

# RLF Management

by Mike O'Donnell  
Colorado Lending Source



*Our mission is to foster the economic growth of diverse small businesses within our communities.*

# Colorado Lending Source - 2017



Total Project Cost  
**\$415,215,741.04**

Jobs Created  
**1,693**

Loans Approved  
**266**

## Top Loan Approvals by Industry...



**ACCOMMODATION & FOOD SERVICE: 48**  
**CONSTRUCTION: 26**  
**MANUFACTURING: 28**  
**RETAIL TRADE: 32**  
**HEALTHCARE & SOCIAL ASSISTANCE: 28**

## The Underserved Small Businesses We Helped...



Woman-Owned  
Businesses



Veteran-Owned  
Businesses



Minority-Owned  
Businesses



Startup  
Businesses



Rural  
Businesses



Millennial-Owned  
Businesses

# Colorado Lending Source Loan Programs



SBA 504 Loan Program



SBA 7(a) Loan Program



Direct Small Loan Programs

# Direct Small Business Loan Programs

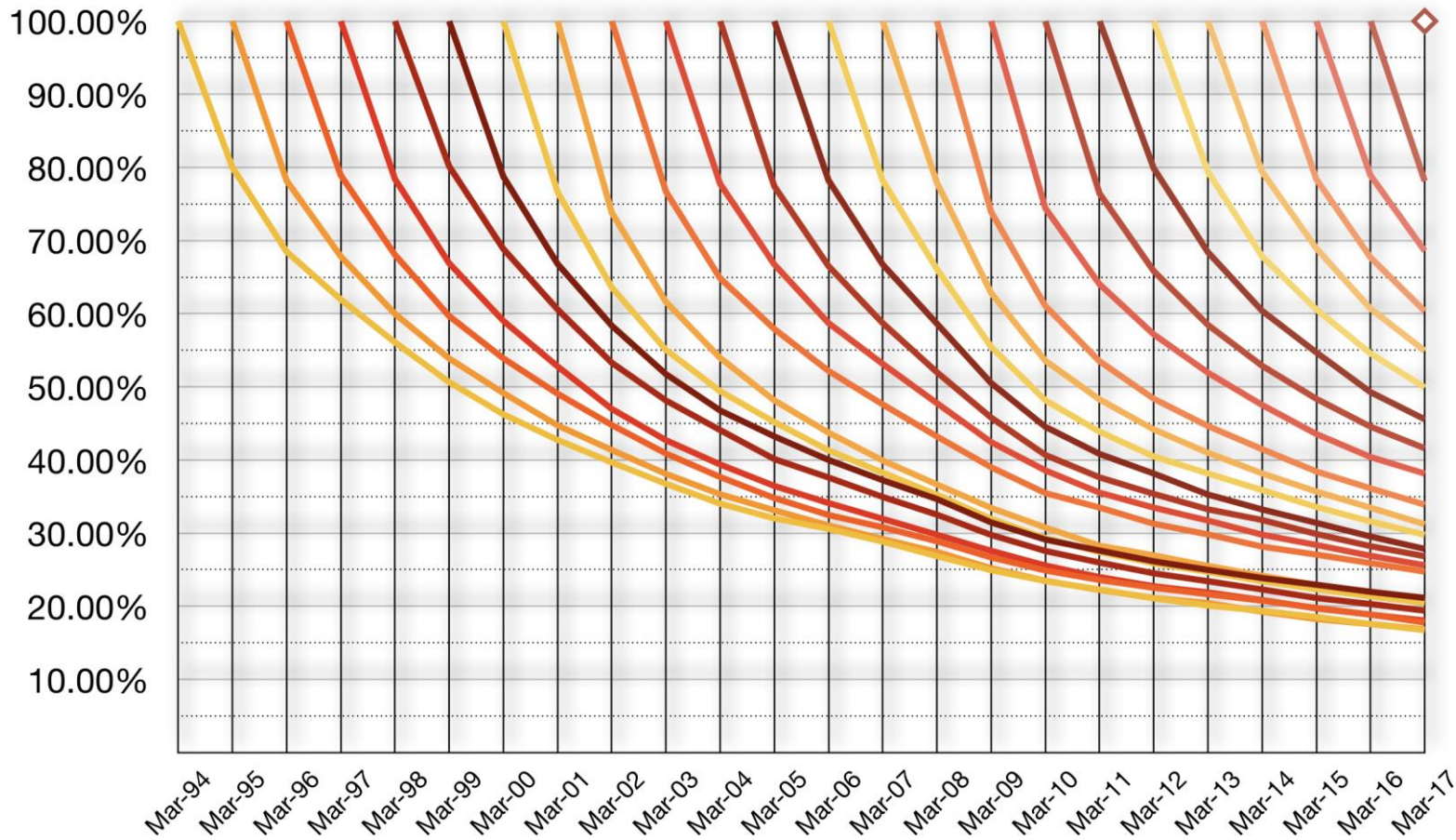
## Community Advantage Loans

- Loans range from \$50,000 to \$250,000
- Business must be considered an “underserved” market
- Use of funds can be used for a variety of business purposes
- The applicant must be referred by a lender who is unwilling to make a loan to the small business

## Colorado Main Street Loans

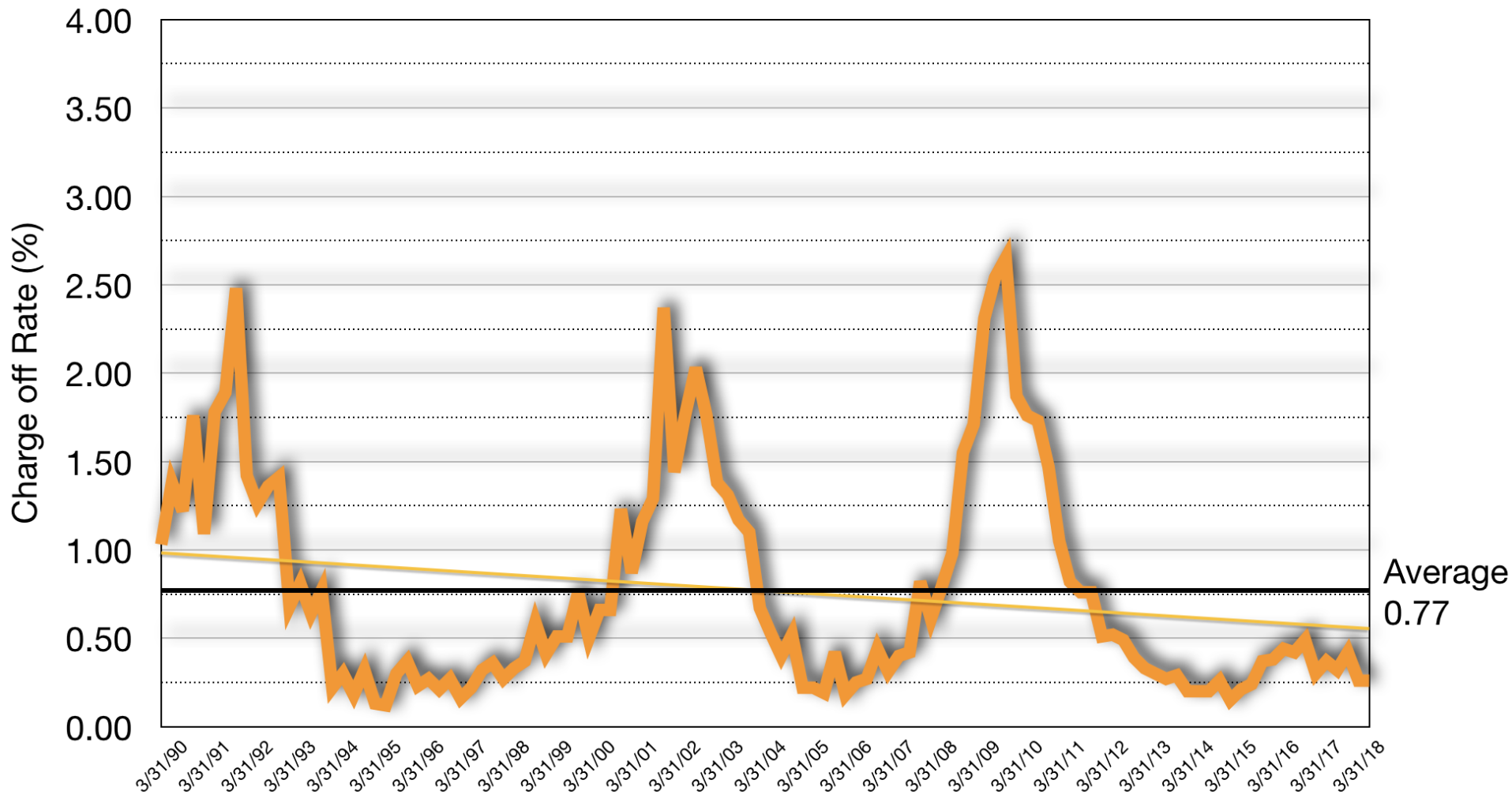
- RLF Loans range from \$5,000 to \$50,000
- Character-based loans
- Use of funds can be used for a variety of business purposes including:
  - Startup expenses
  - Working capital
  - Business acquisition
  - Refinance debt

