

California CDFI Wins \$100,000 NEXT Award for “EasyPay,” Innovative Financing for Small Businesses in Distressed Markets

San Jose-based Opportunity Fund’s responsible small business finance product is the first of its kind to rely on credit and debit card sales for loan payments

PHILADELPHIA, September 6, 2012—California-based community lender **Opportunity Fund** has won the first-ever \$100,000 **NEXT Seed Capital Award** for its unprecedented EasyPay™ financing product. EasyPay is a responsible loan product that allows underbanked small business owners to repay loans directly through their credit and debit card sales.

Opportunity Fund is California’s largest non-profit microlender supporting small businesses and is one of the largest microlenders in the nation. It has made more than 2,370 small business loans totaling more than \$25.8 million. Opportunity Fund created and test-marketed their innovative EasyPay loan product with 30 small businesses in Greater Los Angeles. It will use the NEXT Seed Capital Award to expand the program to the San Francisco Bay Area, and throughout California.

The award was made by the **Wells Fargo NEXT Awards for Opportunity Finance**, a collaboration among Wells Fargo, Opportunity Finance Network, and two foundations.

Wells Fargo’s Lesley Eckstein, executive vice president and group head, Community Lending and Investment, described EasyPay as a “potential breakthrough product for start-up, microenterprise, and small businesses. It makes financing more available in markets that are hard to serve.”

Marco Lucioni, director of lending at Opportunity Fund and creator of the program said, “Too often, underserved entrepreneurs only have access to predatory financing options that are asset-stripping rather than asset-building. EasyPay is tied to a small business owner’s cash flow. Unlike a traditional loan, which requires a small business to make the same loan payment at the same time each month, EasyPay collects repayment only when a credit or debit card is swiped. This way, the loan repayment is always affordable.”

While similar card-based payment systems exist in the private sector in the form of merchant advance loans, they routinely carry exorbitant interest rates that range from 104-177 percent. By contrast, EasyPay loans carry an annual interest rate of just 12 percent.

NEXT Seed Capital Award Selection Committee 2012

■ Sarah Bennet
Wells Fargo

■ Debra Schwartz
MacArthur Foundation

■ Megan Teare
Wells Fargo

■ Kimberlee Cornett
The Kresge Foundation

■ Mark Pinsky
Opportunity Finance Network



“This is one of the most exciting new financial products we have seen for small businesses,” said Mark Pinsky, president and CEO of Opportunity Finance Network on behalf of the NEXT Seed Capital award selection committee. “Opportunity Fund’s EasyPay loan product could transform the way the CDFI industry does business. It has potential for replication so more CDFIs can offer affordable credit- and debit-based loans to small businesses in distressed communities.”

The \$100,000 NEXT Seed Capital Award will be granted to one community development financial institution (CDFI) each year through 2016 to support a product and/or geographic expansion. The NEXT Awards are managed by Opportunity Finance Network (OFN) and supported by Wells Fargo, The Kresge Foundation, and the John D. and Catherine T. MacArthur Foundation.

Participants of the LA pilot of EasyPay are excited. David Manzo, owner of Mirna’s Market variety store, was hesitant to take out a loan due to high interest rates and unaffordable payments—especially due to the seasonal nature of his business. He cites EasyPay as one of the best things he’s ever done for his business. “The payments are always affordable. I almost forget about the loan because I repay it automatically!”

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About The Awards

The **Wells Fargo NEXT Awards for Opportunity Finance** celebrate the CDFI industry – its creativity, accomplishments and enduring importance. Launched in 2007, the program has awarded \$41.75 million through a competitive awards process to 30 of the nation’s most promising CDFIs. The goal of the NEXT Awards for 2012–2016 is to recognize the NEXT generation of CDFIs working towards expanding coverage in underserved communities. The NEXT Awards are presented by Opportunity Finance Network with funding from Wells Fargo, the John D. and Catherine T. MacArthur Foundation, and The Kresge Foundation.

About Opportunity Fund

Opportunity Fund is a not-for-profit social enterprise helping thousands of California families build financial stability. Opportunity Fund’s strategy combines microloans for small businesses, microsavings accounts and community real estate financing. Since making its first loan in 1995, Opportunity Fund has deployed more than \$235 million into California’s underserved communities. Visit www.opportunityfund.org.

About the Groups Behind the Awards

Wells Fargo & Company is a nationwide, diversified, community-based financial services company with \$1.3 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores, 12,000 ATMs, the Internet (wellsfargo.com), and other distribution channels across North America and internationally. We want to help all of our customers succeed financially and create long-term economic growth and quality of life for everyone in our communities. In 2011, the Company invested \$213.5 million in grants in 19,000 nonprofits, and team members contributed more than 1.5 million volunteer hours around the country. Wells Fargo’s Community Lending and Investment division provides debt and equity capital for economic development, job creation and affordable housing in areas of need nationwide. For more about Wells Fargo Community Lending and Investment: www.wellsfargo.com/communitylendingandinvestment.

The Kresge Foundation is a \$3 billion private, national foundation, headquartered in Metropolitan Detroit, that seeks to influence the quality of life for future generations. The foundation works in seven program areas: arts and culture, community development, Detroit, education, the environment, health, and human services. Learn more at: www.kresge.org.

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John D. and Catherine T. MacArthur Foundation supports creative people and effective institutions committed to building a more just, verdant, and peaceful world. In addition to selecting the MacArthur Fellows, the Foundation works to defend human rights, advance global conservation and security, make cities better places, and understand how technology is affecting children and society. MacArthur has been a leading supporter of the Opportunity Finance field since the early 1980s, investing nearly \$250 million in approximately 100 groups nationwide. More information is available at: www.macfound.org.

Opportunity Finance Network (OFN), the leading network of private financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Members of OFN are community development financial institutions (CDFIs) that deliver responsible lending to help low-wealth and low-income communities join the economic mainstream. Through 2010, OFN's Network originated more than \$24.2 billion in financing in urban, rural, and Native communities, and financed 782,907 housing units, 64,391 business and microenterprises, 7,674 community facilities, and created or retained 317,052 jobs. More information is available at: www.opportunityfinance.net

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