business conduct that all employees must follow. The Code of Ethics addresses personal trading and investments by access persons. Specifically, before transacting in any securities (other than those considered exempt under SEC definitions), access persons must obtain pre-clearance. Absent extraordinary circumstances, pre-clearance is denied in instances where there is trading by client accounts in the same issuer on the same day. In addition, pre-clearance is required for any private placements or initial public offerings to ensure that opportunities of limited availability are first afforded to clients where appropriate. Access persons are required to acknowledge at hire and annually thereafter that they have received, read and understood the Code of Ethics and that they agree to comply with it in all respects. Additionally, access persons submit a report of their personal transactions on a quarterly basis and arrange for electronic feeds of their personal trading holdings and transactions to be submitted to Community Capital's personal trading database. A copy of the Code of Ethics is available to any client or prospective client upon request.

Community Capital may solicit advisory clients to invest in its Private Funds.

ITEM 12. Brokerage Practices

Community Capital's Investment Management and Trading Committee is responsible for the oversight of brokerage practices, among other areas described in this document.

Community Capital requests that discretionary clients provide it with written authorization to determine: which securities are bought or sold and the amounts thereof; and the broker or dealer to be utilized. Community Capital will select those brokers or dealers that will provide the best price and execution. Best price is normally an important factor in this decision, but the selection also takes into account the quality of brokerage services, including such factors as acting as originator, underwriter or market maker for relevant issues; quality of overall execution services provided by the broker-dealer; commission and transaction fees charged by the broker-dealer; promptness of execution; creditworthiness and business reputation of the broker-dealer; research (if any) provided by the broker-dealer; promptness and accuracy of oral, hard copy or electronic reports of execution; ability and willingness to correct errors; promptness and accuracy of confirmation statements; ability to access various market centers; the broker-dealer's facilities, including any software or hardware provided to the adviser; any expertise the broker-dealer may have in executing trades for the particular type of security; reliability of the broker-dealer; if applicable, the ability of the broker-dealer to use electronic trading networks to gain liquidity, price improvement, lower commission rates and anonymity; and review of financial reports of the broker-dealer.. Accordingly, transactions may not always be executed at the lowest available price or commission. Typically commissions are not generated on fixed income transactions and transaction costs are built into the execution price.

It is Community Capital's policy not to engage in soft dollar transactions; however in the event that its policy changes, procedures have been developed to ensure that any conflicts of interest are minimized.

Community Capital's fiduciary duty to clients is especially evident when it comes to correcting errors made in placing trades for clients. A trade error is considered to have occurred if the order executed for a client materially differs from the trade instructions for that client (for reasons other than customary allocation of unfilled or partially filled orders). It is Community Capital's policy that when correcting a trading error, the client may not be disadvantaged, therefore they must be made "whole."

Community Capital is authorized to purchase or sell securities between client accounts ("cross transaction") in accordance with applicable law. Clients are notified and provided with the transaction details in the event their account is either the purchaser or seller in a cross transaction on a quarterly basis. Upon written notice to Community Capital, clients may revoke their consent to cross transactions at any time. Generally, Community Capital will engage in cross trades when securities that are no longer warranted within the Fund portfolios would benefit a separate account client, thus reducing trading costs for both sides of the transactions.

Community Capital from time to time may purchase securities with a forward settlement date. These securities may not have a recognizable CUSIP or pool number and may not be reflected in a client's portfolio by its custodian until the settlement date. The securities are reflected within Community Capital's records which are based upon trade-date accounting principles. These forward settling securities may require the provision of collateral, usually in the form of margining.

On occasion, a security may be purchased for multiple accounts with the order for said security aggregating the accounts into a single trade. Such trades are generally allocated on a pro rata

basis, unless circumstances (e.g. a partially filled order) warrant a different approach. Allocations on a basis other than pro rata are performed as required in Community Capital's compliance manual. These activities are overseen by the Investment Management and Trading Committee.

At this time, Community Capital does not accept brokerage direction from advisory clients.

ITEM 13. Review of Accounts

Accounts are monitored by the Investment Management and Trading Committee on at least a monthly basis. The members of the committee are Barbara VanScoy, Chief Impact Investment Officer; Todd Cohen, Chief Executive Officer and Chief Investment Officer; David Sand, Chief Investment Strategist; Michelle Rogers, Senior Portfolio Manager; Julie Egan, Portfolio Manager; and Elliot Gilfarb, Portfolio Manager. Portfolio valuations, portfolio holdings, portfolio changes and reports on investment policies are provided in writing at least quarterly and more frequently if requested by client.

ITEMS 14. Client Referrals and Other Compensation

Community Capital may enter into written agreements with unaffiliated solicitors. Solicitors of governmental plans must be registered as an Investment Adviser Representative in order to do business with Community Capital. Community Capital will generally pay the solicitor a percentage of all fees received by Community Capital from an investment advisory client for a period of twelve quarters following the date that the client retained Community Capital assuming that such retention occurred during the term of the agreement between Community Capital and the solicitor. Such payment will not reduce the amount invested by a solicited investor. Solicitors are required to provide prospective investors with disclosures describing the relationship between Community Capital and the solicitor.

ITEM 15. Custody

U. S. Bank and Trust Company serves as the custodian to both the Funds and the Private Fund. All other clients designate their own custodian and set up their own custodial accounts. Custodians supply quarterly statements. Clients should carefully review those statements and compare them with account statements sent by Community Capital. Differences may arise on account of variation in the pricing sources as well as differences in accounting (trade date versus settlement date) utilized by the custodians and Community Capital.

Due to its role as sole managing member of the Private Fund, Community Capital is considered to have constructive custody of the assets of the Private Fund. The Private Fund is audited annually and financial statements are distributed to investors within 120 days of its fiscal year end.

ITEM 16. Investment Discretion

Community Capital accepts discretionary authority to manage securities accounts on behalf of clients and requests that discretionary clients provide it with written authorization to determine which securities are bought or sold. Clients may impose guidelines or restrictions on this

authority, subject to Community Capital's ability to effectively manage the portfolio. Management of an account is contingent on the receipt of an executed investment management agreement and corporate resolution, trust agreement, or other documentation indicating authorized signatories.

ITEM 17. Voting Client Securities

Community Capital has established an Investment Management & Trading Committee with authority to supervise the implementation and administration of the proxy policy, among other functions.

For non-ERISA clients, Community Capital states in its Advisory Agreement whether or not it is responsible for voting proxies. If Community Capital undertakes to vote proxies, Community Capital's fiduciary duty requires Community Capital to vote proxies in the best interest of its clients.

It is Community Capital's policy, where it has accepted responsibility to vote proxies on behalf of a particular client, to vote such proxies in the best interests of its clients and ensure that the vote is not the product of an actual or potential conflict of interest. For clients that are subject to ERISA, it is Community Capital's policy to follow the provisions of the plan's governing documents in the voting of plan securities, unless Community Capital determines that to do so would breach its fiduciary duties under ERISA. Additionally, with respect to securities held in either of the Funds' or Private Fund's portfolio, Community Capital will vote proxies related to such securities in a manner that is consistent with the interests of the Funds or Private Fund. Community Capital will comply with the Fund's proxy policies if the Board of Trustees has adopted such policies.

Clients may obtain a copy of Community Capital's proxy voting policies and procedures upon request.

ITEM 18. Financial Information

Community Capital does not require or solicit prepayments of more than \$1,200 in fees per client six months or more in advance.

There is no financial condition that is reasonably likely to impair Community Capital's ability to meet contractual commitments to clients.

Community Capital has not been the subject of a bankruptcy petition within the past 10 years.