

# AT3 CDFI Webinar Transcript

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Note From Captioner: Please stand by for captions.

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>> Everybody should be logged

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I want to remind everyone we will be recording this webinar, which I will start now.

>> Okay, Marty. I think you are up in terms of context and background.

Thank you again for joining today's webinar titled AT3 and Treasury Department on CDFI. I would like to hand over to our host for today's webinar, Marty Exline. Marty, I'm delighted to hand over to you. Marty, you may need to press pound 6 to unmute your line.

>> You're not online.

>> Can you hear me now?

>> This is Jack. I was about to go with your remarks since I have a copy. Go ahead.

>> I want to welcome everyone to webinar. The AT3 center provided training and assistance for assistive technology programs in all 56 states and territories. Purpose of today's webinar is help educate assistive technology financial loan program staff and directors on the community development financial institutions fund. We will learn about applying for CDFI and financial awards. Several state programs that have been successful in applying for certification and awards and programs interested in submitting applications beyond that. Interest in having a webinar to gain more knowledge of CDFI as well as application process. We appreciate you taking time to participate. We know you have a busy schedule. We are appreciative of your participation. I would like to turn it over to Jack Brummel with Northwest access fund to give you overview of topics.

>> Today, we are going to hear from Michelle Dickens and Lisa Wagner. They will be main presenters. We will have comment section and questions. During our comment section, Linda with Oklahoma ABLE Tech and Susan from Pennsylvania and Emerson from the Northwest will give comments about their experiences as CDFIs or applying to become a CDFI. We will open up to general questions that any speakers can respond to. We are going to kick it off with Michelle Dickens. If there is anything else about your background that you would like to share, that would be great. We will launch into your slides is. And, Michelle, have you been able to unmute your line?

Press pound 6, Michelle.

>> Pound 6. Hello?

>> Yes. Go ahead.

>> Oh, I apologize I was talking away.

>> Now we can hear you.

[Laughter]

>> Fantastic, thank you.

>> Good afternoon, again. My name is Michelle Dickens. I'm an associate program manager, one of the associate program managers, within the association client unit. I would like to thank you for allowing me to play a role here.

During my time at fund, I have been here for ten years. Primarily in CDFI certification and compliance. During this time, I will provide you information regarding the CDFI fund and program and related CDFI certifications. We will be having Q and A portion at end of presentation and I will give you more information about fund and certification. One note, I'm not in-house expert on CFI program, how far, other speakers will be able to provide more relative context by way of experience with programs. I have been here for ten years, I find that mission and knowing that work that a lot of you may currently be doing is what keeps me here.

Speaking of missions, CDFI fund mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors and financial service providers. Since its creation, CDFI fund has awarded billions of dollars via a variety of programs that promote economic revitalization. They are an annual basis and publicized in federal register that you will find also on our website. I'll walk you through the programs we have here at the fund.

CDFI program and native CDFI assistance program directly invests in supporting and training CDFIs that provide loans and programs. These programs and set aside help to build capacities to help them do whatever they are doing more of and better. FA awards. Financial assistance awards are made in loans, grants, equity deposits and credit unit shares. Which CDFI are required to match dollar for dollar. This requirement what enable them to multiple the impact of federal investments to meet the demand for products in economically distressed communities.

TA grant technical assistance grant is offered to CDFIs and certifiable CDFIs to build their capacity. TA grant is open to entities who are also not currently call qualified or certified. That process allows you to become certified within a certain time period through agreement. Describing information about how you are going to become certified at the time within that time frame and then when awarded, there are some performance measures and thing you will need to do.

At end of that process or during that time frame, you will be required to become certified. And we will save some more information about that for questions later. Healthy food financing initiative is a supplemental award for SAs that are interested in expanding financing activities. We have also what is not listed on this it is there. Capacity building initiative. Variety of training direct technical assistance for CDFIs looking to strengthen their organization and ultimately serving distressed communities in new and innovative ways. Capacity building initiative has resources on our website of all of the efforts that were done during this initiative.

Bank enterprise award program also known as BEA program provides incentives for banks to invest in communities and within other CDFIs. The new markets tax credit program, provides an allocation of tax credits to community development entities that enable them to attract investment from private sectors and reinvest them back into low income community.

Bond guarantee program make investments for economic development purposes and capital magnet fund say competitively awarded grants who finance affordable housing solutions for low-income people and low income communities nationwide. Each of these programs provide training and guidance for completing their program applications. CDFI program staff currently working very hard at preparing the next essay and technical assistance program round. Unfortunately, they could not

be part of this presentation because they are working out all of the kinks. I encourage you to stay tuned and perhaps sign up for updates for CDFI fund's website. That way you are sure to be abreast of all the changes and or when next round opens.

