



A public-private partnership to increase access to capital and support for the smallest businesses in under-banked communities across Washington

WSMA Presentation
July 21, 2021

A woman with long, dark, wavy hair is wearing a light green surgical face mask. She is looking directly at the camera with a neutral expression. She is wearing a patterned top with a mix of red, black, and white geometric designs. She is holding a cardboard sign that says "OPEN" in large, bold, black capital letters. The background is slightly blurred, showing what appears to be a storefront or a public space.

Federal programs have provided widespread direct support, but have not been sufficient to support businesses through the prolonged economic slowdown

PPP/EIDL



Recovery Loans



Loan size

Tied to certain expenses; very limited for the smallest businesses

Tied to revenue from any three to six-month period from January 2019 to March 2020

Use of proceeds

Tied to spending on certain expenses

Flexible working capital

Reach + eligibility

Unavailable to many businesses that exist outside of the banking system; immigration status, criminal history can affect eligibility

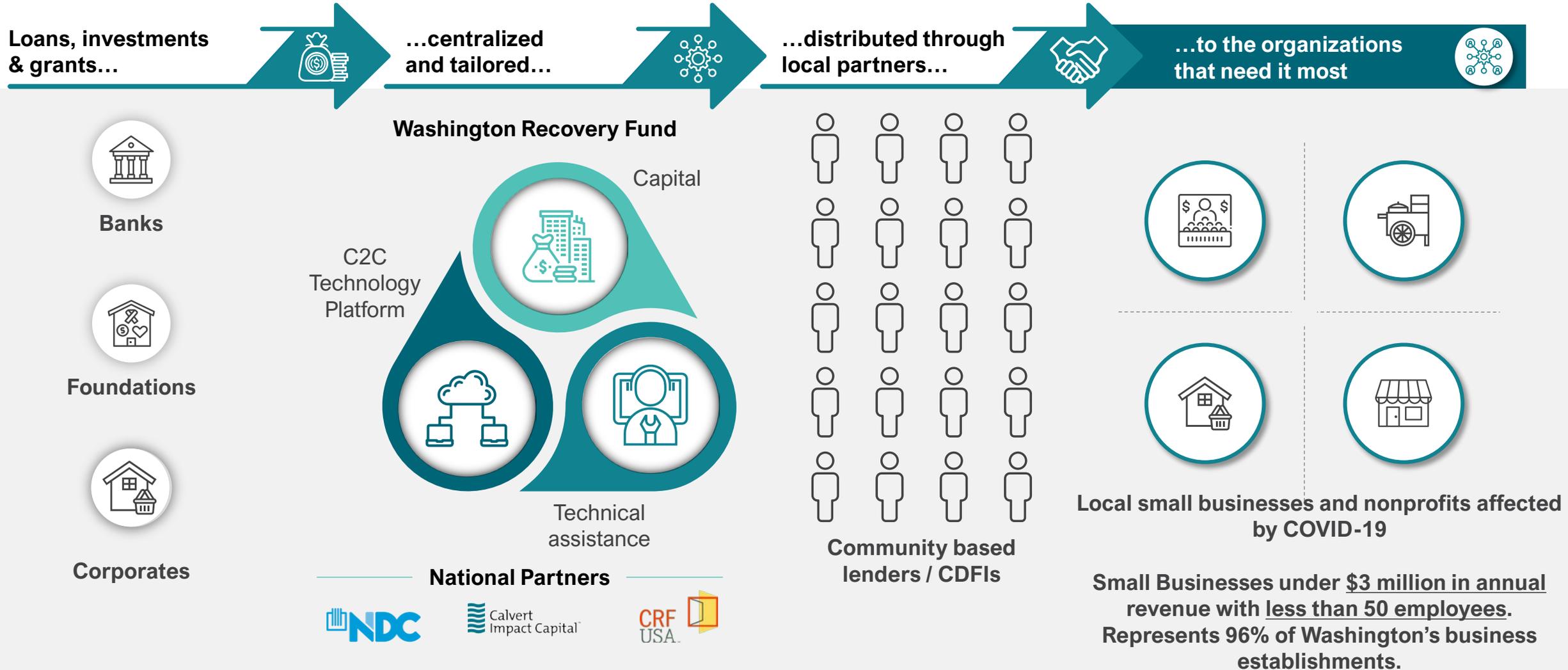
Outreach through local, community-based networks; broad eligibility standards based on FTE and revenue size

Lenders

Mostly large and regional banks; CDFIs have participated but with limited liquidity available

