

Testimony of Lisa Mensah

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Provided to the Joint Economic Committee

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Note: This version corrects a data error on SBA 7(a) lending trends in rural areas (Page 10) and differs from the testimony submitted originally.

Good afternoon Members of the Joint Economic Committee. Thank you for holding this hearing on “The Innovation Economy, Entrepreneurship, and Barriers to Capital Access.” My name is Lisa Mensah, and I am President and CEO of the Opportunity Finance Network (OFN). I am pleased to be here today to testify on this critically important issue of access to capital for small businesses.

OFN is a national network of community development financial institutions (CDFIs), mission-driven community development banks, credit unions, loan funds and venture capital funds investing in opportunities that benefit low-income, low-wealth, and other under-resourced communities across America. CDFIs connect communities to capital that creates jobs, supports small businesses, builds affordable housing, cultivates healthy food and energy efficiency, and promotes safe borrowing and lending.

Currently there are more than 1,100 CDFIs certified by the Department of Treasury’s Community Development Financial Institutions (CDFI) Fund. CDFIs in OFN’s membership alone have originated more than \$54.9 billion in financing in urban, rural, and Native communities through 2016. With cumulative net charge-off rates of less than 1 percent, CDFIs lend prudently and productively in unconventional markets often overlooked by conventional financial institutions.

CDFIs exist to move money to people and places missed by traditional lenders. It is our industry’s view that in order to have an economy that supports innovation in all 50 states, especially in areas where growth has lagged or poverty is high, there is an urgent need to invest in the partnerships that will create more small businesses.



Today I would like to provide an overview of some of the challenges facing small businesses in accessing credit, with special emphasis on how those challenges impact small businesses in rural and Native communities, how CDFIs are helping to address those challenges, and the role the federal government can play in providing resources to further stimulate the flow of capital to businesses that need it most. As the former Undersecretary for Rural Development at the US Department of Agriculture, I saw not only the challenges facing our rural communities but also gained a deep understanding of how targeted resources from the federal government have the potential to unlock the promise and opportunity we know is present in rural America.

The Small Business Lending Landscape

Small businesses are important drivers of economic growth but face macroeconomic and microeconomic challenges when seeking access to credit. As the economy recovers, some small businesses are rebounding amid stronger economic growth. The Federal Reserve's "2017 Small Business Credit Survey of Employer Firms" found the net share of firms reporting profitability, revenue growth, and employment growth all increased from 2016 levels, and expectations for revenue and employment reached their highest levels since 2015 with nearly two-thirds of firms anticipating revenue growth in 2018.¹ While these improvements in the small business outlook are welcome, this growth is not experienced evenly for all small businesses. Although lending conditions have remained relatively stable for the past several years, credit standards for loans from traditional lenders have tightened sharply since the Great Recession, leaving some small business owners with few options to obtain financing.

Several factors impact the availability of credit for all small businesses: contractions in the banking system and lending to small business, a decline in the availability of small dollar loans, weak or limited credit history, lack of business and financial management skills, inadequate entrepreneurial training and networks, limited

¹ "2017 Small Business Credit Survey: Report on Employer Firms", Federal Reserve System, <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2018/sbcs-employer-firms-report.pdf>



awareness of lending options, discrimination, and insufficient access to broadband and technology.

- **Bank Closures and Consolidation** – The trends in the banking industry towards consolidation have accelerated in recent years. A report by the *Wall Street Journal* found the number of bank branches in the U.S. shrank by more than 1,700 in the 12 months ending in June 2017, the biggest decline on record.² As branches close, access to banking services as well as credit and loans is diminished for the areas served by the branches.

A decline in the number of bank branches and community banks especially impacts the availability of credit to small businesses, who typically rely on relationship lending from their local lenders. The Federal Reserve's *Report to Congress on the Availability of Credit to Small Businesses* states "the structure of the local banking market is particularly important because changes in concentration could affect the level of competition for small business lending, which, in turn, could influence the cost of borrowing and the quantity of credit demanded."³ The recent decline in bank branches has hit rural communities especially hard -- by the end of 2017, there were 625 rural counties without a community bank based in the county, at least 35 counties have no bank, and 115 are served by just one branch.⁴

- **Contraction in Small Business Lending** – Recent data shows that small business lending is still struggling to recover from the impact of the financial crisis. A 2018 report on small business lending trends from the Federal Reserve Board of Governors notes that the dollar volume of small business loan originations grew about 31% between 2010 and 2016 but remains nearly

² Rachel Louise Ensign, Christina Rexrode and Coulter Jones, "Banks Shutter 1,700 Branches in Fastest Decline on Record", Feb. 5, 2018 <https://www.wsj.com/articles/banks-double-down-on-branch-cutbacks-1517826601>. Accessed July 7, 2018.

³ Federal Reserve System, "Report to the Congress on the Availability of Credit to Small Businesses", September 2017. Accessed July 6, 2018. <https://www.federalreserve.gov/publications/files/sbfreport2017.pdf>

⁴ Ruth Simon and Coulter Jones, "Goodbye, George Bailey: Decline of Rural Lending Crimps Small-Town Business", December 25, 2017. Accessed July 6, 2018. <https://www.wsj.com/articles/goodbye-george-bailey-decline-of-rural-lending-crimps-small-town-business-1514219515>.



30% below the 2007 high.⁵ There are some areas of improvement in lending conditions: large bank lending to small businesses is increasing, with loan approval rates at big banks (those with \$10 billion or more in assets) hitting a post-recession high in May 2018 and approval rates at regional and community banks rising to 49.4%, the highest for small banks since May 2015.⁶ Despite this increase, large banks still approved only 25.9% of loan requests by small business owners, meaning nearly three quarters of applicants were denied financing and regional banks denied more than half of the funding requests they received in May 2018.⁷

A deeper look into the data reveals a less rosy outlook for small business in rural communities. A *Wall Street Journal* analysis of Community Reinvestment Act data reveals the dollar value of small loans to businesses in rural communities peaked in 2004, and in 2018, lending levels are still less than half of 2004 levels in those same communities. In fact, when adjusted for inflation, rural lending is below 1996 levels.⁸ Further, loans to rural communities account for only ten percent of all small business loans.⁹

- **Decline in availability of small dollar loans** - There has also been a decline in the availability of smaller dollar loans, which are critical for many small businesses, but especially microenterprises. For lenders, small business loans have high transactions costs, often making it unprofitable to make small loans. In addition, new startup firms or owners with limited business experience often require a level of technical assistance that can make small business and microlending even more cost prohibitive to a lender.