Certified CDFIs are mission driven financial institutions and come in structures. Buckets these organizations into the following types that you see listed here. Unregulated entities as loan funds and venture capital funds and credit unions and banks and thrifts and bank holding companies. Similar to yourselves, there are many organizations in community development field that are doing the work to help distressed communities to access capital and credit. Has become a brand unto itself in addition to being the doorway to open you up to CDFI fund program round.

In order to obtain certified status, applicant organization must demonstrate that they meet all of seven criteria on the screen before you. Must be a legal entity as of date of application is submitted with articles of incorporation, everything filed with state or any other appropriate body in which it was incorporated or legally sustained. That's being a legal entity. Applicant must have a primary mission of promoting community development. And you are found to meet the mission requirement if incorporating documents or board approved narrative statements such as board resolutions is indicating that mission is purposefully improving the social and/or economic needs of distressed communities or underserved markets.

To be a CDFI, applicant must demonstrate that predominant business activity is provision of arm's length financial product development services or all the financial similar financing. What does that look like? At least a plurality of assets must be dedicated to financing activities. At least the plurality of staff time must be dedicated to financing activities. Applicant must have already begun financial product activities such as making loans or economic investments to nonaffiliated entities. That's arm's length transactions that I mentioned. Loan purposes must be nonaffiliated CDFIs. Those are types of products they look for.

You need to use your own capital. Must be on your balance sheet to demonstrate that you are meeting this criteria. Lastly under the financing entity criteria, the applicant must be able to demonstrate that it possesses enough capital to sustain its loan and investment activity. And fund generally looks for three months approximately of capital to support activities that they are doing.

Provide development services in conjunction with activities. Are you as an organization providing a service that prepares existing or potential borrowers access to financial product. Is there a clear link between them? We would like to see that there are some. And it's being there is a clear link between what you are providing them as your product and what service you are offering them to help support and them for them to access your product. Applicant must serve one eligible

target market. Must be able to verify that direct at least 60% of all of financial products activities to one or more eligible target markets.

What are these types? You have investment areas and targeted population. Investment area is based on geography of an area. Kind of breaks down into whether poverty rate is greater than 20%, median family income is below MSI benchmark, unemployment rate is 1.5 times national average and that's a lot. But the CDFI fund has a mapping tool called SIMS that provides you that data in the system. You can code transactions to determine whether or not the transaction that you provided is within a qualified census tract. This is another type of target market. Based on family income. And adjusted for family size. For metropolitan area, 80% of median family income and nonmetro areas, greater of 80% of area or 80% of statewide non-metro median family income.

I know that sounds like a lot, this information is spelled out and pretty clear inside of your guidance materials on our website.

>> Just to give you an idea what we are looking for when talking about low targeted populations. Other type of target market that we have is another targeted population. These include African-Americans, native Hawaiians residing in Hawaii. Native Alaskans and other islanders residing in other Pacific islands. The CDFI fund has done the work. No other information that you need to provide to substantiate that this needs access to capital or credit. We have other targeted population and other, other targeted population. Other, other is a designation where you have to provide us more information. Target market must include submission of narrative that demonstrates that there is an unmet need for capital or financial services for proposed type.

For example, we have groups that propose to serve women. We have groups that propose to serve Asian Americans. That is not an automatically qualified other targeted population that we have identified. But can still be proposed with some additional information, work on your part to justify that they are unmet needs for these groups. Just so you know, CDFI fund has taken on policy reviews for CDFI certifications specifically and part of this review includes expanding the automatically qualifying OTPs, other targeted populations.

We don't know what those will be yet. Stay tuned for that.

>> Michelle, this is Jack, the listeners on this call and on this webinar are people that serve people with disabilities. Can you speak to people with disabilities as another targeted population and what the CDFI fund is doing vis-à-vis people with disabilities?

>> A lot of that is still sort of up in the air, Jack. We have as part of this policy review been taking on some additional information from our research team to determine what we can include and disabled is one of those types that we are looking to automatically qualify. Don't have a lot of details for you on that. Currently the way we look at others, others in general is for, again, the applicant CDFI to send us more data. Often times, we find that these groups can

also fit within one of the other types of target markets that we have. They tend to be and you would know best that they can be categorized as being low income based on whatever their income data is. They may live in investment areas. In qualified census tracts. If they are that, you can propose an investment area as your target market. Or they could be one of other categories that do qualify automatically. African-Americans or the six that I rambled off earlier. Were you looking for anything specific than that?

