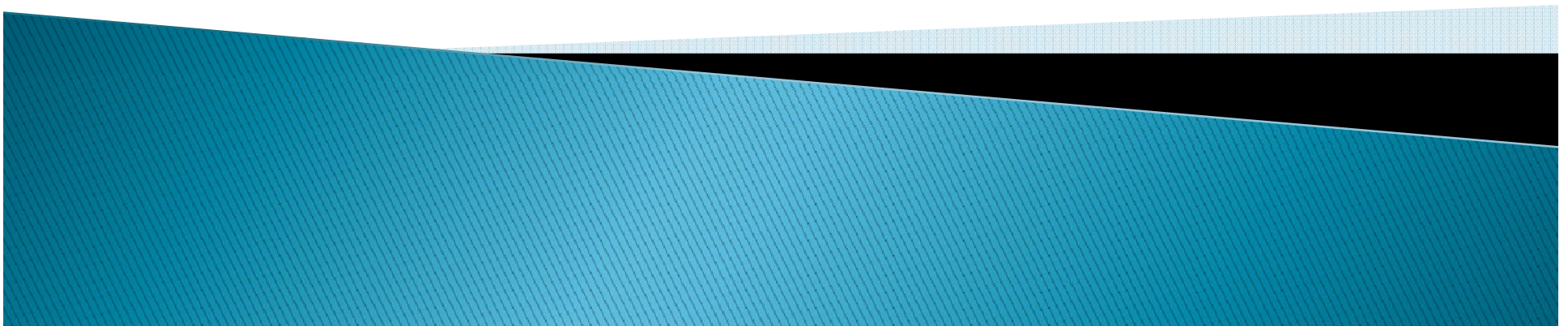


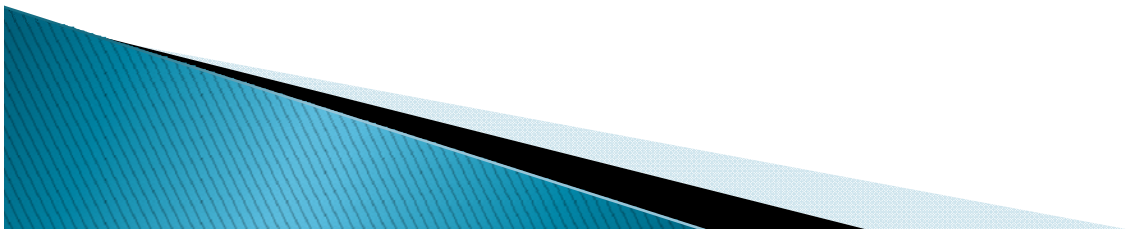
Getting Started: Organizing a CDFI & Capitalizing a Loan Fund

Bryan Mercier
December 2, 2011



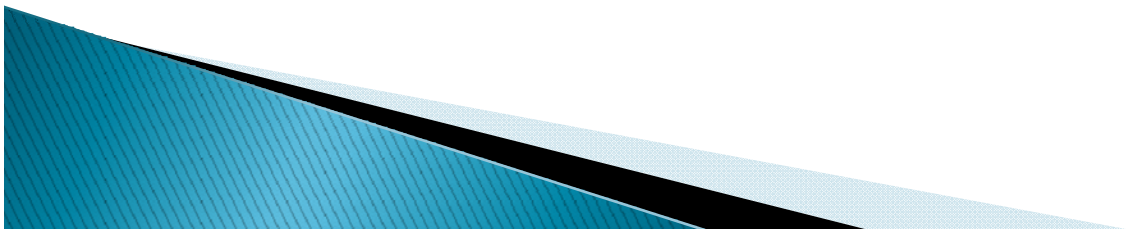
Create Initial Infrastructure

- ▶ Identify CDFI “champion”
- ▶ Determine organizing committee members
- ▶ Develop action plan
 - www.ournativecircle.org
 - www.cdfifund.gov
 - www.onaben.org
- ▶ Determine initial mission statement
- ▶ Define initial target market
 - Majority (50%+) AI/AN to be eligible for Native Initiatives



