



Amplifying Our Collective Voice

7th Annual Native CDFI Capital Access Convening
June 28-30, 2022 • Virtual

Assessing Risk: A Native CDFI Perspective

June 30, 2022

Special Thanks to This Year's Sponsors



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- **Krystal Langholz**, Oweesta Corporation Chief Operating Officer
- **Kristen Stambach**, Four Bands Community Fund Director of Lending
- **Andrea Mader**, Sweet Grass Consulting Principal Director



Background

- How and why do Native CDFIs underwrite?
- Access to capital with a justice lens.

- Why this study?
- Four Band's original study



The Study

- Methods
 - Participating CDFIs
 - Leading Up
- **BUSINESS LENDERS**
 - Citizen Potawatomi Community Development Corporation
 - First American Capital Corporation
 - Four Bands Community Fund
 - The Lakota Funds
 - Sequoyah Fund
 - **HOME LENDERS**
 - Mazaska Owecaso Otipi Financial
 - Four Directions Development Corporation
 - Cook Inlet Learning Center
 - Tiwa Lending
 - **CONSUMER LENDERS**
 - Chehalis Tribal Loan Fund
 - Chi Ishobak
 - Citizen Potawatomi Community Development Corporation
 - Four Bands Community Fund



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The Significant Metrics

- CONSUMER

- Client Engagement
- Interest Rate
- Loan Payment
- Training Hours

- BUSINESS

- Cash Flow
- Character Score
- Client Engagement
- Coaching Hours
- Credit Score
- Household Debt
- Lending Hours
- Loan Payment
- Months in Business
- Payment from Per Capita

- HOME

- Character Score
- Client Engagement
- Coaching Hours
- Credit Score
- Debt to Income Ratio (back only)
- Lending Hours
- Loan Term



The Not Significant Metrics

- CONSUMER

- # of Derogatory Marks
- Lending Hours
- Disposable Income
- Credit Score
- Months of Job Stability
- Annual Household Income
- Annual Household Debt
- Annual Household Expenses
- Household Size
- Coaching Hours
- Loan Amount
- Repeat Client
- Loan Type
- Race/Tribe
- Education
- Gender
- Loan Term
- Age
- Auto Payment
- Payroll Deduction

- BUSINESS

- # of Derogatory Marks
- Equity Invested by Owner
- Debt Service Coverage Ratio
- Annual Household Income
- Repeat Client
- Business Plan
- Loan Amount
- Level of Commitment to Business
- State
- Tribe/Race
- Gender
- Veteran Status
- Sector
- Loan Type
- Interest Rate
- Term
- Collateral Coverage Ratio

- HOME

- # of Derogatory Marks
- Loan to Value Ratio
- Payment Shock
- Loan Amount
- \$ in Savings
- Annual Household Debt
- Annual Household Income
- Front Debt to Income Ratio
- Training Hours
- Owner's Equity
- Collateral Value
- Months of Job Stability
- Loan Type
- State
- Education
- Veteran Status
- Gender
- Tribe/Race
- Loan Payment
- Interest Rate
- Age



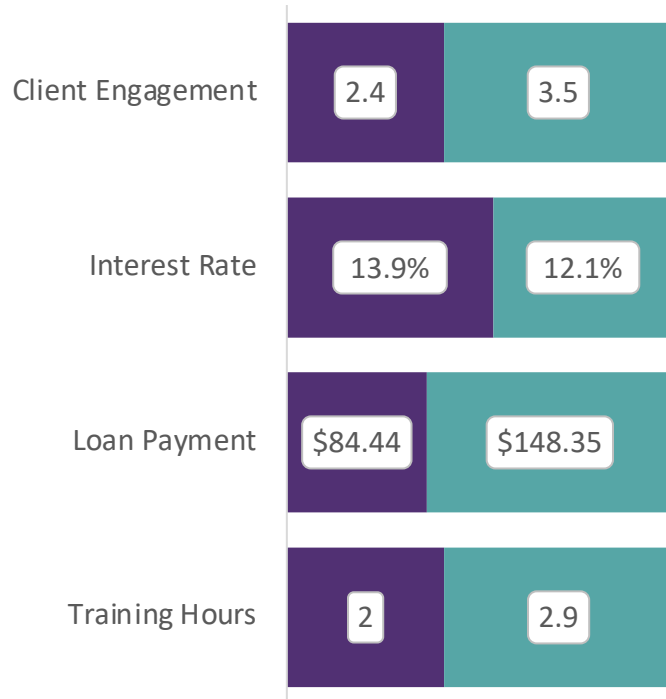
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The Differences