>> There are CDFIs whose target market includes a focus on people with disabilities and try to meet the 60% low income target that is not hard for if your focus is on people with disabilities. I think it's good that you said that CDFI fund is looking at policy changes and we know we are looking around issues related to people with disabilities. At this point, that's one of main interest of the people on the call to know that this is area since they are serving that market, this is an area that may allow them to become eligible for certification.

>> Right. Absolutely. We heard loud and clear through this policy review process that we need to expand on our other targeted populations for sure. We do recognize and have a couple of I think might be two or three CDFIs who have target markets that we know that they serve disabled people. I think we also have because our policy has not changed, we try to steer towards what we have right now. In worse case scenarios, we will have to talk it through with you until we have changes for policies for clear definitions on what we will have and will not accept.

>> Thanks.

>> You're welcome. Accountability. Maintain accountability to the target market. They had ability for mechanisms to support or supplement and strengthen accountabilities. Those that are seen as weak. Unfortunately in 2015, we made changes to our regulation that took that option out for us. Right now. The fund is looking for entities to demonstrate that they have either governing board or advisory board members who are connected to target markets and can demonstrate that they are connected to target markets.

Ways we can do that is specifically for investment areas, you can be board members can be a resident of investment area and lives in qualified census tract. Can be a business owner that is also located in a qualified census tract. Elected official whose perfect view is investment area purview is in investment area or distress communities or individual that works for an organization that primarily provides services to residents of said investment area. For low income targeted populations, you have two ways right way. That is to be low income individuals yourself as a board member or work for organization that provides services to low-income people within the area served. Lastly, the piece that most interested in if looking at other targeted population is the board member must be of that target other targeted

population. For example, if you are proposing African-Americans as your target market, they would then need to be African-American board members on your board. In this instance, I think if you are looking at disabled as your proposed target market, we tend to think that there should be based on way that policies are written right now, they should need to be disabled themselves. We are, again, looking at how that can be expanded. Should it be that we can include people who work for organizations that primarily serve individuals with disabilities? We have not gotten there yet. That's not to discourage you from submitting an application. Something to look forward to. Might be easier. You can provide more information on your target market. Provide more details about why your actability should be considered for as accountable to target market that you propose approximately even if we have policies cut and clear right now, we are open to receiving information on any proposed target markets that come through even if there are another, other that are not already identified.

>> Lastly in terms of target market criteria we have entity must not be government entity of itself. Set of questions that asks how about your relationship with government entities. For example, one of questions is something like do they receive funds from government entities. Applicant CDFI must be able to identify that funds are not controlled by government entity. Typically, we will require you to submit some additional information such as funding agreement to just be clear about the role of the government organization and how they can or cannot dictate how funds are deployed or utilized. I know that was a lot of information in a short period of time. You really can talk about certification in greater depth in more intricate details for couple of hours. We don't have that time. I will answer related questions during Q and A portion. CDFI certification is not a competition application. We can certify as many entities that demonstrate they can meet all seven criteria. We never run out of certifications if you will. Staff is typically reliable. When questions pop up as starting to move through application process, we are willing to talk you through any portion of application that you have questions about. Most importantly, I think that although you might get through the application and find that you are analyzing information to bulk of your time and but you did submit and not might have been a successful application, fund does not view unsuccessful applications as a failure. Opportunity for us to talk to you through a debriefing upon request to ensure that you are understanding the application that you put forth correctly. Secondly so you can see sort of behind the scenes how we view the application and where next application submit could be more than likely certifiable.

>> We hold a conference call on certifications specifically that is led solely through or by the question from the audience. So if you just want to participate and listen in to the call, might be a benefit as well. I think we have one this Thursday coming up at 3:00 in the afternoon. So go to our website, you will find additional

information there. Jack, I think that's it for my portion of the presentation.

>> That's great. Thank you so much. That was very helpful. We are going to turn to Lisa Wagner now. Lisa, in addition to being founding executive director of Wind River development fund; she has worked as a consultant. Her slides are up at bottom of your slide queue right now. Lisa, are you unmuted and ready to go?

>> Can you hear me?

>> Yes.

>> A great. Okay. Thanks, Jack. I want to I'm going to talk to you from perspective of somebody who has operated and run a CDFI and then in the last nine years worked with CDFIs across country to help them with their operations. I have been a reviewer for CDFI fund for five or six years. Written certifications and funding application. Is that of being somebody in the field is my perspective.