# Survival Rate of Colorado Small Business Startups by Start Year



Source: Bureau of Labor Statistics

# Commercial and Industrial (C&I) Loan CHARGE-OFF Rates for Commercial Banks (not seasonally adjusted)



# Colorado Lending Source

---

## **Existing Organizational Policies and Core Documents**

- Mission and Vision Statements
- Governance Policy
- Strategic Plan
- Internal Control Document
- Credit Policies
- Loan Servicing & Loan Liquidation Policies





# Colorado Main Street Loan Process

---



**Step 1: Submit**  
Submit loan application,  
business plan & supporting  
documents



**Step 2: Notification**  
You will be notified that  
your application has been  
received & if you are eligible



**Step 3: Present**  
Present to our Internal Loan Review  
Committee & answer questions  
about your business



**Step 4: Underwrite**  
Once approved by our Internal  
LRC, we will underwrite your  
loan & present to External LRC



**Step 5: Funding**  
When approved by both LRCs  
we will close & fund your loan



**Step 6: Community**  
You are now a part of the  
Colorado Lending Source  
community!

# Colorado Lending Source

## Colorado Main Street Loans

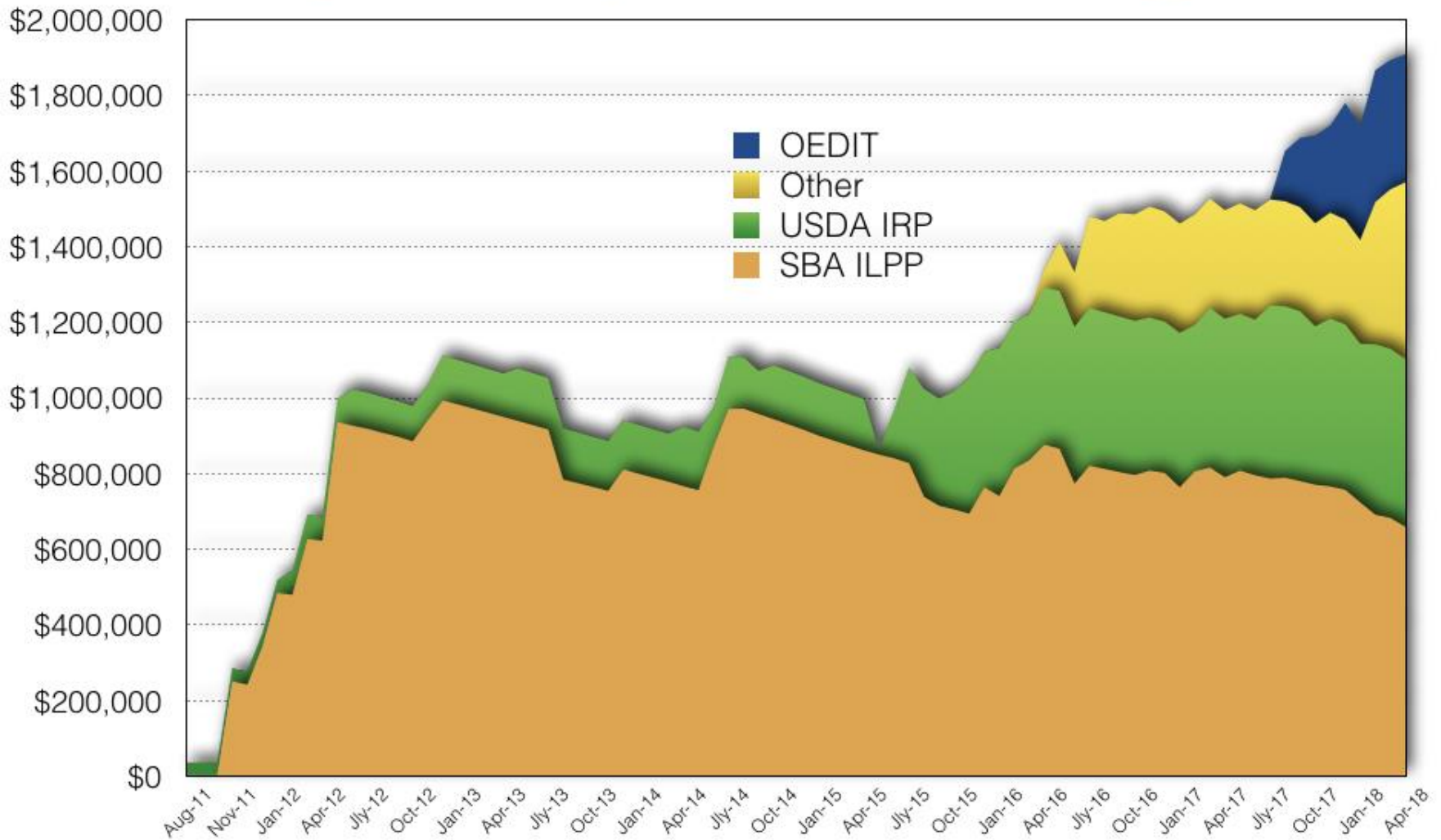
Creating jobs on Main Street, not Wall Street.

