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Immigrant & Refugee Financing Strategies

The Broadcast will Begin at 1:00 PM Eastern

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Hello! Welcome to the webcast.



Katie Kramer

Vice President
Council of Development Finance Agencies
Columbus, OH

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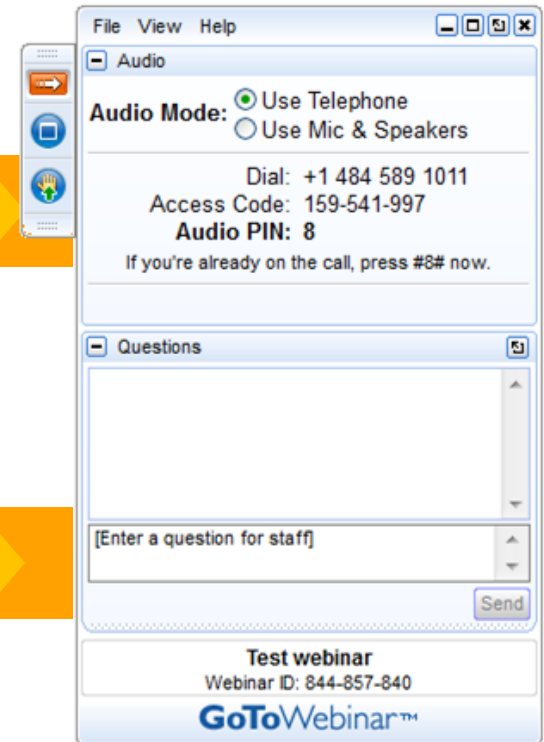
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Listen through the telephone for best audio quality.

Submit your questions to the panelists here.



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Intro Property Assessed Clean Energy (PACE) Finance Course



November 2, 2016
New Orleans, LA

Intro Food Systems Finance Course



November 2, 2016
New Orleans, LA

Panelists

Rena Nakashima, *Moderator*

Vice President
BNY Mellon

Jim Claybaugh

Prosperity Project Director
Opening Doors, Inc.

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Rena Nakashima

Senior Product Manager
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Jim Claybaugh

Prosperity Project Director

Opening Doors, Inc.

Sacramento, CA

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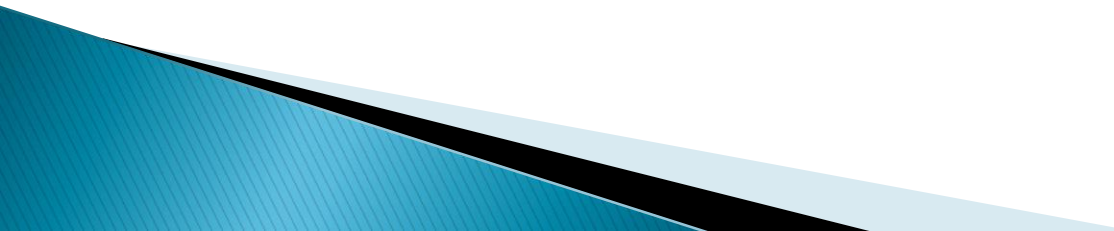
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Refugee Microenterprise Development Program
October 18, 2016

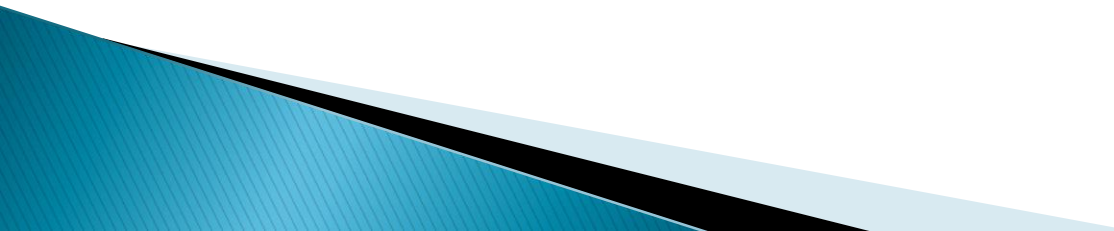
jim@openingdoorsinc.org

Mission

Our mission is to empower refugees, immigrants, human trafficking survivors, and underserved Sacramento area residents to achieve self-sufficiency by accessing opportunities to mainstream economic and social systems. We do this by providing safe places, skills development, business loans, and connections to community resources, assisting our clients to build financial and personal assets while maintaining their cultural identity and individual goals.



Programs

- ▶ Prosperity Project
 - ▶ Refugee Resettlement
 - ▶ Immigration Legal Assistance
 - ▶ Survivors of Human Trafficking
- 

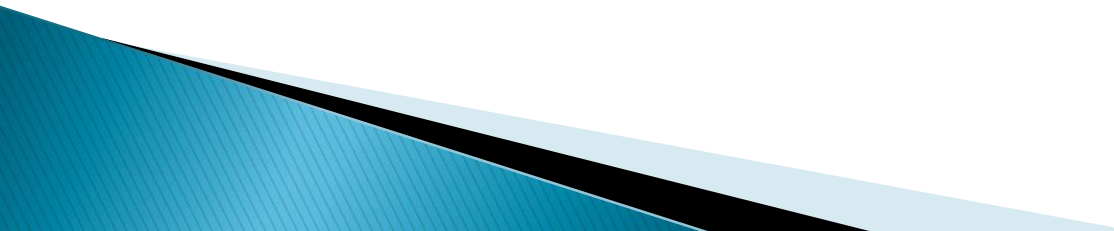
Prosperity Project

- ▶ The Prosperity Project helps Sacramento area residents build assets, and to create jobs through starting small businesses
- ▶ Includes:
 - MoneyWork\$ - Financial Capability Training
 - Home-based Refugee Childcare
 - Microenterprise Development
 - Technical/Financial Assistance