We are covering a lot of information today. My contact information is also on the last slide. But you are more than welcome to email me as well if you have questions when we are done. Michelle went into detail about certification process. I wanted to touch on my recommendation how to approach this process. First thing I would suggest that you do is look at your organization and assess whether or not you are ready to apply for certification. Determine if you meet those certifications. Many of you will meet all of those already probably. Then determine best time to apply for you.

In terms of certification, getting certified is connected to applying for FA dollars. Which I will talk a little bit more about in detail in a minute. If wanting to apply for FA dollars, you want to get your certification in as soon as you can. Fund will put out a date when it comes out funding application not all grants dates will be which you have to have your certification in. That's only thing you have to think about in terms of timing if you want to apply for FA application. Otherwise, you can take your time and get that application done when you feel like your organization is ready. Once ready, you want to apply. Recommend your instructions and actually running a test target market to make sure your target market is going to qualify. You can create an account on the CDFI website and do the application. Not a difficult application, you need to have your information pulled together to do it.

If you have questions about are we ready in this area? Do we qualify in this area? What things are we looking at in this area? The CDFI fund does those monthly calls. There is one on the December 21st at 3:00 p.m. You can get their phone number. Call the fund or email them, they will give you best answers that they can.

That's the process I would go through as you think about certifications. Places that I see groups get tripped up in certification process. I'm thinking particularly about AFPs here. Legal entity, primary mission and providing development services and not

familiar, CDFI services we mean training and technical assistance, those are usually everybody is doing those. Those are not usually an issue. Four areas that I have up here on the screen are the ones that I think are biggest areas where people can get tripped up or confused. First thing as your target market and figuring out what makes sense for your target market.

You might serve say a state. Do you want to define your target market as investment area or LITP or OTP? They are designated ones automatically. My general recommendation on this is to keep it as simple as you can. If you have an investment area, investment area is simplest target market. What you want to be thinking about, once you become certified, you have to track the folks who fall into these categories. Any loan you make is qualified. Doesn't matter who they are or what they do.

Really easiest one. Only certain areas that qualify as investment areas. OTP is straightforward if you are using the OTP that fund has defined. If you make a loan to someone of that race or ethnicity, automatically qualifies. You don't have to worry about their income or anything like that.

Other thing to keep in mind, when you do your target market, your target market can include more than one of these. I just worked with a group who serve statewide and able to look at the map. All but seven counties in the state qualify as investment areas. They are proposed target market to CDFI fund is entire state excluding seven counties. All of them are investment areas. So any loan they make in any county in the state excluding those seven counties is going to automatically count as target market and any loan they make to low income person also counts. You get to add those together to reach your of 60%. You have to serve at least 60% of your financing products go to your target market. You can make loans outside of that defined target market. Target market can be a tricky one. Just my main recommendation is to keep it simple because you have to report on it on the backside. Next one is accountability. You want to be careful when looking at that. If you have an investment area and a low income targeted population, you have to have representation from both of those on your board. One of the things when I first started working the fund that was frustrating to me in the certification process is they don't always give you black and white numbers. When you say, how many people do you have to have on your board to qualify as being accountable? In the past, fund has not given a black and white number on that. I want to say generally for each of these areas, I think I feel like fund has done that to work in our benefit. So they want to qualify people as CDFIs who are fulfilling intent and purpose of what CDFIs should do. Allowing flexibility allows them to do that. I think that they do it to help us groups trying to get certified. Those are questions and conversations you can ask them about as you get into it more.

Other one is financing entity really for financing entity,

fund is going to look at your balance sheet. They are going to look at your assets. Are majority of your assets dedicated to financing? That can be lending or loan guarantees, they are going to look at your loans receivable, your cash. You may split your cash out based on how much for lending capital. Those will all count towards that 50%. Place where people can get in trouble here is if you own real estate, for example. Sometimes real estate takes up a big chunk of your assets and that can create a problem for you.

Other thing they look at is staff and majority of your staff doing lending and the development services.

So those are couple of things to think about when thinking about financing entity. Also, going to look for you to have at least three months of loan capping that you can lend over next three months. Do you have enough cash in your bank to make loans over the next three months and generally what they are going to look at is last fiscal year and divide by four to get three months worth of lending and make sure you have at least that much worth of money. Last one for AFPs is something that comes up as a question is government control. Main thing to remember here, and Michelle mentioned, is that you can receive money from the state government from federal government, fund is just going to want to make sure that those government entities are not controlling your board of directors. They are not responsible for appointing majority of your board members. Cannot decide who your executive director is, that kind of thing.

If you have a lot of government funding don't think that disqualifies you from becoming a CDFI. You will be required to attach those agreements when you submit. Those are key areas I see people get tripped up on certification. I want to talk a minute about CDFI awards. This is really the reason that we get certified. So that we can have access to financial assistance dollars.

