

What is a CDFI?



- Community Development Financial Institutions (CDFIs) are community-based organizations that expand economic opportunity and provide financial products and services to individuals and businesses often underserved by traditional financial institutions.
- The CDFI designation is given by the U.S. Department of Treasury to organizations that have a primary mission of community development and a proven track record of providing financial products and services to underserved communities. CDFIs go through a rigorous application process and must recertify every year.
- CDFIs help families finance their first home, support and start-up businesses, establish and rebuild credit histories, and invest in local health, housing, education, and community facilities, as well as provide financial services and training.
- CDFIs include credit unions, loan funds, venture capital funds, and banks.
- Becoming certified allows the CDFI to receive capital grants from the U.S. Department of Treasury. CDFIs leverage these grants with other funds to achieve their missions. Vermont's CDFIs are essentially conduits for these federal funds into the State of Vermont. CDFI certification is also a qualifier for participating in other Federal, State, and local government programs promote community development in Vermont.

What is a CDFI?



- CDFI's are required to deploy at least 60% of their financial activity into a target market to meet certification requirements each year. Target markets can be specific areas that are considered economically distressed. They can also be a specific population. The most common target market is low-income individuals and their businesses. Examples of other target markets are Native Americans, People with Disabilities, African Americans, and several others.
- The number of certified CDFIs has grown from 196 in 1997 to nearly 1,500 today. Many CDFIs were used by state and local governments to help them deploy federal dollars during COVID which accelerated the growth of the industry. The Biden administration has integrated CDFIs into many of its priorities including new priorities like funding the solutions to the climate crisis.
- There are 5 CDFIs currently headquartered in Vermont. There are also regional and national CDFIs that offer services in the state.
- We believe that the more the State of Vermont and its CDFIs work together; the more that Vermonters will benefit.

Flexible Capital Fund, L3C



Visit www.flexiblecapitalfund.com or contact janice@flexiblecapitalfund.com

Sector-specific

- ▶ Sustainable food systems
- ▶ Sustainable forest products
- ▶ Clean technology
- ▶ Waste management
- ▶ Climate change solutions
- ▶ Water technology

Companies

- ▶ Early & growth stage
- ▶ Solving environmental problems
- ▶ Building healthy food systems
- ▶ Mitigating climate change
- ▶ Preserving working lands
- ▶ Diverse teams & governance

Geography

- ▶ Vermont first
- ▶ New England second, with trusted partners in:
 - New Hampshire
 - Maine
 - Massachusetts

Structures

- ▶ Revenue-based financing (RBF)
- ▶ Sub-debt with RBF
- ▶ Convertible debt
- ▶ Equity
- ▶ Warrants
- ▶ Hybrid

Mission: Creating healthy food systems, preserving working lands, building resilient communities and addressing climate change through regenerative solutions and equitable workplaces

- Since 2011, we've invested \$9 million in 24 companies who in turn leveraged \$198 million in debt, equity and grants.
- In 2022, our companies spent \$19.7 million or 32¢ of every dollar in sales to purchase from local vendors.
- We are a women-led and managed for-profit CDFI and high-touch investor focused on companies that are 'built to last' vs. 'built to flip.'



Addressing the Financial Needs of Low-Income Vermonters

Grew our loan portfolio to a point where **77%** of our loans are to low-income Vermonters and **39%** are to individuals with poor credit histories.

Eased burdens and promoted financial stability with **96 loans** designated for debt consolidation or refinancing.

Spearheaded financial independence by opening **42 accounts** for individuals with no other banking options.

Brightened financial horizons by granting **126 credit-building loans**.

Fostered financial literacy and health by counseling **546 individuals** through our Money Sense Program.



Making Housing More Affordable and Attainable

Accelerated the journey toward homeownership by obtaining **22** downpayment grants for over **\$1.1 Million** for Vermonters with dreams of an affordable home.

Put keys into the hands of **18** first time home buyers and **35** low-income Vermonters.

Building a Financial Home for New Americans



Provided stability to Immigrants and Refugees with **60 loans** totaling over **\$8 million** including **\$7 Million** for housing.

Removing Barriers for BIPOC Vermonters



Supported the dreams of people from all backgrounds with **25%** of our loans going to BIPOC Vermonters.

Championed diversity by providing **15 small business** loans to minority-owned enterprises.

Driving the Growth of Small Business



Backed entrepreneurial ventures with over **\$2 Million** in small business loans that ignited **33 new job** opportunities.

Removing Barriers for Disabled Vermonters



Provided **\$1.6 Million** in loans to disabled Vermonters for equipment and modified vehicles that improved their access and independence.

Since 1989, we have brought prosperity to our membership with over **\$600 Million** in loans.

Impact + Sustainability + Justice = Opportunity

The Vermont Community Loan Fund is...

- A nonprofit, mission-driven, community-focused alternative lender
- Certified Community Development Financial Institution (CDFI) since 1996
- An economic development resource for affordable housing, local business, nonprofits & early care
- \$33M in private impact investor capital leveraged for public good
- Access to capital for ALL Vermonters

Since 1987, VCLF has loaned \$140 million to:

- Create or preserve jobs for **7,974** Vermonters
- Build or rehabilitate affordable homes for **4,629** households
- Create or preserve quality care for **4,913** children & families
- Launched the **Justice Forward Fund** and made 33 loans to BIPOC entrepreneurs.
- **Lending from 2020 through 2023 = 83% annualized growth rate!**





How can a lender help lift up communities?