⁵ Dore, Tim, and Traci Mach (2018). "Recent Trends in Small Business Lending and the Community Reinvestment Act," FEDS Notes. Washington: Board of Governors of the Federal Reserve System, January 2, 2018. Accessed July 7, 2018/ <https://doi.org/10.17016/2380-7172.2122>.

⁶ Biz2Credit Small Business Lending Index, May 2018, <https://www.biz2credit.com/small-business-lending-index/may-2018>

⁷ *Id.* at 6.

⁸ *Id.* at 4.

⁹ *Id.* at 4.



A report by the Woodstock Institute, “*Patterns of Disparity*” stated the number of CRA-reported loans under \$100,000 in 2015 remained 58% lower than in 2007 and two percent lower than in 2001. The total dollar amount of those loans decreased nearly 47% from its peak in 2007 but rose by 16 percent, from \$67.0 billion to \$77.9 billion, between 2001 and 2015.¹⁰ At the same time, the demand for loans of less than \$100,000 remains high. The 2017 Small Business Credit Survey found that 55% of applicants sought \$100,000 or less in financing, creating a significant access to capital gap.¹¹

- **Weak credit history/collateral** - Tight credit markets can have an impact on small business owners who may have weak or limited credit history, lack of collateral, poor financial documentation, and modest business revenues. Many of these small business owners use their personal credit to finance their business. The 2017 Small Business Credit Survey found that 50% of small businesses rely exclusively on their owners’ personal credit scores to secure debt, and another 37% use both the owners’ personal scores and business credit scores.¹² Weak credit history makes it more difficult to secure financing from mainstream sources and makes these small business owners more vulnerable to predatory online lenders.

In Native communities, collateral requirements are often an impediment to securing business financing. The Office of the Comptroller of the Currency notes that some banks are uncertain about lending to businesses and individuals in Indian Country since commercial lenders offer loans backed by hard collateral and often real estate. Lending in Indian Country may require special arrangements, largely because of the sovereign status of tribes and the unique status of Indian lands, which increase transaction costs and make

¹⁰ “Patterns of Disparity: Small Business Lending in the Detroit and Richmond Regions”, The Woodstock Institute, January 2017. Accessed July 6, 2018.
<http://www.woodstockinst.org/sites/default/files/attachments/Detroit%20and%20Richmond%20Report%20Website.pdf>

¹¹ “2017 Small Business Credit Survey: Report on Employer Firms”, Federal Reserve System, <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2018/sbcs-employer-firms-report.pdf>

¹² *Ibid.*



the market less attractive for mainstream lenders.¹³ This amplifies the need for Native CDFIs that understand the economic and cultural dynamics of financing businesses in Indian Country and have deep connections to the communities in which they work.

- **Inadequate Business Training and Financial Management Skills –** Inadequate business training and financial management skills are challenges facing many small businesses seeking financing. CDFIs have noted the need to: provide specialized training and technical assistance to small business borrowers to identify areas of weakness in the business, develop a strategy for delivering technical assistance to that borrower, and build capacity to ensure the business owner is prepared for financing. This hands-on approach to business development is a key component to the success of CDFI lending to small businesses.
- **Access to business and professional networks –** Small business owners often lack access to business and professional networks needed to access venture capital, private equity or other institutional capital. Further, underserved business owners often lack personal capital and are less likely to have friends and family networks with strong access to capital. Access to business networks and mentorship can build relationships or lead to financial opportunities.
- **Limited Awareness of Financial Options –** Often small business owners are not aware that they may have affordable options to finance their businesses, or that responsible lending alternatives like CDFIs are available. It is also important to address the role of online and marketplace lenders in the small business lending space. The emergence of online lending has produced a seismic shift in the delivery of capital and financial services to consumers and business owners. As traditional brick and mortar lending institutions

¹³ Office of the Comptroller of the Currency, "Commercial Lending in Indian Country: Potential Opportunities in a Growing Market", February 2016. Accessed July 7, 2018. <https://www.occ.gov/topics/community-affairs/publications/insights/insights-commercial-lending-indian-country.pdf>



continue to retract and reduce their numbers, new online lenders have entered the small business marketplace to meet the credit needs of small business borrowers.

Responsible marketplace lenders like those signed on to the Small Business Borrowers Bill of Rights are filling a gap and providing a financing option to people with limited access to business credit and financial services.¹⁴ Still, there remains too many unscrupulous, predatory lenders with opaque business models, underwriting methods, and portfolio quality. There are lenders offering high-cost loans targeting the most vulnerable small businesses with little transparency about loan pricing and terms upfront. The lack of oversight in the online lending market limits the ability of business owners to make informed decisions.

- **Discrimination** – Lending biases can also prevent small businesses from accessing mainstream lending. Studies show that small businesses owners of color are less likely to apply for a loan due to fear of rejection. A 2016 Independent Business Survey conducted by the Institute for Local Self Reliance reported that of the business owners of color who applied for a bank loan in the last two years, 54% were rejected.¹⁵ The SBA’s research shows minority business owners are disproportionately denied financing even when controlling for factors such as business credit scores and personal wealth.¹⁶ The Minority Business Development Agency’s (MBDA) research finds that minority business owners are denied loans at nearly three times the rate of

¹⁴ The Small Business Borrowers' Bill of Rights identifies 6 fundamental rights that all small business owners seeking financing deserve along with the specific practices that lenders and brokers must abide by in order to uphold and protect those rights. The Small Business Borrowers' Bill of Rights is a product of the Responsible Business Lending Coalition (RBLC), a network of for-profit and non-profit lenders, brokers and small business advocates. For more information, visit <http://www.borrowersbillofrights.org/>.

¹⁵ Advocates for Independent Business and Institute for Local Self-Reliance, "2016 Independent Business Survey", February 2016. Accessed July 9, 2018. https://ilsr.org/wp-content/uploads/2016/02/2016_Survey_Report_FINAL.pdf

¹⁶ Christine Kymn, "Access to Capital for Women- and Minority-owned Businesses: Revisiting Key Variables by Advocacy", Issue Brief 3: Access to Capital, Small Business Administration, Office of Advocacy January 2014. Accessed July 6, 2018. <https://www.sba.gov/sites/default/files/Issue%20Brief%203%20Access%20to%20Capital.pdf>



non-minority owners.¹⁷ Even when controlling for credit and collateral differences, when small business owners of color do access capital, they often receive lower loan amounts and pay higher rates. This can discourage small business owners from even applying for financing. The Federal Reserve's "2017 Small Business Credit Survey" found 13% of respondents did not apply for financing in the previous 12 months because they believed they would be turned down. That figure grows to 21% for businesses with revenues of less than \$100,000.¹⁸

- **Access to Broadband and Technology** – Access to broadband is an issue for many low-income communities, but its impacts are especially pronounced in rural and Native communities. As the Joint Economic Committee's "Investing in Rural America: Bringing Progress and Economic Opportunity to Rural Communities" report notes, more than one third of residents currently living in rural communities do not have access to broadband.¹⁹ Expanding broadband access could increase businesses' access to banking and financial services to mitigate the impact of bank closures. Access to broadband also offers opportunities for small businesses to grow online, improving the ability to reach new markets and drive revenue growth.