Before you get to financial assistance, there are technical assistance grants. You can apply for them whether certified or not. If not certified, you are going to use those funds to help you achieve certification. You can apply for up to \$125,000 historically. That can change each year. There are no matching funds required that is a great attribute of this grant. You have to use it for capacity building to become certified. That means, you provide a budget and pay for things like staff salary to do things that are going to help you get certified. Maybe you need to hire a new staff person? Things like that. You can pay for consultants to help you develop policies, procedures and strategic plans. Maybe you need lending software, for example. Those are things that are uses of these funds. Can be great money for that. Cannot be used for lending. That's important to remember. You can apply for assistance if you have less than enough assets. That's going to allow you to grow your capacity if you are to grow. Financial assistance, you must be certificated to receive those dollars. You can receive up to \$2 million in grants and loans, that's what it's been

historically again, that can change. Thing about financial assistance, there are two categories one is called SECA and Core. If you have less than you can apply for grant money SECA money. Match has been waved for that. And so has been grants. That could change. Congress could change that in the future certainly. Then for large groups, you are competing with smaller CDFIs who have access of 5 million or less. In core round, you are competing with larger CDFIs. You do have to have matching funds and type of word you get is based on matching funds you provide.

If you provide grant money as matching funds, you will receive a grant award. If you provide grant capital, you will receive things.

Great thing about CDFI FA assistance, is that it's flexible. You can use it flexibly - most federal grants, you have to provide this detailed budget and follow the budget. With FA award, you have flexibility. Can be used to provide your development services and training and technical assistance. Used for loan loss reserves. You have ability to shift that money around. Big chunk of money. Can be. That's why kind of thing we need to get to tap into those funds. CDFI fund has been fantastic at providing these type of funds for CDFIs to be able to meet your goals as opposed to just the federal program goals.

So that's kind of a quick overview of two different types of awards. Sorry. My slide here didn't transfer very nicely. I want to talk about a couple of tips for applying for FA and TA.

So in the TA application. It's pretty straightforward. Basically you are going to address all of seven certification requirements that Michelle talked about. What they are looking for is that you have a plan to get certified. You need to show them that you can get certified. You will talk about those certification requirements and whether you are there or not. Doesn't matter whether you are there or not, what matters is if you have a plan to get there within two years. Funds are usually over a two year period. That's thing to keep in mind for TA application. For the FA application, it's more detailed, there are actually five different stages you go through and fund is reviewing it. Looking at eligibility which is are you certified among other things. Second is looking at financial strengths. They are going through financial ratios for that. Freaks some people out when heard that. Change in application this year and new application came out and changed the evaluation process.

They said that 97% of CDFIs passed the piece. Not a high bar. Third stage is looking at your business plan. What is your plan for growth? What is your plan for CDFI to serve your target market.

There the fund is looking for what that plan is, what are your strategies and goals. What are your financial projections? They want to see growth. Are you going to grow? Fund wants to expand services to economically underserved folks. Those are things to keep in mind.

Applications do change periodically. So I don't want to give too many specific tips on applications. Application change in 2017 and

fund has stated that 2018 application is going to be pretty similar. Not going to be big changes. You can go on CDFI fund's website. Download the guidance for applications. You can actually look at what they are asking for. Another great thing about the fund is that they have actually if you read those guidances, they tell you what they are looking for. They are not trying to be mysterious here. If you answer the questions- and biggest mistakes I see when people don't answer the questions that are being asked - you are going to do well. Another thing that is different this year, fund has added after they do business plan review, they do a policy objective. That's connected to what their specific goals and targets in terms of impacts and growth. There is a new and stronger emphasis on collaborations and partnerships. Are you pouring together with other organizations to bring services to your target market? You want to make sure you are thinking about that. I know most of you AFPs are doing that inherently and naturally.

Not going to be an issue for most of you. Other thing is impact. You want to talk about your impact. When I say impact, I'm not talking about the number of trainings that you provided. The number of one on one counseling sessions that you provided. What I'm talking about and what the CDFI fund is talking about is how are your product and services impacting people's lives. For example, you make a loan to a borrower who is able to make an improvement in their home that allows them to stay in their home. That's a quality of life. That's an impact or make a loan or small business or micro enterprise loan or borrower or person with disability that allows them to have gainful employment. Those are things you want to think about. There is a greater emphasis in application this year and what will be a similar application next year on those things.