Non-profit community development loan funds

This program provides a supportive ecosystem around local community lenders so they can lean into the economic recovery



CDFIs are community lenders who reach small businesses that the banks can't reach

Since its birth, the CDFI industry had invested **\$35 billion** across the country creating or preserving **1.5 million** units of housing, supporting **120,000** businesses and microenterprises, and supported nearly **10,000** community service organizations

The CDFIs' annual loss rates over this 20-year period were on par with FDIC insured institutions with a cumulative **net loan loss rate of just 1.5 percent**

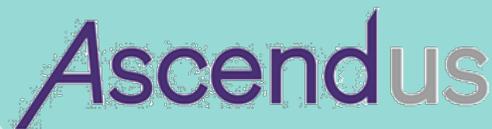


On average, **75 percent** of CDFI clients are low-income, **52 percent** are owned or run by people of color and **48 percent** are owned or run by women

CDFI lending grew in the wake of the Great Recession while conventional banks massively contracted, with loan balances **declining by as much as 16 percent**

Participating lenders have decades of experience in serving Indigenous, rural, and immigrant communities and communities of color across Washington

NDC has EDA funding for lending anywhere in Washington State.

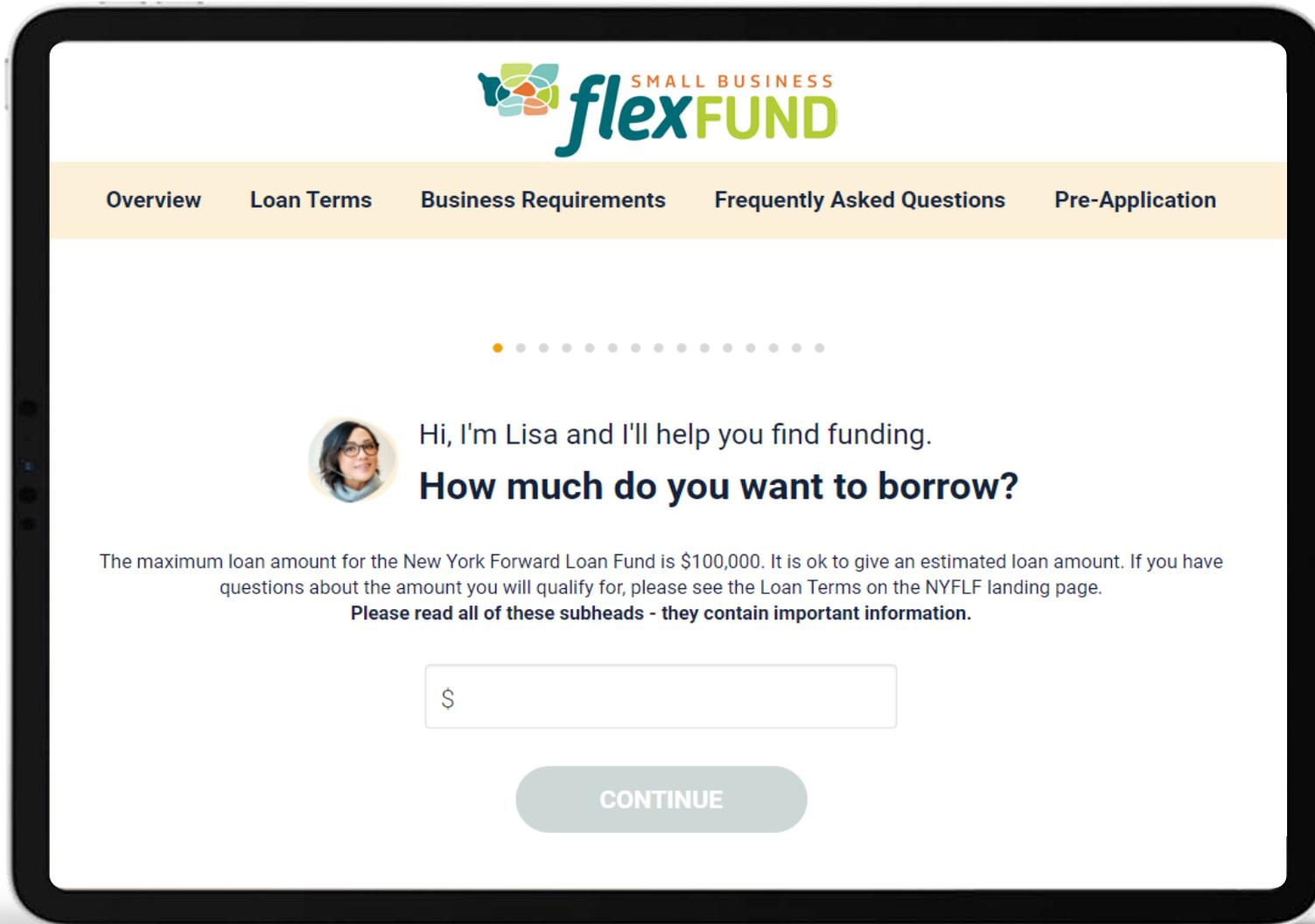


Could involve more CDFIs in the future

The loan product is tailored to meet the credit needs of small businesses throughout the recovery

