Wells Fargo Works for Small Business® Diverse Community Capital (DCC)

CDFI Best Practice Case Study: Path to Bankability

As a Diverse Community Capital Awardee... MoFi provides financing and consulting services that transform the lives of individuals and strengthen community prosperity.

Challenge and Solution

Understanding that small businesses benefit from connection to mainstream bank products and services, MoFi wants its clients to establish relationships with banks. Prior to working with MoFi, many of the CDFI’s small business clients didn’t have relationships with lenders, beyond a bank account, or were turned down for financing by a bank. MoFi helps these entrepreneurs work with lenders and journey the path to long-term bank relationships.

Three years ago, the CDFI launched its Path to Bankability (PTB) program, which works with small business owners referred to MoFi by banks. The plans aim to help MoFi clients become bankable faster, so they can more quickly access the financial mainstream and all of the services and opportunities that it provides.

How it Works

- **PTB Plan.** MoFi’s lending team creates a customized plan with every MoFi borrower prior to the loan closing. MoFi works with the referring lender to craft a plan that addresses the specific reasons that the borrower was unable to access traditional financing. For example, if a borrower’s credit is too low for the bank’s threshold, MoFi makes a plan to work with that borrower to build his or her credit.

- **Progress Markers.** Beginning with the closing of the loan, MoFi builds into its Salesforce system automated tasks and milestone markers to help track the client’s progress. The CDFI works with the client to make this progress, offering financial education and technical assistance when needed. MoFi also keeps the bank updated about the client’s progress at regular intervals.

- **Markers Met.** Once MoFi’s client has successfully achieved the goals of the PTB plan, MoFi works with the client to fill out a bank loan application and compiles a package of information the bank would need to underwrite the loan.

Impact

Currently MoFi has more than 200 clients with PTB plans in place. On average, it takes 36 months for clients to work through a PTB plan. MoFi is working to cut that number in half.
About MoFi

MoFi provides financing and consulting to nearly bankable businesses, homeowners and projects across the Northern Rockies. The CDFI continues to expand its services where needed, while staying true to its mission of transforming lives and strengthening community prosperity.

Founded: 1986
Type of CDFI: Loan Fund
Target Market: Northern Rockies
Types of Lending: Small Business Loans
Products and Services: Business loans from $1,000 to $2,000,000 for startup and other business needs
New Markets Tax Credit loans
Community Facilities loans
HomeNow down payment assistance for homebuyers
All MoFi borrowers receive access to technical assistance throughout the life of a loan

Total Financing Outstanding (2017): $28.4 million
Clients Served (2017): 1,121
Website: MoFi.org

“We always tell our clients we want to have a really short relationship with them because we want to get them to a bank as quickly as possible. While we have the capital to help them get started, our consulting services provide more than money to our borrowers. When they develop bank relationships, it opens the door to a broader suite of financial services, access to the mainstream and the confidence to continue to build and grow their businesses. This makes a big impact in our communities across the Northern Rockies.”

— Betsy Beauvais, Director of Lending, MoFi

This is one in a six-part series of cases studies spotlighting CDFIs (community development financial institutions) in the Wells Fargo Diverse Community Capital network, which is funded with a $175 million commitment in capital and has already supported more than 40,000 jobs and $390 million in financing for diverse small businesses. CDFIs are private financial institutions dedicated to delivering responsible, affordable lending and financial services to help underserved people and communities join the economic mainstream.

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