Those are kind of the main tips that I wanted to talk to you about in terms of the application. One other thing I will say in terms of application is that the timing. And so, last year, application came out in first quarter of the year. I think the fund has said, I can't remember, Michelle, if you said this. Intention is to get it out first quarter of next year as early as possible. Then announcements are made in September. You are going to submit your application. Once announcement comes out, we have about eight weeks to submit application.

And then award announcements will come out in September. Typically funds are distributed fourth quarter next year. If you are applying in first quarter of next year, you are not going to be seeing funds until probably close to a year later. Although, you can start tagging some of those funds if given an award in your accounting software once they are made. Last thing that I wanted to touch on is just some of other benefits becoming a certified CDFI. Primary driving reason to become certificated is to tap into and have opportunity to access some of other CDFI programs. Sometimes they use a portion of their funds to do training and technical assistance at no cost or reduced costs. Those can be great opportunities to resource information

and expertise and learn best practices.

That's something we will not know until later this year or next year. But a few other things that you may or may not be aware of. Once you become certified, opens CDFI, opens up accesses to number of things. There are banks that will fund the lending capital at 2% interest for ten years or different rates and terms, of course. Banks like wells Fargo, JP Morgan chase. Some of larger national banks are familiar with CDFIs and they have divisions that fund CDFIs for this purpose. Also some other regional banks are area of CDFIs and if you are certified will consider you for funding. U.S.D.A. SBA, they have couple of programs if you are certified, you get more points in application or only funding you if you are certified. Can open up access to those sources and foundations. As you all as AFPs the banks tightened up, CDFIs continued to lend and stepped up and many of them increased funding. They got a lot of positive press. CDFI industry has grown in terms of exposure. Number of foundation who are familiar with what a CDFI is. And fund CDFIs. Open up other funding opportunities for you. Open up a lot of networks for resources. Other CDFIs. There is OFN conference that is national association of CDFIs. CDFI coalition. Regional efforts that you can tap into. Help you find funding sources and opinions. Great opportunities to expand the resources you can tap into. I, for one, am so excited that AFPs ..., that we are now and we are having this webinar there are more looking at becoming CDFI. You have different perspective and serve a clientele that most don't serve. I think they can learn from what you do. I'm excited and hopeful that many of you will become CDFIs. Increases your credibility that is funny because as Michelle describe the process. For example, when you go through certification process. CDFI fund is not looking at your financial strength other than that you have enough lending capital in the banks. They are only looking for those seven criteria. Over the last seven, five to seven years, really becoming CDFI certified, I think truth is, a lot of funders don't recognize that it's not a stamp of approval.

But nevertheless, there is a benefit that comes with being certified. Raising your level of credibility. That can open up doors and partnerships as well. I think that's what we want to cover. I thought I had added my email and contact information here but I think the somehow didn't make it on. I will make sure that that gets out to people and available if there are any follow up questions.

>> I've got that information. If people want it, we can make available.

Next portion, we are going to have comments on preceding portions and take questions. First comment section, we wanted Linda Jaco talk to us about her experiences. She's at the Oklahoma State University campus. Oversees Oklahoma ABLE Tech. They recently applied for a grant. She is going to talk to us about lessons learned from that and talk about her experience. Linda, are you unmuted?

>> I think I am.

>> Good to be with you on the CDFI webinar. I am those were great, great presentations by Michelle and Lisa. And I think it's going to enable me to be fairly brief so that those who are following behind me will have an opportunity to speak as well.

I think one of first points I want to start by making is that ABLE Tech made an intentional effort to go after the CDFI grant. We positioned ourselves by becoming a direct lender so we can go forward with this opportunity. I think you already heard at length, our first lesson learned opportunity was indeed about this target market. There is no as Michelle described currently an opportunity to apply via persons with disabilities. And so we had to immediately make a decision was it going to be low income, other, other, if we did so, how would we define persons with disabilities? Quite a conundrum for us. We ended up going with low income because it was actually determined through our research that it didn't have as much significance for the TA grant as it would for the actually application for certification. We went with low income and hopeful over the next couple of years as we work toward certification process that there will actually be that other category or target market at that time when we do the application for certification.