MoneyWork\$™

- ▶ Financial Capability Training
 - Intensive training in personal financial management
 - 13-session training includes:
 - Workshops
 - One-on-one financial coaching
 - Peer Support
 - Increasing number of annual cohorts to 3
 - Must pass final exam to graduate
 - More than 400 have graduated to date

Home based Child Care Project

- ▶ Started October 1, 2013
 - ▶ Grant for U.S. Office of Refugee Resettlement
 - ▶ Partnered with Child Action, Inc.
 - ▶ Assist clients with obtaining license
 - ▶ Training on child care best practices
 - Including business practices
 - ▶ Start up funding up to \$3,000
 - ▶ Offered in Arabic, Dari-Farsi, Russian
 - ▶ Each year at least 15 clients start their business
 - ▶ Allowed to expand into Yolo County
- 

Financial Assistance

3 Loan Programs:

▶ Office of Refugee Resettlement

- Refugee or asylee status
- Loans up to \$10,000
- Up to 3 year term

▶ Small Business Administration

- Opening Doors has 0% loan from SBA
- US citizen or permanent legal resident
- Loans up to \$50,000 (\$15,000 for startup)
- Up to 5 year term

▶ Wells Fargo Loan Fund

- For entrepreneurs without residency documentation
- Loans up to \$7,500

Financial Assistance

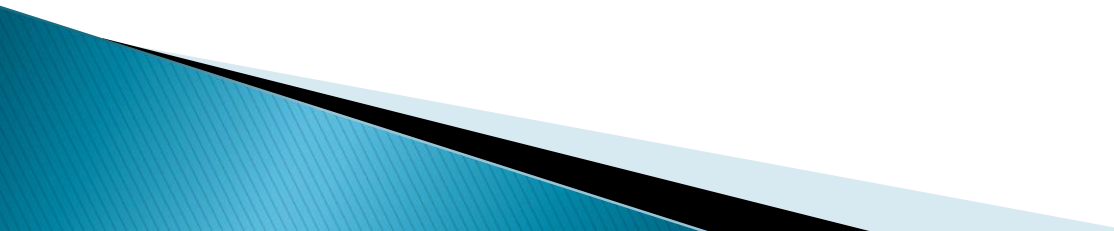
▶ **Goals and Strategies of the Program**

- Assist “unbankable” businesses become bankable
 - Work closely with banks for referrals
- Find a way to get to ‘Yes’
- Use post-loan technical assistance as a portfolio management tool
- Began doing “molecular” loans
 - \$2,500 and below
 - Large loan for international micro-finance
 - Small loan by U.S. standards


Refugee Loan Program

- ▶ **Total Capitalization -- \$472,000**
 - \$204,000 Outstanding
 - 49 Loans
 - \$232,000 Available to Loan
 - \$ 36,000 Loan Loss Reserve Fund
- ▶ **Funded by U.S. Office of Refugee Resettlement (ORR)**
 - Grants funded in 2003, 2007, 2012, and 2016
 - Funded loan capital and administration, including staff
 - 2016 grant is for 5 years

Loan Process

- ▶ Submits online pre-application
 - ▶ Pre-qualification meeting
 - ▶ Work with client to develop business plan and forecast
 - ▶ Compile full loan application package
 - ▶ Underwriter service does initial review
 - ▶ Loans >\$10K – Loan Committee reviews
 - ▶ Loans < \$10K – Staff reviews
 - ▶ Closing, collateral
 - ▶ Post-loan technical assistance
- 

Loan Package

- ▶ Loan Application
 - ▶ Business Plan and cash flow projections
 - ▶ Use of Loan Proceeds
 - ▶ 2 years' tax returns
 - ▶ 3 months of personal banking statements and
 - ▶ 3 months of business banking statements.
 - ▶ 3 months' pay stubs (if employed)
 - ▶ Social Security Card and Driver's License
 - ▶ Green Card or Visa
 - ▶ All required business licenses and permits
 - ▶ Commercial lease agreement (if applicable)
 - ▶ Personal Household Budget and Financial Statement
- 

The C's of Credit

- ▶ Capacity – the borrower has knowledge & experience
- ▶ Capital – breakdown of sources and uses of loan
- ▶ Cash Flow – net profits of the company
- ▶ Coverage – cash flow to repay the loan
- ▶ Collateral – assets to secure the loan
- ▶ Commitment – owner's contribution to the project
- ▶ Credit – borrower has a history of repaying debt
- ▶ Do not look at “Character”
 - Too intangible and hard to quantify

Client Considerations

- ▶ **Usually a cash-based business**
 - Use bank statements in lieu of financial statements (Cash Flow)
- ▶ **Usually strong business savvy and experience**
 - But little use of bookkeeping and accounting
 - Use interviews to gauge business experience (Capacity)
- ▶ **Hard to collateralize loan**
 - Causes very low Loan-to-Value (LTV) ratio (Collateral)
 - Applicants usually have a low-cost vehicle
- ▶ **Distrust of financial institutions**
 - Maintain savings in cash, difficult to verify (Capital/Commitment)
 - Sometimes reluctant to sign agreements
 - “Landlord Waiver to Access Collateral”

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- ▶ **CDFA // BNY MELLON DEVELOPMENT FINANCE WEBCAST SERIES**
Post-Election Development Finance Landscape
Tuesday, November 15 @ 1:00 PM Eastern

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