Role of CDFIs in Small Business Lending

CDFIs are an important part of the small business lending ecosystem, providing capital to businesses that cannot access traditional financing. As mission-driven lenders, increasing access to affordable, responsible capital for business owners with

¹⁷ Robert Fairlie, Ph.D. and Alicia M. Robb, Ph.D., "Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs", U.S. Department of Commerce, Minority Business Development Agency, January 2010. Accessed July 6, 2018.

<http://www.mbda.gov/sites/default/files/DisparitiesinCapitalAccessReport.pdf>

¹⁸ *Id.* at 4.

¹⁹ Congressional Joint Economic Committee Democrats, "Investing in Rural America: Bringing Progress and Economic Opportunity to Rural Communities", June 2018. Accessed July 6, 2018. https://www.jec.senate.gov/public/_cache/files/ed5bf0b5-dd14-473f-acdc-fd86ba98a6e1/investing-in-rural-america.pdf



limited options: women, people of color, startup firms with limited revenue and less than perfect credit, is a key component of the CDFI lending strategy.

While other lenders have exited the market or charge high interest rates and fees to borrowers, CDFIs have figured out how to lend successfully in the most distressed markets by taking a localized approach to lending, adjusting their strategies and products to meet the needs of their communities, and by being accountable to the communities they serve.

For small business owners with financial impediments to securing financing like lack of collateral, cash flow challenges, modest business revenues, or imperfect credit, CDFIs address these issues in a variety of ways. CDFIs offer a variety of financial products including working capital, equity investments, bridge loans, senior and subordinated debt - sometimes at below market rates with lower and fewer fees. Often CDFIs can employ more flexible underwriting criteria, credit standards, collateralization and debt service requirements than what is otherwise available in the marketplace. While some of the challenges facing small businesses served by CDFIs are financial, others are related to business management practices. The experience of CDFIs has shown that both issues must be addressed for the business to be successful and grow. To that end, CDFIs provide financial education, technical assistance, and capacity-building development services to their borrowers, including business training and access to social and professional networks.

Beyond providing capital and technical assistance, CDFIs serve as an anchor in partnerships with community stakeholders including nonprofits, foundations, chambers of commerce, government agencies, and financial institutions, allowing them to connect entrepreneurs to a rich network of resources and opportunities. Many CDFIs also have referral relationships with local financial institutions, whereby a bank may refer a potential borrower who is not quite ready for conventional financing to a CDFI where the business owner can receive any needed training or technical assistance as well as financing. For many CDFIs, the goal is to help the borrower strengthen and grow their business, improve their financial position, and eventually be able to "graduate" to traditional financing from a mainstream financial institution.



The track record of CDFIs to date is impressive. Through OFN's annual member survey, CDFIs in our network that have reported annual data between 2005-2016 and primarily lend to small businesses (including microenterprises) showed a 200% increase in small business lending from 2005 to 2016, while SBA 7(a) lending increased 58% over the same period. CDFIs are also key financial partners during periods of economic contraction and have demonstrated the ability to increase lending countercyclically.

OFN Member CDFIs exhibited average growth rates in business lending of 7.2% during recessionary years (2007-2009) and 13.2% during post-recessionary years (2010-2016); substantially higher than SBA 7(a) lending where rates averaged - 13.6% during 2007-2009 and 17.3% during 2010-2016.²⁰ In other words, CDFIs increased their small business lending during the recession – and substantially increased lending after the recession – while SBA 7(a) lending, also intended for borrowers that do not qualify for conventional loans, decreased during the recession and shows similar growth rates as CDFIs in the sample following the recession.²¹

Not only did OFN member CDFIs increase business lending during 2007-2009 while SBA 7(a) lending decreased, CDFIs averaged a 4.1% net charge-off ratio compared to 13.9% in the SBA 7(a) portfolio during this period. During post-recessionary years (2010-2016) CDFIs averaged a 2.3% net charge-off ratio compared to 1.2% in the SBA 7(a) portfolio. Over the entire 2005-2016 period, CDFI business lending net charge-off ratios averaged 2.9% compared to 6.5% for SBA 7(a) lending. These trends show that CDFI business lending portfolios offer more stable and better overall performance, avoiding the erratic loss ratios of other business lending portfolios.

CDFI Small Business Lending in Rural and Native Communities

OFN member CDFI lending to businesses has also increased in rural and Native communities: lending in rural areas increased 90% from 2005 to 2016 and lending to

²⁰ Opportunity Finance Network, Database of Annual Member Survey Data, Accessed July 9, 2018.

²¹ U.S. Small Business Administration, "Open Data", Released 2018. Accessed July 6, 2018. <https://www.sba.gov/about-sba/sba-performance/open-government/foia/frequently-requested-records/sba-7a-504-loan-data-reports> .



businesses in Native areas increased 39% from 2010 to 2016.²² Even during the financial crisis, while SBA 7(a) lending to rural areas decreased during recessionary years, CDFI business lending to rural areas held steady. CDFI business lending in rural areas shows average growth rates of 0% during 2007-2009 and 14% during 2010-2016 compared to -6% and 14% in the SBA 7(a) portfolio, respectively. Overall, CDFI business lending to rural areas increased 90% from 2005 to 2016 while SBA 7(a) lending increased 63 percent.

In addition to providing financing and technical assistance to individuals and businesses in distressed communities, CDFIs can also be partners in addressing bank closures in rural areas. When Regions Bank was faced with the possibility of closing branches and creating a banking desert in two low-income communities in rural Mississippi, they turned to a CDFI and OFN member Hope Enterprise Corporation/Hope Credit Union. Regions donated the bank branches to Hope, along with a \$500,000 technical assistance grant, enabling Hope to reopen and continue to provide access to much needed financial services and credit in those communities.²³

Federal Support of Small Business Lenders

The federal government has several existing tools that can increase the supply of capital to mission driven lenders like CDFIs, who are adept at channeling those resources into distressed communities. The subsidy and credit enhancements provided by federal programs make CDFI business lending financially viable. For lenders, transaction costs are similar whether the loan amount is \$10,000, \$100,000 or \$1,000,000, causing most financial institutions to focus their attention on the higher dollar loans. CDFIs on the other hand, are committed to meeting the credit needs of their borrowers, who seek smaller loans and have nontraditional financing needs.