That was our first thing. Second thing although perhaps contrary to what we heard earlier, we thought there were challenging aspects to actual application. As an AFP and successfully AFP having loaned \$6 million for AP loans. Lots of application that had banking and financial language that we were not comfortable with. Put us in a position to rely heavily on our contracted experts in order to be able to successfully complete and submit. One thing I would tell you as lessoned learn, you need to set aside adequate amount of time to get the application done. Thirdly, we felt it was important that hired consultant to get through process so that we would be successful in the end and that was very helpful to us. Consultant new keywords and language that would be potential triggers because she herself had been a CDFI application reviewer

So that gave us a real strength and fortunate in comfort in our application process. They had an available blog for questions and answers that we were able to use throughout the process in helping us answer questions and feeling comfortable and better about application that we actually submitted. Additionally, when you write a grant, you think about projecting yourself in the proposal as all that you can do sort of from a point of view of confidence or strength. We had to mentally slip that process if you will to find out more what you need and if we got these grants to show greater impact or growth so that we, you know, could prove that we could actually work toward successfully becoming a certified CDFI. That was a mental flipflop. And then lastly, trying to figure out, of course, our development services that keeps being referred to. What would we do to show and to put on paper in a convincing manner that we had the ability to do this.

I think those were the four or five key points that were lessons learned. When I think about next steps, we obviously now are clearly thrilled that we were awarded the technical assistance grant. We are going to bring on that staff person that Lisa mentioned that is one of allowable things that you can do, get somebody on board that really has experience and expertise in banking and lending to help us in creating that sustainability plan, our capitalization, strengthen our loan policies and looking at opportunities and outreach and focus appropriately on those developmental services. What is that going to look like? What are we going to do to appropriately identify financial literacy or education program. One that's fully accessible so that all of our individuals with disabilities will be able to fully access the various programs and information that we put online.

Developing marketing plan and promoting it statewide. Then clearly developing a strategic plan that positions us in a timely manner to be able to be ready to file that application for CDFI certification at end of TA grant. I think those were key points I wanted to make. I spoke rather quickly. I did that intentionally to save room for our next presenters.

>> Thanks, Linda. Next folks that may want to make a comment are folks that are CDFIs. Emerson is new executive director of Northwest Access Fund and Susan is online from Pennsylvania as well. And I guess before I turn it over to them to react to comments that we already heard, I would emphasize one thing. In terms of benefit that Lisa was pointing out about becoming a CDFI, credibility is a strong one and ability to draw on support is one that we made use of. We have quite a bit of financial institution support. Has included grants and Lisa says you can get 2% interest - we got funding at 1% interest. Those relationships are perhaps easier to develop when received CDFI certification.

Emerson and Susan, I know you have been through recent certifications. Do you have reactions to presentation so far?

>> This is Emerson. I want to be brief. I want to leave opportunity for questions. Material that they covered is right on depth with our experience. I want to show a little bit how we started with TA award in 2003 and became certified. In 2013, awarded a 600,000 FA award. What was mentioned before, these funds are flexible. I believe we got the capital from FA award out the door within two years. As it is repaid, becomes unrestricted funds that you are able to use for operations and for other work you are doing as a lender. Then in 2017, we received a SECA award that Lisa mentioned. Application was a time intensive process putting together the application, however the CDFI fund does offer guidance in how to enter everything into awards management system, AMIS, and we worked with Lisa Wagner as consultant to put together application. Once awarded the FA and SECA award, we have to report every year on loans that we made out to our target market.

And then there is an annual certification process which allows

the CDFI fund to make sure that you are continuing to be within the legal parameters of what the certification requirements of the CDFI fund. I have one comment about the target market, our target market is low-income people with disabilities in Washington and Oregon. We have to serve 60% of that market with our lending services. Allows flexibility to be able to serve, as necessary, those that fall outside of that. Maybe individuals with higher incomes are not able to receive loans from traditional financial services.

For example, for our modified vans, we see individuals that have higher incomes and high credit scores, incomes and high credit scores, turned down from financial institutions. We are able to serve them outside our target market, low income market with people with disabilities. Finally to reiterate, CDFI certification does add credibility. We are seeing that with our propositioning financial institutions for support of our programs.

>> Susan, Are you on the line?

>> Yes. Can you hear me okay? Can you hear me, Jack?

>> I'm Susan. We do things differently. We went straight from certification to applying for funding assistance grant. Were able to do that. We bypassed that technical assistance step. I continue to think that's possible. The secret weapon, I think we had and all organizations will need it is a good financial manager to help you with all of the financial reporting that they need to fill in all the little blocks.

As Emerson was talking about and Lisa was talking about, you need to keep track every loan that is active within your fiscal year. And you're reporting on income of that loan, repayment and all of that. Having a really solid financial manager will make the job of reporting really much easier. And less onerous. I have couple of other points, I don't want to neglect to tell people that they can join for free the disability CDFI coalition. Several of our AFPs are members of this coalition. Jack and I are officers and Georgia is on the board. You can go to [www.thedof.org](http://www.thedof.org). The dof stands for disability opportunity fund. You can sign up for disability CDFI coalition and get updated on information.