The Colorado Main Street loan program provides Colorado's entrepreneurs with access to affordable financing in order to start or grow their business. Funding for this loan program comes from several sources including Colorado Lending Source, banks, foundations, private entities and government agencies (specifically the US Small Business Administration and the US Department of Agriculture).

Loans range from \$5,000 up to \$50,000 and can be used for a **variety of business purposes**. Some of the loan program highlights and benefits include:

- Debt financing for new or growing small businesses
- Directly available through Colorado Lending Source
- Financing available for 75% to 90% of the project cost (the small business owner is required to invest some funds into the project)
- These loans are available to small businesses who are unable to secure conventional financing

# Colorado Lending Source: Colorado Main Street Portfolio Monthly Total Principal Balances Outstanding (\$)





## Colorado Main Street Loan Program

Activity report for the week beginning: 10/29/2018

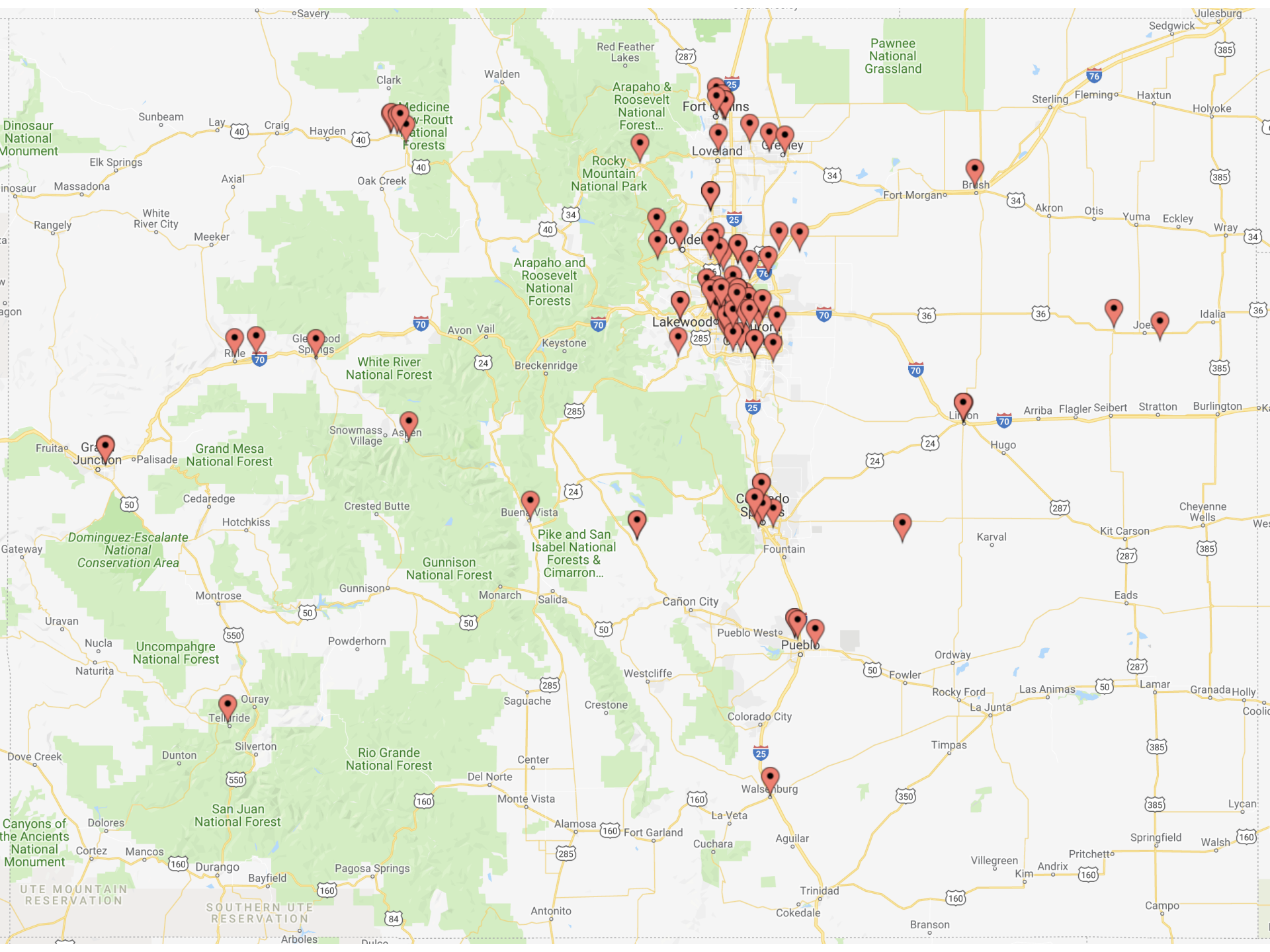
Portfolio balances for the month ending: 09/30/2018