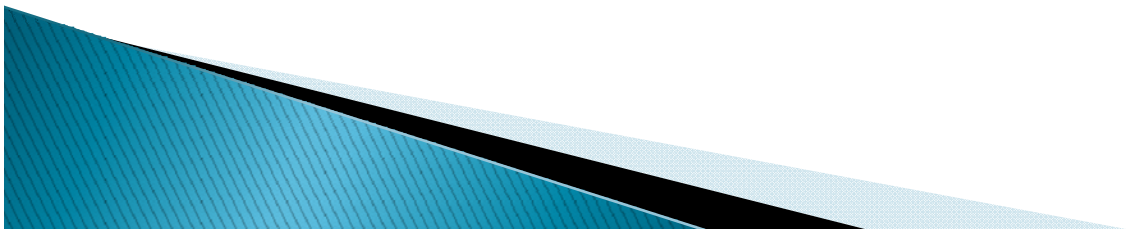
Market Analysis

- ▶ Measure impact desired
- ▶ Coordinate with other tribal programs
- ▶ Data Collection about market
- ▶ Research competition
- ▶ Research specific targeted industries or opportunities
- ▶ Explore opportunities for strategic alliances
- ▶ Review and revise target market if necessary
 - Non-native population eligible for services?



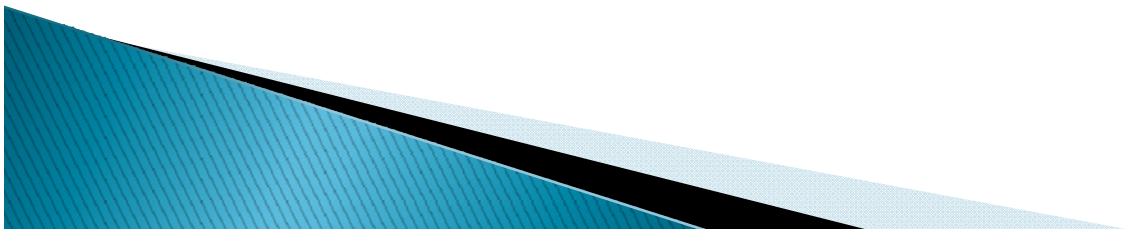
Legal Infrastructure

- ▶ Determine appropriate legal structure
 - 7871 Organization
 - 501(c)3 Organization
- ▶ Determine initial board of directors
 - Independent of tribal government
- ▶ Develop incorporation documents
 - Resolution
- ▶ Develop by-laws
- ▶ File incorporation docs with appropriate gov't
 - May be necessary for 501(c)3 status



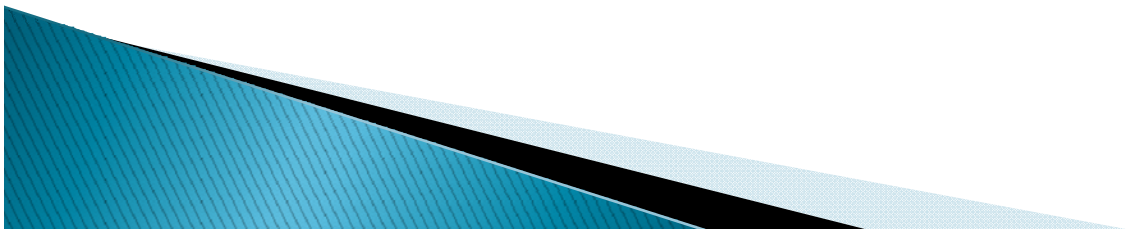
Operation Policies

- ▶ Develop policies for:
 - Personnel
 - Travel & Expense
 - Conflict of Interest
 - Financial Management
 - Information Technology
 - Procurement