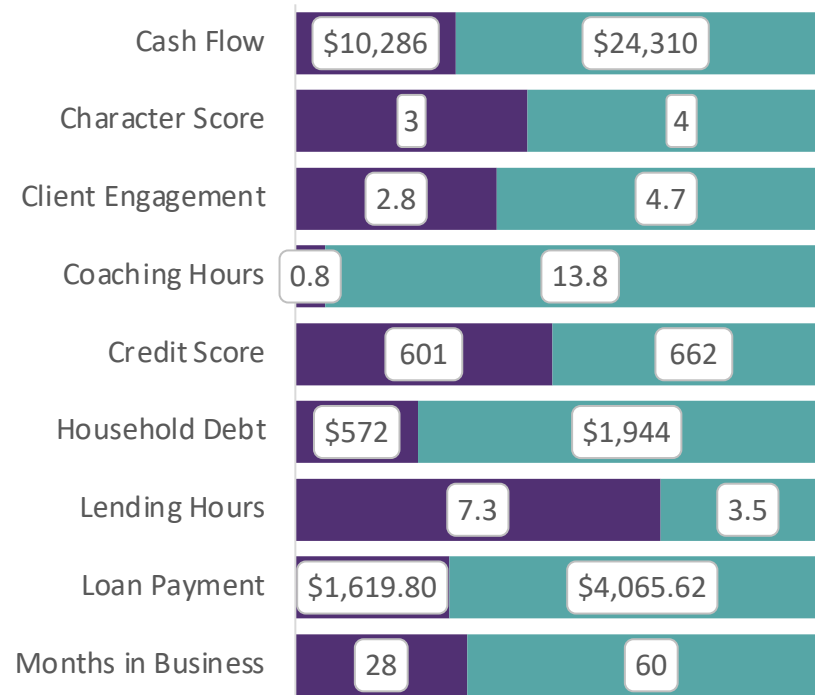
Consumer Lending

■ Delinquent ■ Not Delinquent



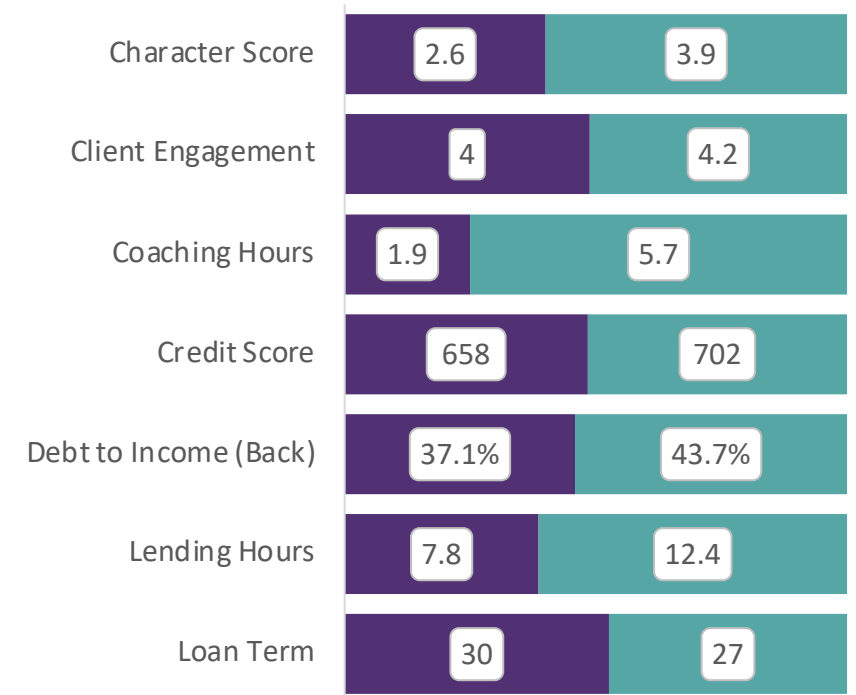
Business Lending

■ Delinquent ■ Not Delinquent



Home Lending

■ Delinquent ■ Not Delinquent



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What Does it Mean?

Relationship
Building

Limited
Financial
Metrics



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What is your interpretation?

What does this mean for your understanding of assessing and mitigating risk and default at your CDFI?

Next Steps

- Strengthening Existing Data Collection
- Improving Future Data Collection
- Engage with Partners and Funders
- Educate Loan Officers and Board
- Compare to Other CDFIs



What do you suggest as next steps?

For the Researchers, for Native CDFIs, and for Partners/Funders?



Questions?