I wanted to emphasize that unlike the data collection and your time period, it is important to go into this process knowing that there is different data that you will collect based on your fiscal year. It's not October 1st or September 30th. It's your fiscal year. Everything will tie in to your audited financial statements that you also have to submit. Will all tie out and all make sense.

You just need to know going in that date is different. Most of us AFPs are going to be similar that hitting 60% is easy. We only have one area in Pennsylvania that we could have gone as a targeted area. That was Philadelphia. We, like Emerson, go over entire state and low-income people and add people with disabilities. And we work

with treasury and Congress to make it part of population. Keep track of everyone's ZIP code. You do have to enter all of this thing into a map. Does have a credibility. Allows us to be able to with very little AFP funding to be direct lenders as well as leverage other money. Loans that we guarantee with this money also count towards what we need to report out to CDFI. In general, you can apply for grants as a CDFI with other lenders who are looking to give money for CDFIs, but also easier to leverage their money for CRA credit. We are leveraging probably a little over a million dollars a year in capital by becoming a CDFI.

I would highly recommend it. [multiple people speaking at once].

>> I just want to respond one last thing. New things that kind of Linda brought up. That is financial education. And there have been couple of conference calls about financial education. We have the book and book now in Spanish and we also have a teacher's manual. Also the FDIC and consumer financial protection bureau have additions. Several AFPs gone to those trainings. And I would encourage you to go on all of our websites including ours and FDIC and CFPBs and pull down some of their really good financial education materials that are targeting people with disabilities.

>> Now is good time for folks to ask questions. To ask a question, you will need to press pound 6 to unmute. I think Michelle and Lisa are on line and other speakers are available as well. If there was someone that has a question. Pound 6 to unmute.

>> This is Eric Ray down in Florida at new rising a program here at FAST. We looked into application last year, are there any state AFP programs that are CDFI certified that are also a part of state AP program? That's our hurdle.

>> I think I or Susan can respond to this. We are separate from AT program. When Access Fund was founded, spun off of AT program. Still a strong relationship between two organizations. They are independent and our organization has an independent board. It is a 501C3.

>> Okay.

>> Susan, I think that is the case for you, you are independent

>> Yeah it is. Can you hear me okay. Maybe Michelle or maybe for sure Lisa, who else could help is opportunity finance network and maybe if Lisa or Michelle, do you know the answer to that? This whole thing about governing board and responsive to target audience might be one of the hurdles that you would describe.

>> I think our biggest hurdle is not geared toward the financial side of business like loan programs are. That is one we seem not to be able to get around.

>> So if your governing organization interested in looking towards having a spinoff? Having you spinoff?

>> I'm not going to say that. It's a very early thought or

idea. Just in a couple of lines.

>> Yeah. So folks that are interested in becoming CDFIs because of opportunity there, that is definitely a hurdle that if they are a part of or not independent of either a university or state agency, that will be something that they will have to struggle with. I think, Linda, you're ABLE Tech is affiliated with Oklahoma State University and

>> We have a non-profit partner. Oklahoma Assistive Technology Foundation that we worked closely with from our beginning days in receiving federal funds. We do application process through OKAT. Non profit partner.

>> This is Lisa. Sorry to interrupt. I think the key issues in terms of getting certified, I'm not quite sure how you would be structured if you were an AP program, if state or some government entity appoints majority of board members, that would be a problem. If that's not the case, question would become does entity itself or majority of assets- 50% or more of those assets -some piece of that could be training and assistance. And third piece is your board, are they accountable to your target market? Those would be lynch points on certification for you.

>> To speak for Oklahoma, we have a nine member board of whom majority have disability. They make up our fiduciary decision making body with all of our loans. I think that I don't know if that is similar but I believe it is a similar situation for all AFPs and whether they are part of their assistive technology act program or separate.

>> Right. Eric, you have models there. You have the way Oklahoma has done it and Northwest Access Fund has done it and Georgia still has affiliation with Georgia Tech. So those are places you can turn to look and ask questions about how you might move forward.

>> Perfect. Thank you.

>> Any other questions out there? All right. If there are more questions, just pound 6 to unmute your line. Otherwise, we've only got a couple of minutes left and I would like to thank the presenters for their work. This was, I think, very helpful. We have a lot of people interested in this. Want them to know that they can turn to us for guidance moving forward on this and you've heard from all of the speakers, I think all of speakers would be willing to answer any further questions you might have about moving forward. All right. Unless there is something else for good of the order - no further questions? Thank you all for attending today.

>> Thank you, Jack.

>> Thank you, Jack.

>> Byebye.

>> Bye.

Note From Captioner: Meeting is over. Thank you.

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