Existing federal programs are complementary resources that work together, allowing CDFIs to offer a variety of financing tools to meet the needs of businesses seeking financing, whether it is a \$500 microloan to a new entrepreneur, \$100,000 to help a

²² Lending figures for Native areas are not available prior to 2010.

²³ "Hope Credit Union to Expand Presence in the Mississippi Delta", June 25th, 2015. Accessed July 9, 2018. <https://hopecu.org/2015/06/hopeforthedeltarelease/>



business grow, or multimillion dollar financing for larger businesses to purchase equipment or real estate. CDFIs are key partners for underserved businesses along the spectrum.

The following are recommendations that will preserve and expand key federal programs that increase the availability of capital for small businesses:

- **Full funding for the Department of Treasury’s CDFI Fund’s Financial Assistance and Technical Assistance program** to allow certified CDFIs access to flexible, patient capital needed to provide financing to underserved businesses, and to provide critical technical assistance and development services to help small businesses grow and thrive. The CDFI Fund programs have helped CDFIs deepen their reach into highly distressed communities. The Department of Treasury’s CDFI Certification criteria requires CDFIs to originate at least 60% of loans and investments in eligible distressed census tracts or to underserved populations, and CDFIs continue to exceed that target: in FY 2017, CDFI Program awardees surpassed the 60% threshold for the percentage of both the dollar amount (81.2%) and the number of CDFI loans (83.0%) made to eligible distressed communities and underserved populations.²⁴ Further, in the FY 2017 award round, 29% of award recipients primarily served rural markets, well above the 14% of Americans currently residing in rural areas.

While these results are impressive, additional resources for the CDFI Fund will further stimulate financing to small businesses in rural and Native communities. The CDFI Fund programs are highly oversubscribed: applicants on average have requested more than four times the available amount of funding each year. In the FY 2018 application round, the CDFI Fund received 538 applications from 485 organizations across the country requesting more than \$504 million. In the CDFI Program alone, 432 organizations requested \$334.9 million in CDFI Program Financial Assistance (FA) and Technical

²⁴ U.S. Department of the Treasury, “Community Development Financial Institutions Fund Congressional Budget Justification and Annual Performance Report and Plan FY 2019”, March 8, 2018. Accessed July 9, 2018. <https://www.treasury.gov/about/budget-performance/CJ19/13.%20CDFI%20FY%202019%20CJ.pdf>



Assistance (TA) awards, while the CDFI Fund has only \$160 million in funding to award in FY 2018.²⁵

The Native CDFI Assistance (NACA) Program has catalyzed dramatic growth in lending to Native communities. Native CDFIs seen their assets grow fivefold since 2001, in large part due to the CDFI Fund, which has provided over \$93 million in capital, training and technical assistance to Native CDFIs.²⁶ The NACA program is similarly oversubscribed: in FY 2018, 53 organizations requested \$33.7 million in NACA Program FA and TA awards, more than double the \$16 million available in appropriated funds.

- **Full funding for the Department of Agriculture’s Rural Development Small Business Lending programs:**

- *Intermediary Relending Program (IRP)* provides local intermediaries, such as CDFIs, access to low-cost, long-term flexible capital up to 30 years to address challenges in rural communities. CDFIs then relend this money to businesses and economic development projects which create jobs in rural communities.
- *Business and Industry Loan Guarantee Program* is a loan guarantee program designed to assist help credit-worthy rural businesses obtain needed credit.
- *Rural Microentrepreneur Assistance Program (RMAP)* provides loans and grants to non-profit organizations, like CDFIs, which provide technical assistance and microloans to rural small business owners.
- *Rural Business Development Grants (RBDG)* are competitive grants that support targeted technical assistance, training and other activities leading to the development or expansion of small and emerging

²⁵ U.S. Department of the Treasury, “CDFI Fund Releases Application Demand for FY 2018 Round of CDFI Program and NACA Program”, May 24, 2018. Accessed July 6, 2018.

<https://www.cdfifund.gov/news-events/news/Pages/news-detail.aspx?NewsID=301&Category=Updates>

²⁶ Derrick Rhayn, “In Indian Country, Native CDFIs Work to Restore Food Sovereignty”, Nonprofit Quarterly, April 17, 2018. Accessed July 9, 2018.

<https://nonprofitquarterly.org/2018/04/17/indian-country-native-cdfis-work-restore-food-sovereignty/>



private businesses in rural areas that have fewer than 50 employees and less than \$1 million in gross revenues.

- *Value-Added Producer Grants (VAPG)* - The Value-Added Producer Grant (VAPG) program is a competitive grant program administered by the Rural Business-Cooperative Service of USDA that provides funding to independent agricultural producers, groups of independent producers, producer-controlled entities, organizations representing agricultural producers, and farmer or rancher cooperatives to create or develop value-added producer-owned businesses. These grants may be used to fund business and marketing plans and feasibility studies or to acquire working capital to operate a value-added business venture or alliance.
- **Make permanent the Small Business Administration's Community Advantage program** for mission driven lenders which is set to sunset December 31, 2020 and raise the maximum loan amount to \$500,000. The Community Advantage program, is currently a pilot program under the SBA's popular 7(a) program to meet the credit, management, and technical assistance needs of small businesses in underserved markets. Community Advantage provides mission-based lenders access to 7(a) loan guaranties as high as 85% for loans up to \$250,000. Since the program's inception, Community Advantage lenders have approved more than 4,000 loans for small businesses totaling over \$500 million, and of the 125 approved Community Advantage lenders, 84 are certified CDFIs, helping the program reach businesses in underserved markets.^{27 28}

With an average loan size of \$129,108, and a requirement that at least 60% of the number of loans made under program go to underserved communities, Community Advantage allows lenders to make those smaller loans of \$50,000 to \$250,000 that are often difficult for business owners to access. Lenders are

²⁷ U.S. Small Business Administration, FY 2019 Congressional Justification and FY 2017 Annual Performance Report, May 8, 2018. Accessed July 9, 2018.

https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF

²⁸ U.S. Small Business Administration, Office of Economic Opportunity, Presentation at the 2018 OFN Small Business Finance Forum, June 25, 2018.



also able to sell the guaranteed portion of the loan on the secondary market, generating unrestricted, earned income that can help mission-driven lenders finance even more small business lending.

