

OFN Small Business Forum
Expanding Liquidity and CDFI New Product Offering
June 16, 2017



Panel Composition

Moderator: Doug Schaeffer, Woodforest National Bank

Panelists:

- Tammy Halevy, Association for Enterprise Opportunity (AEO)
- Joshua Bracket, Access to Capital for Entrepreneurs (ACE)
- Nelly Rojas-Moreno, LiftFund
- Adam Hoeksema, Bankable.org
- Ross Folkenroth, Woodforest National Bank

AEO & ACE



AEO Association for
Enterprise
Opportunity
The Voice of MicroBusiness



Seeking Liquidity Through Special Purpose Vehicles (SPVs)

- Problem and Proposed Solutions
- Experience Sharing
- Potential Impact on CDFIs and Investors
- Process / Challenges / Next Steps

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LiftFund Overview

- 1994 Created as Microlender
- \$250 Million Dollar disbursed in loans to 19,000 clients
- Average Loan Size \$13,015
- Historical default rate less than 5%.
- Production in the Last five years

Year	Amount Disbursed
2012	\$18.0 Million
2013	\$20.2 Million*
2014	\$26.3 Million
2015	\$24.8 Million
2016	\$30.5 Million

- **Results: Increased need for liquidity**

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LiftFund
DREAM IT. FUND IT.
Launching Entrepreneurs for Over 22 Years

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LiftFund

Selling Loan Portfolios to Financial Institutions

- **First-of-its-kind Transaction, Post Recession**
 - LiftFund sold \$8.1 Million dollars to Woodforest between 2013 and 2015
- **Benefits**
 - Improved liquidity
 - Ongoing servicing revenue
 - Keeping relationship with Borrower
- **Best Practices**
 - Lending Policies and Procedures
 - Servicing Policies and Procedures
 - Portfolio Quality Practices
- **Challenges and Opportunities**
 - Loss of Interest revenue
 - Covering the upfront cost to generate the loans
 - Balance Sheet not increasing
 - Explaining the model to investors and funders



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Bankable Overview

About - Bankable is a small business lender focused on providing loans up to \$250,000 to small businesses in Indiana that are not quite ready for a traditional bank loan.



- CDFI
- SBA Microlender
- SBA Community Advantage Lender
- Started in 2010
- \$13 Million in Loans Since 2010
- \$6 Million in Last 12 Months

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Bankable-Flagship

Loan Loss Reserve/Problem

- Our board requires a 15% loan loss reserve
- With \$6 million in new loans in last 12 months we need approx. \$900,000 in new loan loss reserve funding
- Reserve funding is our major bottleneck



Loan Sale Opportunity

- Working with Woodforest to sell a portion of our loan portfolio to reduce our demand for loan loss reserve funding.

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Bankable –Flagship



Selling Loan Portfolios to Financial Institutions

- Experience
- Best Practices
- Challenges and Opportunities
- WNB Process and Timelines for Loan Acquisition (Ross Folkenroth)

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WNB Process and Timelines for Loan Acquisition

Purchasing Loan Portfolios from CDFI Partners

- Opportunity Discovery
- Underwriting Review
- Purchase and Servicing Agreements
- Reporting and Future Opportunities

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Explore Product Partnering with CDFIs

Micro Loan Product Partnership

- Woodforest and CDFIs Partner to Offer ReLi Microloans (\$500 - \$10,000)
- CDFIs Identify Needs for Microloan Product
- Woodforest Originates and Services
- Revenue through origination fees as a possibility
- Building interest and exploring various concepts for implementation

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Q&A Thank You!

