

**MERRILL LYNCH FIRST TO USE NEW RATINGS TOOL TO UNDERWRITE FINANCING
FOR UNDERSERVED MARKETS**

***Firm to Use CDFI Assessment And Rating System (CARSTM) for Underwriting;
Major Boost Seen for Community Development Financial Institutions***

WASHINGTON, D.C.///October 31, 2006///Merrill Lynch Community Development Company (MLCDC) will use a new ratings tool to place \$93 million with community development financial institutions (CDFIs) and mission-related community development entities (CDE) across the U.S. MLCDC is providing tax-credit enhanced financing under the New Markets Tax Credit (NMTC) program.

The tool -- the CDFI Assessment and Ratings System, or CARSTM -- is a unique rating system for CDFIs that has been developed and is operated by Opportunity Finance Network (OFN). OFN President & CEO Mark Pinsky made the announcement in a speech today at the OFN conference in Washington, DC.

"This is a watershed event," OFN President & CEO Pinsky said. **"Merrill Lynch CDC has agreed to use CARSTM to underwrite the CDFIs that it will invest in using its New Markets Tax Credit allocation, all \$93 million of its New Markets allocation."**

In comments later in the day, MLCDC Director & CARSTM Advisory Board Member Dan Letendre explained: **"We believe CARSTM will reduce the due diligence burden on CDFIs, especially for those who have already been rated, as well as speed up MLCDC's approval process and facilitate the faster deployment of capital."**

The CARSTM rating system by OFN is an important step forward for instilling increased confidence and interest in CDFIs among investors and donors. CARSTM is a comprehensive, third-party analysis of community development financial institutions that aids investors and donors in their investment decision-making. CARSTM subscribers can use these high-quality, efficient, and rigorous analyses of impact performance, financial strength and performance to guide investment decisions.

"The CARSTM rating system brings a performance-based assessment and structured analysis to the CDFI industry," said Jill Edwards, vice president and NMTC program manager for MLCDC. **"We believe that both investors and CDFIs benefit from the ratings process—investors by having experienced and knowledgeable consultants delve deeply into an organization's mission and finances and the CDFIs by gaining valuable knowledge of industry best practices."**

MLCDC received a \$93 million allocation of NMTCs in the fourth round (June 2006) and will begin making loans and investments under the program in early 2007. The New Markets Tax Credits Program is administered by the Treasury Department's CDFI Fund.

A total of 18 major investors have already subscribed to CARSTM, including Annie E. Casey Foundation; Bank of America; the Calvert Foundation; Domini Social Investments LLC; Fannie Mae Corporation; Fannie Mae Foundation; The F.B. Heron Foundation; The Ford Foundation; HSBC Bank; Impact Community Capital; The John D. and Catherine T. MacArthur Foundation; JPMorganChase Community Development Corporation; KeyBank, NA; Merrill Lynch CDC; Trillium Asset Management; U.S. Trust; Wachovia Bank; and Washington Mutual.



CARS™ has rated some of the largest and best known CDFIs, such as The Reinvestment Fund and Low Income Investment Fund, as well as smaller, housing and business CDFIs such as the Unitarian Universalist Affordable Housing Corporation, The Community First Fund, and PeopleFund.

CARS™ is a registered trademark of OFN.

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ABOUT OPPORTUNITY FINANCE NETWORK

Opportunity Finance Network is the leading network of private financial intermediaries identifying and investing in opportunities to benefit low-income and low-wealth people in the U.S. Our financing delivers both sound financial returns and real changes for people and communities. Opportunity Finance Network originated more than \$11 billion in financing in non-conforming urban, rural, and reservation-based markets through 2005. This has generated or maintained 170,693 jobs; 35,441 businesses; 484,943 housing units; and, 5,153 community facility projects. With cumulative net charge-off rates of less than 1%, we have demonstrated our ability to lend prudently and productively in unconventional markets often overlooked by conventional financial institutions. More information about Opportunity Finance Network can be found online at www.opportunityfinance.net.

ABOUT MERRILL LYNCH COMMUNITY DEVELOPMENT COMPANY

The Merrill Lynch Community Development Company was formed in 2001 as a community development investment bank to provide financing solutions and support to underserved communities and fulfill Merrill Lynch's community reinvestment goals. Leveraging Merrill Lynch's intellectual and financial capital, the MLCDC establishes strategic partnerships with for profit and nonprofit intermediaries to finance transactions that benefit low- and moderate-income areas and individuals. MLCDC lends or invests more than \$250 million per year, and has provided over \$1 billion in financing since its formation in 2001. While its activities are national in scope, the MLCDC concentrates its efforts in its three main service areas - the communities in and around Salt Lake City, Utah; Princeton, New Jersey; and New York City. The MLCDC is a wholly owned, for-profit subsidiary of Merrill Lynch Bank & Trust, FSB.