### Overview of the Colorado Main Street Loan Program

		OEDIT		Kenneth King	USDA IRP Revolved	USDA IRP RMAP	USDA IRP Southern CO	USDA IRP RDBG	SBA ILPP Revolved	Guaranty Bank	TOTALS	
Loan Number Sequence Range:	3000 - 3999	4000 - 4999	5000 - 5999	6000 - 6999	7000 - 7249	7250 - 7499	7500 - 7749	7750 - 7999	8000 - 8999	9000 - 9999		
History	Loans Approved (#)	14		11	22		2	1	42	11	<b>103</b>	
	Loans Funded (#)	10		10	20		2	1	40	11	<b>94</b>	
	Loans Funded (\$)	\$ 448,275		\$ 343,000	\$ 683,463		\$ 80,000	\$ 50,000	\$ 2,216,497	\$ 290,235	<b>\$4,111,470</b>	
	Av. Loan Size (\$)	\$ 44,828		\$ 34,300	\$ 34,173		\$ 40,000	\$ 50,000	\$ 55,412	\$ 26,385	<b>\$43,739</b>	
	Loans Prepaid (#)	0		0	6		0	0	10	1	<b>17</b>	
	Loans Prepaid (\$)	\$ 0		\$ 0	\$ 186,500		\$ 0	\$ 0	\$ 678,421	\$ 6,300	<b>\$871,221</b>	
	Loans Charged Off (#)	0	0	0	0	2	0	0	0	7	0	<b>9</b>
	As a % of loans funded	0.00%	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	17.50%	0.00%	<b>9.57%</b>
	Loans Charged Off (\$)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,959	\$ 0	\$ 0	\$ 0	\$ 124,989	\$ 0	<b>\$152,948</b>
	As a % of loans funded	0.00%	0.00%	0.00%	0.00%	4.09%	0.00%	0.00%	0.00%	5.64%	0.00%	<b>3.72%</b>
Memo: Date the most recently charged off loan originally funded	n/a	n/a	n/a	n/a	05/17/2016	n/a	n/a	n/a	06/27/2017	n/a		
Memo: Current outstanding principal due to funding source		\$ 0		\$ 312,404	\$ 227,804		\$ 90,000	\$ 0	\$ 737,305	\$ 200,000	<b>\$ 1,567,513</b>	
Current Portfolio (#)		10		10	12		2	1	23	10	<b>68</b>	
Current Portfolio (\$)		\$ 409,968.97		\$ 323,909.81	\$ 383,943.60		\$ 72,395.68	\$ 50,000.00	\$ 716,730.06	\$ 220,885.20	<b>\$2,177,833.32</b>	
Funds set aside for Loan Loss Reserves (\$)		\$ 19,312.67		\$ 32,390.98	\$ 27,454.83		\$ 7,239.50	\$ 0.00	\$ 74,073.12	\$ 22,184.18	<b>\$182,655.28</b>	