Earlier this year Congress passed bipartisan legislation to increase the SBA's borrowing authority under the 7(a) program but did not make the Community Advantage Pilot program permanent as part of the legislation. This program meets a pressing unmet financing need for businesses poised for growth out of the microloan program but that might not be ready for traditional bank financing, but lenders need the certainty that a permanent Community Advantage program would provide.

- **Expand the Small Business Administration's Microloan** Program and provide additional technical assistance funds. The Microloan program is an important source of capital for microlenders to make loans up to \$50,000 to women, low income, veteran, and minority entrepreneurs, and other qualified small businesses. Under the Microloan Program, SBA makes direct loans to intermediaries that use the proceeds to make small loans to eligible businesses and provides grants to intermediaries and other qualified non-lending technical assistance providers to assist borrowers with marketing, management, and other business based training and technical assistance. Demand for the financing provided through the Microloan program has been increasing steadily: the number of businesses assisted by the program has increased by more than 17% since FY2012, and the number of jobs supported by microloans has increased by nearly 40 percent.²⁹
- **Reauthorize of the recently expired State Small Business Credit Initiative (SSBCI)**, a program created through the Small Business Jobs Act of 2010 to increase access to capital for small businesses by providing credit enhancements for small business lending, with a focus on reaching underserved communities. CDFIs made nearly 11,000 loans or investments supported by SSBCI funds, totaling \$835 million in new financing through

²⁹ *Id* at 20.



2016. A new round of funding could further stimulate small business development.

- **Strengthen strong small business borrower protections** that ensure business owners have access to information about the types of business loan products offered so business owners can make informed decisions. Small business borrowers deserve better information, clear disclosure, and understanding of financial resources and agreements. There are substantial disclosure requirements in the mortgage lending and consumer lending arenas, but no such protections or requirements exist for small business borrowers.
- **Support better research and data on access to capital issues in rural and Native markets** – There is limited comprehensive information available focused on analyzing the specific needs and challenges facing businesses in rural and Native markets. Congress should provide funding to study the specific challenges in these markets to identify targeted solutions that meet community needs.

Conclusion

CDFIs are critical intermediaries that deliver capital to businesses and communities that need it most, building credit and financial infrastructure that provides the financing needed to improve their economic well-being. At their core, CDFIs are about partnership, innovation, and creating opportunity in those communities that are often forgotten. But the work of CDFIs is not done alone: partners like the federal government remain vital to continuing the powerful work of mission driven lenders like CDFIs. CDFIs are also a smart investment for the federal government: small amounts of public subsidy are leveraged to amplify its impact. For example, the CDFI Fund has reported that for every dollar it awards to a CDFI, the CDFI leverages twelve dollars from non-federal sources.

Additional investments in proven solutions and programs like those that support the work of CDFIs will stimulate the flow of capital to business owners, generating economic activity that can catalyze community development, create jobs, generate



income and wealth, and help chip away at the persistently high poverty rate in too many rural and Native communities.



APPENDIX: CDFI Stories

ALASKA

Igiugig Ocean Renewable Power Company (ORPC) (CEI Maine)

COLORADO

Denver Boar & Castle (Citizen Potawatomi Community Development Corporation)

MAINE

Portland Greater Portland Health (CEI Maine)
Portland Tilson Technology Management (CEI Maine)
Gorham Seedlings to Sunflowers (CEI Maine)
Damariscotta Central Lincoln County (CLC) YMCA (CEI Maine)

MINNESOTA

St. Paul 4RM+ULA (FORM + Urban Landscape Articulation) (Meda)

NEBRASKA

Omaha JJ Reynolds Transport (Nebraska Enterprise Fund)
Omaha Lion's Gate Security Services (Nebraska Enterprise Fund)

NEW MEXICO

Albuquerque True Grit Tattoo (Accion)
Gallup I Knead Sugar (Accion)
Santa Ana RedWing Design (Accion)

NEW YORK

New York, NY Nawa Beauty Supply (Business Center for New Americans)
New York, NY S.K Grocery, INC (Business Center for New Americans)
New York, NY T&T Express Shipping (Business Center for New Americans)
New York, NY Shuvashree Inc./Sapphire Nails & Spa (Business Center for New Americans)

OKLAHOMA

Tecumseh Nations Laboratory Services (NLS) (Citizen Potawatomi Community Development Corporation)

SOUTH DAKOTA

Eagle Butte Number Nine Steakhouse (Four Bands)
Rosebud Reservation Lafferty Family LLC (Lakota Funds)

UTAH

Salt Lake City Soul of Salt Lake (Utah Microloan Fund)
Holliday Wyatt Eye, LLC (Utah Microloan Fund)
Taylorsville Bee Craft Consult, LLC (Utah Microloan Fund)



ALASKA

IGIUGIG, AK

CDFI: CEI Maine

Business: Ocean Renewable Power Company (ORPC)

Loan Detail: Multiple loans

Story Summary: Bringing power to rural, off-grid locations presents formidable challenges.

Since 2004, Ocean Renewable Power Company (ORPC) has addressed this challenge with a series of increasingly innovative marine hydrokinetic turbines.

For more than ten years, ORPC has stayed true to its founding principles: partner with local communities and develop power systems that do not harm the marine environment.

Part of the commitment to rural coastal communities is ensuring that fish and other marine life, which provide sustenance and economic activity, are not harmed.

Financing is another critical element of ORPC's success. The business has gone to CEI twice for financing and both times secured financing that was critical to its survival. The most recent round was a \$750k working capital loan to sustain the company through the final stages of commercializing its marine hydrokinetic power systems and the initial project in northern Quebec.



COLORADO

DENVER, CO

CDFI: Citizen Potawatomi Community Development Corporation (CPCDC)

Business: Boar & Castle

Loan Detail: Startup capital, business plan guidance

Story Summary: Chef Jorge Cazares opened the Boar & Castle mobile eatery in December 2017 with his wife Aimee, who is a Citizen Potawatomi Nation tribal member.

When going into business the Cazares struggled to access financing. They made all the necessary arrangements, incorporating, getting personal funds together, and locating a truck. Mainstream finance lending institutions denied them a loan because they lacked restaurant management history and experience and good credit.