Loan Terms					
Interest rate	Repayment term	Use of proceeds	Recourse	Fees	Loan amount
60-month term <ul style="list-style-type: none"> 4.00% fixed interest for small businesses 3.00% fixed interest for non-profits 	60-month term <ul style="list-style-type: none"> 0-12 months: interest only 13 to 60 months: interest and principal 	Working capital including payroll, operating and emergency maintenance, utilities, rent, supplies, etc.	No collateral required; a blanket lien on assets and personal guarantee may be required at the discretion of the CDFI originator	No upfront fees	Lesser of (a) \$150,000 or (b) 6 months revenue prior to the COVID-19 outbreak
72-month term <ul style="list-style-type: none"> 4.50% fixed interest for small businesses 3.50% fixed interest for non-profits 	72-month term <ul style="list-style-type: none"> 0-12 months: interest only 13 to 72 months: interest and principal 				<ul style="list-style-type: none"> SBA EIDL figures for Washington State 67,555 loans Average = \$60,818

Small business owners access the program through a simple, easy portal that matches them with a local community lender



Platform organizes borrower by location so NDC can direct funds solely to businesses in jurisdictions and provide robust data reporting!

Small Business Flex Fund Current Metrics

As of July 20, 2021

\$300,000

Funded Amount

\$104,547,780

Matched Requested Amount

74.85%

Percent Requested Amount Matched

2

Funded Requests

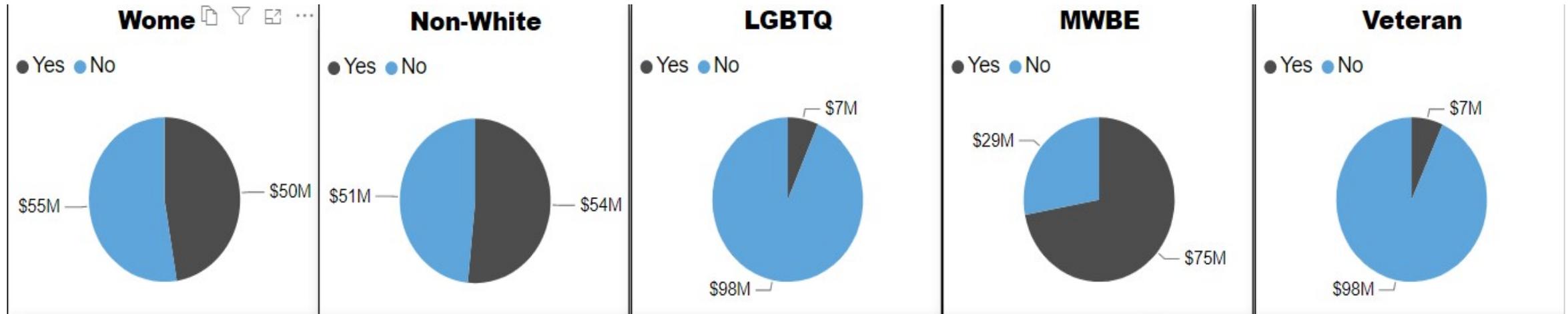
1,070

Matched Requests

Small Business Flex Fund

Current Metrics – Applicant Diversity

