



Lending to Re-Entering Entrepreneurs

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Statistics

- Over 2.2 million incarcerated in 2014; 1.5 million in prisons, 0.7 million in jails
- Federal prison population has increased almost 800% since the 80's
- Approximately 650,000 prisoners released annually

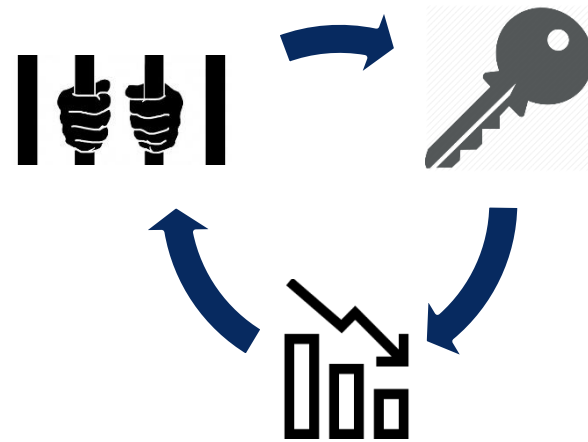
Sources: US DOJ

Other Statistics

- About 65% of prisoners have not completed high school
- 47% of inmates arrested for non-violent crimes
- Around 67.5% of prisoners will recidivate within 3 years of release
 - That is, there is a potential impact of over 400,000 prisoners annually that could be contributing to society and our economy

Sources: US DOJ

Barriers to Success



Debt	Credit	Identity	Housing	Family
<ul style="list-style-type: none"> - Indebted to localities and states - Cost of court - Property crimes, embezzlement 	<ul style="list-style-type: none"> - Previous debt or credit affecting credit rating - Have no credit rating 	<ul style="list-style-type: none"> - Identity theft while imprisoned - Unable to get driver's license while in debt 	<ul style="list-style-type: none"> - Housing restrictions - Post-halfway house 	<ul style="list-style-type: none"> - Child support - Alimony

OPPORTUNITY FINANCE NETWORK™

The 5C's of Credit

- Credit
- Capital
- Capacity
- Collateral
- Character

Challenges

- Negative, limited, or non-existent
- Child support, restitution, court fees
- Seasonal positions, easy targets for firing
- Lack of assets
- Arrest record, perception of felons

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Solutions

- Small loans, credit cards and scores
- Evaluate payments rather than debt
- Jobs at orgs with existing relationship
- Asset building programs (e.g. IDA)
- Education programs

Who are you helping?



<http://www.c-ville.com/darden-program-helps-inmates-plan-life-prison/#.V1B6f5ErKUK>

Selection Criteria Suggestions

- Past does not have to be indicative of their future
 - What are the factors that led them to initial incarceration? Are they a product of a lack of opportunity or are they character-driven and likely to be repeated?
- Minimum education requirements (GED)
- Recommendation (counselors, teachers)
- Gang affiliations
- Character qualities (leadership, motivation, personal responsibility, etc.)

The Road to Creditworthiness

- Proper selection criteria screens for lower risk candidates, sets tone for expectations
- Shift from static metrics (e.g. FICO) to progressive metrics (e.g. educational goals, debt payment installations, driver's license, etc.)
- Goal is to get ex-offenders a chance to obtain creditworthiness (educational programs, financial capability)

Adapting Products and Services

- Tailoring lending programs to account for ex-offenders' specific circumstances crucial for both parties
- Helping build credit, educational progress, job skills and resume building, housing assistance

Mitigating lending risk can be done by helping both parties succeed!

Questions?

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