CPCDC stepped in where banks couldn't, providing the restaurateurs with a startup capital loan, small business resource tools, and expert guidance.



MAINE

PORTLAND, ME

CDFI: CEI Maine

Business: Tilson Technology Management

Loan Detail: Equity investment in award-winning veteran owned small business

Story Summary: Tilson Technology Management, a Portland, Maine-based network deployment and IT professional services firm, was recently named by the U.S. Small Business Administration (SBA) as Maine and New England's Veteran Owned Small Business of the Year. Led by CEO Josh Broder, a veteran of the U.S. Army, Tilson took on major regional projects early on, including Maine Fiber Company's Three Ring Binder and Central Maine Power's grid modernization effort, which gave them credibility in the highly competitive national market. Starting with just three people in 2007, the company now has 230 employees in eight locations, and is currently seeking to fill 50 open positions.

Tilson was nominated for the SBA award by CEI Ventures, Inc. (CVI), started by CDFI CEI, which provided equity investments in Tilson in 2013 and 2015, and Rand Capital SBIC, Inc. which joined CVI as an investor in Tilson in 2015 and 2016.

CVI was Tilson's first outside investor, and introduced the business to many of its current investor team. Since CVI's investment, Tilson has not only grown its services business by several orders of magnitude, but also rolled out its first software product, and moved into telecom infrastructure ownership.

PORTLAND, ME

CDFI: CEI Maine

Business: Greater Portland Health (GPH)

Loan Detail: Financing capital to bring IT infrastructure in-house to reduce hosting expenses and help provide more healthcare services to the uninsured

Story Summary: GPH is a federally qualified health center (FQHC) that serves more than 10,000 patients; 50% are uninsured and may have otherwise not had access to quality healthcare services. GPH staff works collaboratively with many other nonprofits in the community to provide services to anyone in need. GPH services are offered to anyone who walks in the door.

In any of the health center's nine locations around the Greater Portland area, multiple languages are spoken; individuals receive financial counseling, peer support,



and case management; and a full suite of healthcare services that include medical, behavioral health and oral healthcare.

In 2013, GPH began operating as a 501c3 after four years of support from the City of Portland. A CEI loan enabled the health center to get through its first year on its own. A second loan from CEI provided capital to bring IT infrastructure in-house to reduce hosting expenses and be able to provide more healthcare services to the uninsured.

GORHAM, ME

CDFI: CEI Maine

Business: Seedlings to Sunflowers

Loan Detail: Loan financing from the USDA Community Facilities program and TD Bank to help with land acquisition, construction, and development of the facility

Story Summary: While attempting to find childcare for their own children, friends Marissa Ritz and Meghann Carrasco experienced waitlists, high teacher turnover, less than ideal curriculums, and a lack of collaboration among centers and parents. Their frustration with a lack of options and a passion for educating children inspired the idea of starting a new childcare center. Seedlings to Sunflowers, a start-up nonprofit childcare center in Gorham broke ground on its new facility in November 2017 and opened in June 2018.

The woman-owned and -operated non-profit educational childcare center offers voucher slots to low-income families and a sliding scale pricing structure for children aged six weeks to five years, as well as after school programs for children aged five to ten years. Programming will include a STEAM-based curriculum and garden-to-table activities in an adjacent 16 by 20-foot greenhouse.

Due to the startup nature of the business, Seedlings to Sunflowers was challenged to find the significant capital needed for the construction of the new 5,300 square foot center.

CEI stepped forward with \$1.5 million in loan financing from the USDA Community Facilities program and TD Bank. The financing helped with land acquisition, construction, and development of the facility. CEI is also providing workforce assistance to help Seedlings to Sunflowers reach its goal of creating quality jobs and hiring 50 percent of its employees from low to moderate income backgrounds.

DAMARISCOTTA, ME

CDFI: CEI Maine



Business: Central Lincoln County (CLC) YMCA

Loan Detail: With financing from the USDA's Community Facilities Relending Program, CEI provided loan to CLC YMCA for a facility renovation and expansion

Story Summary: CEI closed the first loan of its kind using financing from the USDA's Community Facilities Relending Program, with up to \$100 million guaranteed by Bank of America. The \$2,460,000 loan to Central Lincoln County (CLC) YMCA, a landmark community center in the midcoast region, allows for the renovation and expansion of its existing facility, originally built in 1973. The terms of the closing provide for an up-front construction loan from CEI that will be replaced by USDA funds upon the completion of construction.

The CLC YMCA has been a community hub for decades, offering exercise and workout facilities, after school and summer childcare, and summer camp programs to meet the needs of the 10 town, 25-mile service area in the rural mid-coast region. Approximately 10 percent of year-round residents are members.

Renovations and upgrades to the facility include an expansion from 51,000 to 68,000 square feet, a new fitness center, teaching kitchen and communal space, an elevator, elevated running track, and welcome center. The Y is already expanding enrollment for its programs for all ages, and the facility will also become home to Spectrum Generations. The expansion will create new jobs including a Healthy Living Director as well as additional maintenance staff.



MINNESOTA

ST. PAUL, MN

CDFI: Meda

Business: 4RM+ULA (FORM + Urban Landscape Articulation)

Loan Detail: Line of Credit

Story Summary: James Garrett, Jr. co-founded 4RM+ULA in 2002. Headquartered in St. Paul, 4RM+MULA focuses on transit-oriented design and urban redevelopment projects.

Garrett was born on the island of St. Thomas and became interested in urban settings during his formative years in St. Paul.

His talent and rigorous academic training prepared him to compete for high-profile architectural projects that foster community. But nothing prepared him for the financing barriers faced by minority entrepreneurs every day.

Despite 15 years in business, national awards, nine employees and a solid portfolio of clients, 4RM+ULA still couldn't access the capital it needed to transition from a start-up.

Meda saw the firm's value, and helped it obtain a line of credit. In 2017, 4RM+ULA opened an office in New York and hired two full-time employees — establishing its presence in a key market for urban infill projects.



NEBRASKA

OMAHA, NE

CDFI: Nebraska Enterprise Fund (NEF)

Business Name: JJ Reynolds Transport

Loan Details: Working capital and technical assistance

Story Summary: Julius Reynolds was excited to grow his trucking and transport business when he approached Nebraska Enterprise Fund in the fall of 2017. Although Julian thought he was ready to double his fleet, NEF helped him realize he needed to map out his financial and business goals to get on the road to success.

For weeks, NEF helped Julius build a business plan that was optimized for growth, including a marketing plan and financial projections. When the business plan was complete, NEF approved Julius for a \$20,000 loan which he used to purchase a second truck.