As of July 20, 2021

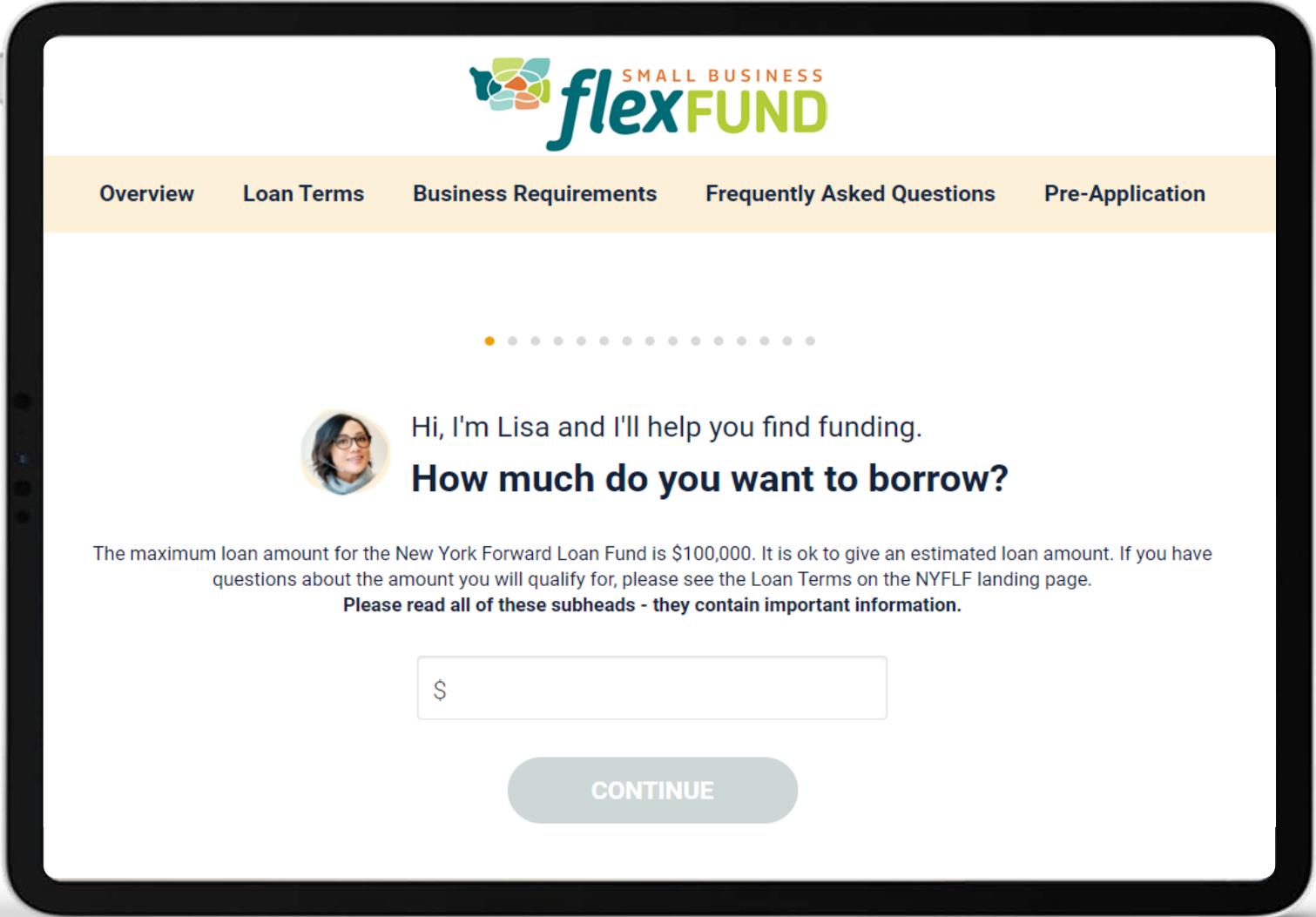


Local business assistance organizations are available to help borrowers get application and credit ready

The Fund connects local community lenders with a network of business advisory services to support the full small business ecosystem in Washington.



<https://smallbusinessflexfund.org/apply-now/>



The screenshot shows the flexFUND website interface. At the top, the logo for 'flexFUND' is displayed with 'SMALL BUSINESS' in orange above 'flex' in blue and 'FUND' in green. Below the logo is a navigation bar with five items: 'Overview', 'Loan Terms', 'Business Requirements', 'Frequently Asked Questions', and 'Pre-Application'. A progress indicator consists of ten dots, with the first dot on the left being filled. Below the progress indicator is a circular profile picture of a woman with glasses. To the right of the profile picture, the text reads: 'Hi, I'm Lisa and I'll help you find funding.' Below this is a large, bold question: 'How much do you want to borrow?'. Underneath the question is a paragraph of text: 'The maximum loan amount for the New York Forward Loan Fund is \$100,000. It is ok to give an estimated loan amount. If you have questions about the amount you will qualify for, please see the Loan Terms on the NYFLF landing page.' Below the paragraph is a bold instruction: 'Please read all of these subheads - they contain important information.' At the bottom of the page is a text input field with a dollar sign (\$) on the left and a 'CONTINUE' button below it.