



There are inner-city neighborhoods with ample disposable income that are not being served. This is a huge opportunity for us because there's a great need for our services. This expansion can help us obtain a much larger share of the vision care business.

JERRY DARNELL
VICE PRESIDENT OF FRANCHISING
STERLING OPTICAL

Our home mortgage program's performed very well. It stabilizes neighborhoods and makes them more attractive to business and investors. This is not a social partnership. It's a business alliance.

VICKY TASSAN
MANAGER OF NATIONAL BUSINESS
DEVELOPMENT SUPPORT
BANK OF AMERICA

3 CORPORATE MODEL: Attracting Lucrative New Sales
CORPORATION: Sears, Roebuck & Co., and Target
COMMUNITY ORGANIZATION: Various
LOCATION: East Los Angeles Neighborhoods

Sears, Roebuck & Co. and Target are successfully drawing the dollar power of one of the fastest growing markets in the country – Hispanic immigrants. The Sears store in Boyle Heights, Calif., is one of its most successful outlets. Sales have reached \$394 per square foot, far above the \$318 national average for the chain. Target developed a prototype store aimed at similar demographics in nearby City of Commerce. Annual sales there have increased 17 percent, compared to a 7.2 percent average increase for all the chain's stores. To cultivate this market, the two companies consulted community leaders on consumer preferences. Sears developed new products such as the Salcedo apparel line while Target stocks hard-to-get specialty items such as Fabuloso cleanser, Suavitel fabric softener and La Bella hair care products. Both retailers are expanding this targeted sales approach across the country, using Spanish-language magazines, Web sites, and cultural events and promotions.

CORPORATE MODEL: Expanding and Improving Portfolio Performance
4 CORPORATION: Bank of America
COMMUNITY ORGANIZATION: Neighborhood Assistance Corporation of America
LOCATION: Targeted Neighborhoods Nationwide

Since 1996, Bank of America has provided \$150 million in home mortgages to 1,400 low- to moderate-income families and individuals in Atlanta, Baltimore, Washington, D.C. and the bank's home city of Charlotte, N.C. Bank of America's increased mortgage lending portfolio has been facilitated through its relationship with the nonprofit Neighborhood Assistance Corporation of America (NACA), based in the Boston area. NACA runs outreach and education programs to attract prospective buyers from targeted neighborhoods. Prospective buyers attend a mandatory, 10-week training program in order to qualify for a Bank of America loan with no down payment, but at market-level interest rates. Courses cover personal finance, how to qualify for a loan, how to repair a credit history and how to save money for home repairs. Those who complete the class must invest in a neighborhood stabilization pool to cover a limited number of late mortgage payments. In addition, NACA calls homebuyers if they are even a day late on payments. In 1998, the bank committed an additional \$3 billion over ten years in mortgage loan funds to be administered through NACA in Oakland, Sacramento, Los Angeles, Memphis, Houston, Dallas, Fort Worth, San Antonio, Buffalo, Tampa and Jacksonville.

CORPORATE MODEL: Rural Stability Brings Returns on Investment
5 CORPORATION: Northern State Bank
COMMUNITY ORGANIZATION: Impact Seven
LOCATION: Rural Wisconsin

Beginning in 1996, Northern State Bank aggressively lent to low- and moderate-income families and small businesses while working with Impact Seven to strengthen the economy of depressed communities throughout rural Wisconsin. The economic opportunity generated by Impact Seven's efforts with Northern State Bank and other corporations has helped create and retain more than 15,000 jobs, the majority filled by low-income individuals. Other loans have led to the creation of 19 business startups or expansions and the development of multi- and single-family homes valued at more than \$40 million. The delinquency rate for the bank's loan accounts has been a miniscule 0.33 percent, substantially lower than state and national averages for similarly sized banks.

CORPORATE MODEL: Creating Value Through Customer Service
6 CORPORATION: State Farm Insurance
COMMUNITY ORGANIZATION: National Housing Services, A Division of Neighborhood Reinvestment Corporation
LOCATION: Nationwide

The Bloomington, Ill.-based State Farm Insurance Co., the nation's largest property and casualty insurer, has launched a series of initiatives to expand its markets while contributing to the economic vitality and safety of low-income neighborhoods. State Farm is investing \$50 million to finance outreach, training, underwriting of property insurance, and home safety loans. To help reach its goals, State Farm has developed a long-term, strategic business relationship with the nonprofit Neighborhood Housing Services (NHS), a division of the Neighborhood Reinvestment Corporation. In Chicago, for example, the company – in alliance with NHS of Chicago – formed the Home Safety Program. Working with the Chicago Fire Department, the NHS sponsors inspections of potential safety hazards such as furnaces and electrical systems and provides loans if repairs or replacements are needed. State Farm funds the loans once the homeowners have undergone training in repair and fire safety. The company also established home buying seminars in cooperation with NHS. Corporate representatives explain the home and insurance purchasing process, help with credit repair, and educate prospective buyers on property inspection and upkeep. These courses help future homeowners in the neighborhoods and identify new business for State Farm.

Our work with a consortium of lenders and leaders of the Chickasaw Nation led to an innovative risk-sharing venture to invest in affordable housing on Indian lands. We anticipate a \$650 million market opportunity from this approach and a solid portfolio of returns.

ROGER HAUGHTON
CHIEF EXECUTIVE OFFICER
PMI MORTGAGE INSURANCE CO.

All of our inner city stores are now above average or highly successful. Our number one franchising priority is now the inner city.

RUSSELL SMITH
INTERNATIONAL DIRECTOR OF
FRANCHISE SALES
ATHLETE'S FOOT

Our specialized market research tools and data reveal inner-city market areas with over twice the sales opportunities of even the most prosperous suburban markets. Leading companies are using these innovative tools to access untapped urban markets overlooked by conventional market research models.

SHELLY HERMAN
SENIOR MANAGING DIRECTOR
SHOREBANK ADVISORY SERVICES