With added knowledge and a business plan under his belt, Julius is hopeful for the future. NEF is poised to continue working with him until he is ready to transition to a larger loan from a local bank.

OMAHA, NE

CDFI: Nebraska Enterprise Fund

Business: Lion's Gate Security Services

Loan Detail: Working capital for minority-owned small business

Story Summary: Retired police officers Joe Hodges and Calvin Jones began Lion's Gate Security Services in 2010 with a full range of security services such as personal safety, fire arms safety, corporate security, and strategic emergency planning for businesses.

They approached NEF in 2013 because they were unable to secure traditional financing—even though their sales exceeded \$300,000. NEF recognized their business capacity and determined that the business could support a loan that would lead to additional growth.

When NEF's loan was disbursed in mid-2013, the company had two full-time and 12 part-time employees. By 2014, the company grew revenues to over \$1 million. They employ 15 full-time positions and 123 part-time positions.



NEW MEXICO

GALLUP, NM

CDFI: Accion

Business: I Knead Sugar

Loan Detail: Loan for grand-opening supplies for Native-owned small business

Story Summary: Jacqueline Ahasteen began baking as a teenager. When she was in the kitchen, she was in heaven.

When she grew up, however, she put that passion aside in favor of a steady paycheck and a job in IT. That lasted until 2016, when Jacqueline decided to open a bakery, securing a location, signing a lease and beginning renovations. In May 2017, she and her husband opened I Knead Sugar in Gallup.

But I Knead Sugar nearly closed before it even opened. After spending hard-earned personal resources on renovations and build-out, Jacqueline realized they didn't have enough money for baking ingredients. The local Small Business Development Center referred Jacqueline to Accion, where she quickly obtained the capital she needed to buy flour, sugar, bowls, utensils and other supplies.

Capital isn't the only support Jacqueline has received from Accion. As a Native small business owner, Accion has helped connect her to other Native women entrepreneurs.

ALBUQUERQUE, NM

CDFI: Accion

Business: True Grit Tattoo

Loan Detail: Start-up loan for veteran-owned small business

Story Summary: Johnny Mac Howell was managing a tattoo shop when he decided to break out on his own. He had been tattooing for 15 years, but with a son graduating from high school, it didn't look like he would be able to afford to put him through college. He wanted to make more money as his own boss.

A native New Mexican, Johnny Mac grew up in foster care, and he attributes his strong work ethic to his WWII-era foster parents. He is also a veteran of the U.S. Navy. After serving his country, Johnny Mac found himself struggling to make ends meet. He worked as a stone mason to provide for his son and exercised his creative skills as a tattoo apprentice



Determined to realize his dreams, Johnny Mac made the decision to focus on his talent as a tattoo artist and Accion took him on as a client, providing a \$20,000 start-up loan to build out the tattoo parlor. Today, nearly 11 years later, Johnny Mac's shop, True Grit Tattoo, is thriving.

SANTA ANA, NM

CDFI: Accion

Business: RedWing Design

Loan Detail: Loan for working capital for Native-owned small business

Story Summary: When Shirley Pino was a girl, she learned to use an electric sewing machine. Her mother encouraged her sewing and taught her precious techniques that Shirley uses to this day. Years later, she came to realize she could create her own business centered on crafting clothes inspired by her late mother, who also had a sewing business. And, grateful to her grandfather for giving her the name RedWing, Shirley named her sewing business RedWing Design.

Ready to launch her business, Shirley was in need of new sewing equipment and more supplies. A friend referred her to Accion for a \$2,000 start-up loan. Since then, Shirley has received additional loans from Accion to continue growing her business



NEW YORK

NEW YORK, NY

CDFI: Business Center for New Americans (BCNA)

Business: Nawa Beauty Supply

Loan Detail: Working capital, microloans

Story Summary: When Nawa Coulibaly, a native of Ivory Coast, first came to the US in 2006 she supported herself by working at various stores, including a beauty supply store in Crown Heights, Brooklyn. In 2010, the store's owner presented her with the opportunity to purchase the retail business for \$10,000.

Nawa first approached BCNA when Nawa Beauty Supply business was struggling. The loan officer was impressed with Nawa's hard work and creativity. BCNA approved Nawa for a \$2,000 loan to help build her credit score. While the business was not an immediate success, Nawa gradually improved her business model, modifying her inventory to include more clothes and accessories.

Since her initial loan, Nawa has continued to work with BCNA, receiving three more loans from BCNA for \$5,000 each. Her most recent loan of \$15,000, disbursed on November 20, 2017, enabled her to purchase inventory in time for holiday shopping.

This business is open seven days a week and employs a part-time sales person.

NEW YORK, NY

CDFI: Business Center for New Americans (BCNA)

Business: S.K Grocery, INC

Loan Detail: Loan for inventory and working capital for immigrant-owned small business

Story Summary: In 2016, Sabana Guragai used her family's savings to purchase a corner convenience store in Queens when the previous owner could not continue to run the business. Within the first few months of running S.K Grocery, INC, she saw an opportunity to generate more income by adding specialty food items requested by people in her community.

But, she needed a loan to add the additional inventory, complete a renovation, and hire one full-time employee and increase the hours of her part time employee. Sabana didn't qualify for a bank loan but heard about BCNA's microloan program and applied.



She received a \$20,000 loan in 2017. Since then, Sabana’s business is thriving — and she has repaid almost half of the loan.

NEW YORK, NY

CDFI: Business Center for New Americans (BCNA)

Business: T&T Express Shipping

Loan Detail: Loans

Story Summary: Patricia Williams, who came to the U.S. from Trinidad in 1989, is the founder and president of Brooklyn-based T&T Express Shipping, a moving company with locations in New York and Florida that specializes in shipping to the Caribbean.

Having worked in the same field in her home country, she was able to use her knowledge of that local industry to expand her business here into that market. Patricia came to BCNA through a referral from Santander, a partner bank, and has since expanded her company to include shipping within the continental United States and grown her staff to 10 employees.

Her future plans include opening more service offices to further expand her business, develop new markets, and increase her sales and reach.

NEW YORK, NY

CDFI: Business Center for New Americans (BCNA)

Business: Shuvashree Inc./Sapphire Nails & Spa

Loan Detail: Loan for new equipment and to refinance high interest loan

Story Summary: Sunita Adhikari, who came to the United States from Nepal in 2007, is the owner of Shuvashree Inc./Sapphire Nails & Spa. Sunita’s loyal customers enjoy a suite of luxury spa services including manicures, pedicures, massage, waxing, threading, and facials.