### Economic Development Milestones (as a # and % of all FUNDED loans)

Brand New (not yet open)	47 / 50.00%	In Business less but < 2 years old	21 / 22.34%	Purchasing an Existing Business	2 / 2.13%	= Total NEW Small Businesses	70 / 74.47%	Manufacturer / Maker	19 / 20.21%
Rural Based	30 / 31.91%	Woman Owned	38 / 40.43%	Minority Owned	21 / 22.34%	Veteran Owned	5 / 5.32%	Disabled Owned	1 / 1.06%
Millennial Owned	27 / 28.72%	LGBT Owned	0	Exporter	3 / 3.19%	Impacted by Restructuring	0	Enterprise Zone Area	46 / 48.94%
HUB Zone Area	20 / 21.28%	Low to Moderate Income Tract	27 / 28.72%	50%+ of Workforce in LMI	2 / 2.13%	NMTC Area	27 / 28.82%	Opportunity Zone	12 / 12.77%
Underserved/Dis-tressed (FFIEC)	5 / 5.32%	Population Loss Area (CDFI)	5 / 5.32%	Empowerment Zone (CDFI)	0	Investment Area (CDFI)	36 / 38.30%	Unemployment Area (CDFI)	1 / 1.06%



# RLF Sources - USDA

---

- **Policies**

Some USDA, some Colorado Lending Source:

- **Pricing**

Adopted a fixed rate pricing of between (today) 7.25%

- **Capacity**

(1) \$450k pool [lent out] + (2) \$200k pool [available] + (3) \$131k grant [\$81.5k available] + [4] \$400k [pending]

- **Internal Loan Review Committee**

Drawn from staff, on demand, 10 people

- **External Loan Review Committee**

Drawn from membership, on demand, 10 people

# RLF Sources - USDA

## PJs General Store Rush, CO

- Established business.
- Veteran-owned.
- Low income community
- USDA-RD IRP loan for \$35,000 (credit card refinance and purchase propane tank) – first loan approved! This was approved in June and funded in July of 2011.



# RLF Sources - SBA ILPP

---

- **Policies**

Some SBA, some Colorado Lending Source:

- **Pricing**

Adopted a fixed rate pricing of 8.75%

- **Capacity**

\$1 million pool [lent out]

- **Internal Loan Review Committee**

Drawn from staff, on demand, 10 people

- **External Loan Review Committee**

Drawn from membership, on demand, 10 people



# RLF Sources - SBA ILPP

## Special Times Limousine Hudson, CO

- Pure start-up business
- Veteran-owned
- An SBA ILP Loan for limo and start up working capital) approved in February 2012 and funded in March of 2012.
- Hired 9 people and leased an office all in the first seven months of operations!



# RLF Sources – Bank + Foundation(s)

---

- **Policies**

All Colorado Lending Source:

- **Pricing**

Adopted a fixed rate pricing of 8.75%

- **Capacity**

(1) \$250k pool [lent out] + (2) \$100k pool [lent out] + (3) \$250k pool [lent out]

- **Internal Loan Review Committee**

Drawn from staff, on demand, 10 people

- **External Loan Review Committee**

Drawn from membership, on demand, 10 people

# RLF Sources – Bank + Foundation



Manufacturing Watches with **Vortic Watch CO.**

# RLF Sources – State

---

- **Policies**

Based on Colorado Lending Source. Rural focus (minimum 40%) and Outdoor Recreation industry emphasis.

- **Pricing**

Adopted a fixed rate pricing of Prime + 2.0%

- **Capacity**

\$400k pool [lent out] + \$200k pool (“in the mail”)

- **Internal Loan Review Committee**

Drawn from staff, on demand, 10 people

- **External Loan Review Committee**

Drawn from membership, on demand, 10 people

# RLF Sources – State



Inventory Purchase & Working Capital: \$50,000 | Jobs Created: 5

# Colorado Lending Source

---

## Partnerships

Educational Outreach (Ice House)

Startup Week

Wright Awards

Trout Tank

Western Slope Office

(all of which translate into)

**BECOMING AN INTEGRAL PART OF THE  
ENTREPRENEURIAL ECO SYSTEM IN COLORADO**

# Follow-up questions?

---

**Mike O'Donnell**

303.657.0010

[mike@clsloans.org](mailto:mike@clsloans.org)

[www.coloradolendingssource.org](http://www.coloradolendingssource.org)