Make loans at fair terms that nobody else will (except the predatory lenders)

Make loans to start ups and give people a chance to pursue their dreams.

Make loans to underserved populations who don't get a fair chance.

Refinance predatory and credit card debt.

Provide counseling and education to help business owners do better

- **Community Capital of Vermont is a 501c3 non-profit that spun out of Capstone Community Action 25 years ago.**
- **We educate and lend to low-income business owners who cannot access capital.**
- **In 2023, 62% of our loans were to woman owned businesses. 78% were to low-income entrepreneurs.**

Solutions

Reasonable Interest Rates for All

Community Capital of Vermont is committed to lending at the lowest rates we can. All the time.

Prioritization of Resources

We prioritize applications and technical assistance for historically underserved groups.

Collateral not required

We routinely make loans to experienced business owners with little or no collateral.

Start ups welcome

Community Capital lends to startups based on their owner's experience and a business plan.

Flexibility on Credit

We make loans to new and existing businesses owners with credit scores in the 500's or with no credit history.

Single Family & 2-4 Unit CDFI Lending

LENDING: Down-Payment Assistance & First-Mortgage

NW Provides: Pre-Purchase Education & Counseling, Post-Purchase Counseling, Shared Equity, Foreclosure Prevention



LENDING: Energy Efficiency

NW Provides: Energy Audit, Project Coordination, Quality Assurance, Access to Contractors and Rebates

LENDING: Home Repair & Rental Repair

NW Provides: Evaluations, Project Coordination, Quality Assurance, Access to Contractors and Grants

Nonprofit housing organization with in-house financing, providing all the answers and support homebuyers and homeowners need -

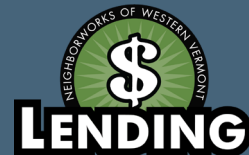
We Are All Things Home!

2019-2023: 112 CDFI Loans;

\$2.3M

Creating new homeowners and helping to make homes healthy, safe, affordable, and efficient.

SERVICE AREA: Addison, Bennington, Caledonia, Essex, Orleans, Rutland, Windham, Windsor counties.





VERMONT CDFI IMPACT REPORT



Opportunities Credit Union - CDFI Credit Union

2023 Lending Amounts:

- \$8 Million in New American Loans
- \$1.1 Million in Downpayment Grants
- \$1.6 Million in Loans to Disabled Vermonters
- \$2 Million in Loans to Entrepreneurs
- \$16.3 in Total Loans Made

2023 Number of Loans:

- 60 Loans to New Americans
- 126 Credit Building Loans
- 18 First-Time Home Buyer Loans
- 35 Mortgages to Low Income Vermonters
- 15 BIPOC Small Business Loans
- 96 Debt Consolidation Loans
- 73 Green Financing Loans
- 79 Affordable Vehicle Loans

Notable Jobs, Programs & Stats:

- 33 Jobs Created
- Provided Financial Counseling for 546 Vermonters
- Provided "Second Chance" Accounts for 42 Vermonters
- Provided Business Coaching to 130 Vermonters



Vermont Community Loan Fund - CDFI Loan Fund

2023 Lending Numbers & Amounts:

- \$11.5 Million in Total Loans Made
- 11 Affordable Housing Loans
- 3 Community Facility Loans
- 50 Small Business Loans

Annual Jobs Created/Retained:

- 387 Jobs Created or Retained
- 151 Affordable Homes Built or Rehabilitated
- 76 Early Care Slots Created or Retained

Notable Programs & Assistance:

- Direct Business Advising to 131 Businesses & Non-Profits

- 35% of Loans Made to BIPOC Entrepreneurs
- 50% of Loans Made to Women Entrepreneurs



Flexible Capital Fund, L3C - CDFI Loan & Investment Fund

2022 Lending Numbers & Amounts:

- \$900,000 in Total Transactions
- Helped Portfolio Companies Leverage an Additional \$198 Million in Capital Since 2011
- 5 Loans & Investments Made

Jobs Created & Assistance Offered:

- 407 Jobs Created
- Provided Direct Business Coaching & Financial Systems Assistance to Over 140 Individuals in 2022
- 100+ Hours of Direct Technical Assistance to Portfolio Companies

Notable Programs:

- Revenue-Based (Debt) Financing as an Alternative to Equity
- Willing to Take More Risk Than Traditional Lenders
- Focused on Food Systems, Forest Products & Climate Change Solution Businesses



Community Capital of Vermont - CDFI Loan Fund

2023 Lending Numbers & Amounts:

- \$1.2 Million in Total Loans Made
- 52 Loans Made to Vermonters

Jobs Created/Retained & Assistance Offered:

- 130 Jobs Created and/or Retained
- 540 Hours of Assistance Provided to 87 Current Borrowers
- 284 Hours of Assistance Provided to 48 Prospective Borrowers

Notable Programs:

- Focused on "Everyday" Startups & Main Street Businesses