When Sunita first moved to New York, she worked in other beauty salons to support her family. With a background in business and years of salon experience, she was motivated to start her own enterprise. In 2012, she opened her first salon and spa on the Upper East Side.

Sunita approached BCNA in 2014 to purchase new equipment and refinance a high-interest loan. Since then, she has opened a second salon in Midtown, just blocks



from the Empire State Building. Her two spas have created more than 20 jobs for New Yorkers.

With impeccable service, high-quality products, and a calming spa atmosphere, Sunita's new salon location continues to grow – which means more jobs for more people.



OKLAHOMA

TECUMSEH, OK

CDFI: Citizen Potawatomi Community Development Corporation (CPCDC)

Business: Nations Laboratory Services (NLS)

Loan Detail: Business plan services, training support, real estate assistance, start-up capital

Story Summary: Steven Weddle wants to provide more accessible and economical testing services to Native Americans across Oklahoma and formed Nations Laboratory Services (NLS).

He recognized that Native Americans are not always provided the most advanced testing available and the cost of providing cutting-edge testing services can take a heavy toll on tribal contract health funds. He put his years of experience providing regional ancillary healthcare and laboratory services to work and designed NLS's reference laboratory business model to bring advanced testing services closer to tribal health focused providers.

CPCDC helped Steve with by providing a business plan template and training support system to make his planning process flow and stay on track. When Steve was ready to find the right space for the laboratory, CPCDC introduced Steve to key real estate professionals.

NLS will be a moderate to high complexity reference laboratory that provides clinical and medical testing services for diagnosis, treatment, and prevention of disease. Laboratory services will be offered locally via courier service and across the state and region via overnight shipping. NLS will focus specifically on tribal healthcare facilities and Indian Healthcare Services facilities as well as other physicians, clinics and hospitals which serve a high population percentage of Native patients.



SOUTH DAKOTA

ROSEBUD RESERVATION

CDFI: Lakota Funds

Business: Lafferty Family LLC

Loan Detail: Agricultural Loan from the USDA FSA

Story Summary: Although the latest USDA Census of Agriculture shows there are 3,218 agricultural operations on Indian reservations in South Dakota, only 924—less than a third—are Native American-owned.

A major barrier to starting or expanding any type of business is lack of access to capital. This is especially true for agri-businesses, because of their large working capital needs. If you factor into the mix a business location that is on a reservation, finding a lender that will meet your financing needs can be nearly impossible. This is a dilemma that Craig Lafferty (Rosebud Sioux), partner in Lafferty Family LLC, faced when he when wanting to expand his cattle operation on the Rosebud Reservation.

Lakota Funds helped him access capital.

Lakota Funds was able to secure a \$300,000 agricultural loan with a 90% guarantee from the farm service agency (FSA) of the USDA for the Lafferty Family LLC. Lakota, who did the underwriting and issuing of the loan, could do so as a result of the partnership formed with the USDA, demonstrating the value of the government guarantee. To date, Lafferty Family LLC has utilized two loans from Lakota Funds to grow their Red Angus / Charolais cattle to a herd of 200.

EAGLE BUTTE, SD

CDFI: Four Bands

Business: Number Nine Steakhouse

Loan Detail: Technical assistance, working capital

Story Summary: Accountant Cheryl DuPris became a Four Bands client in 2004. As a single mom, she was seeking ways to start her own business. Initially, her relationship with Four Bands began as a contract opportunity to help local businesses set up their accounting systems and financial management procedures. In the meantime, she was working at her family's food truck business.

She had an idea for a business but was in debt and worried about her credit score. So, she participated in Four Bands courses, developed a strategy, presented her ideas to the CDFI, and got funding from the CDFI.



Eventually, Cheryl was ready to purchase the business from her parents and has been the sole operator for the past three years. She has nine employees.

In 2017, she began planning for a brick and mortar building. With a small business loan from Four Bands she renovated an existing, vacant building in downtown Eagle Butte, and in July 2018 opened the Number Nine Steakhouse with 22 employees. She continues to operate the food truck.



UTAH

SALT LAKE CITY, UT

CDFI: Utah Microloan Fund (UMLF)

Business: Soul of Salt Lake Food Truck

Loan Detail: Small business training and loan

Story Summary: Victoria White first came to the UMLF in 2016 with a dream to serve her delicious – and soulful – food throughout the state of Utah. She participated in Banking On Women™ in 2016 to build her business and entrepreneurial skills. The UMLF supports Banking On Women™ with the help of financial partner, Synchrony Bank. It is a free course offered to female entrepreneurs to equip them with the tools they need to succeed. By the end of the course, Victoria was prepared and ready to pursue her entrepreneurial dream. In 2017, after completing Banking On Women™, Victoria and her husband, Nick, applied for a small business loan through the UMLF loan program. Unsurprisingly, the couple's dream to open their own business came true!

HOLLIDAY, UT

CDFI: Utah Microloan Fund (UMLF)

Business: Wyatt Eye, LLC

Loan Detail: Capital for equipment and working capital

Story Summary: Early in 2016 Wade Wyatt, MD was teaching college courses at a local junior college and had been out of medicine for almost four years. His career vision of helping to restore sight and prevent blindness among the underserved and those without the means for quality eye care seemed like a distant, unattainable dream.

After returning to medicine later in the same year (2016), Dr. Wyatt found himself unable to move forward in his career without additional funding. He was working with a non-profit organization called "Eye Care 4 Kids" when he realized the unmet demand for surgical eye care among low-income, underserved populations along the Wasatch Front.

He came to the UMLF as a referral from a partner bank in late 2017. UMLF provided Dr. Wyatt with critical funding for equipment and working capital needed to move forward and help patients.



TAYLORSVILLE, UT

CDFI: Utah Microloan Fund (UMLF)

Business: Bee Craft Consult, LLC

Loan Detail: Start-up loan, small business training, credit building loan, mentorship

Story Summary: Daniel Oduntan, is a life-long master bee keeper and proud owner of Bee Craft Consult, LLC. Daniel started the business with the help of UMLF and the CDFI's community partner, the International Rescue Committee (IRC).

Daniel received funding from both the UMLF and the IRC, as well as ongoing trainings, a credit building loan, and mentorship. After receiving a start-up loan of \$12,000, Daniel was finally able to start a bee-keeping business in the U.S. after receiving asylum. In addition to bee-keeping, Daniel also teaches community courses about how to start and maintain a personal bee hive and turn it into a business.