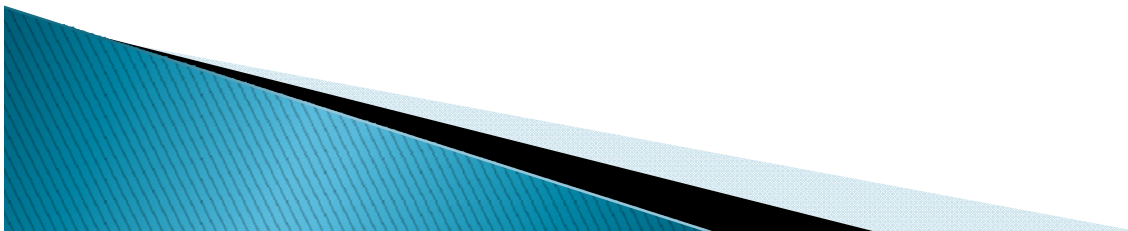
Staffing & Strategic Planning

- ▶ Develop Executive Director/President job description
- ▶ Hire Executive Director/President
 - Second Hire?
- ▶ Strategic planning
 - Hire consultant to facilitate?
- ▶ Review and revise mission statement
- ▶ Develop 3 year strategic plan
- ▶ Develop one year workplan



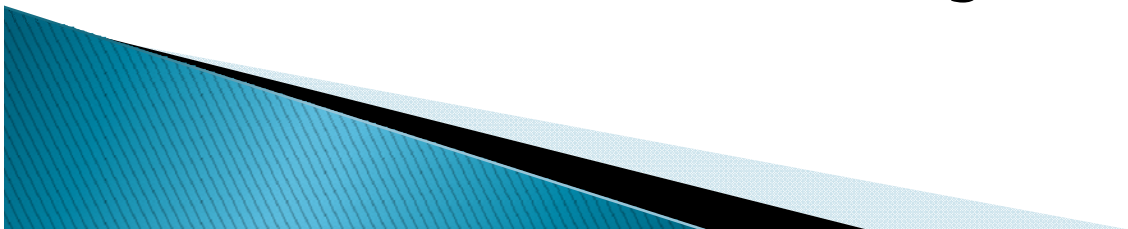
Design Loan Products, Policies & Systems

- ▶ Size, rate, term, fees
- ▶ Develop underwriting process & guidelines
- ▶ Develop risk rating system for loans
- ▶ Develop a collection policy & procedure
- ▶ Develop draft Loan Policies
- ▶ Loan Committee reviews and recommends policies to Board
- ▶ Loan Policies approved by Board?



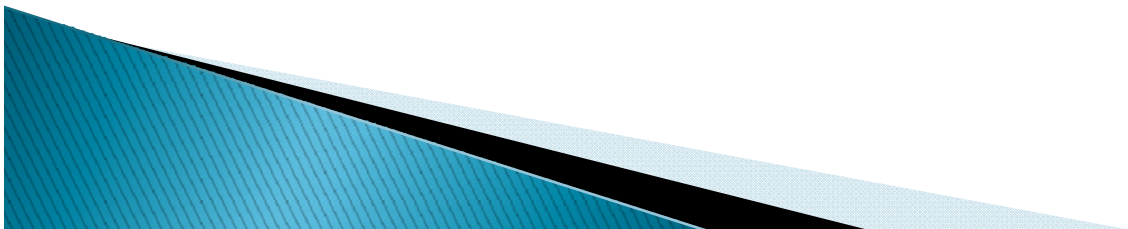
Capitalization Plan

- ▶ Develop reasonable capitalization goals for debt & equity
- ▶ Identify & prioritize sources for debt and equity
- ▶ Develop standard proposal request for capital (incorporating Market information)
- ▶ Meet with potential sources, present customized proposal when appropriate
- ▶ Make sure you can meet funding restrictions (if any) and reporting requirements
- ▶ Develop or review Investment Policy & make any recommendations for changes
- ▶ If necessary, upgrade accounting system to handle "fund accounting"



CDFI Certification

- ▶ Compile census data for eligibility
 - AI/AN target market automatically eligible for Other Targeted Population (OTP) designation
- ▶ Fill out certification application
- ▶ Compile components of Business Plan
 - Demonstrate 2–3 years of lending and technical assistance
- ▶ 5 Year Projections
- ▶ Submit Application to CDFI Fund
- ▶ Receive Certification



Final Thoughts

- ▶ Don't try to do it alone
 - National and regional networks exist for support
 - Mistakes have already been made, no need to make them again
 - Community development mission makes for peer learning experience.
- ▶ Take it slow and steady
 - Build community support
 - Leverage tribe's capacity (finance department, legal, etc.)
 - Growing too fast is a common mistake

