



Innovative Program Development

NACDC FS

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8th Annual Native CDFI Capital Access Convening

Turning the Tide

Sponsored by:



Intros- Ice Breaker

To the group as a whole: Where you're from, your job title

At your table:
What is your least favorite part about flying?

What have you enjoyed most about the Capital Access Convening so far?



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NACDC FS Background

- Started by Elouise Cobell in 2011
- *Our mission is to remove the barriers that exists in Indian Country that prohibit the flow of capital and credit. We address the critical needs in native communities related to the growth of family assets and sustainable economic development.*
- Technical assistance paired with financial products
- Offer wide array of loans and financial products
- Opened Native Cash in 2018- Cash Services
- 13+ employees



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Elouise Cobell

- NACDC started by Elouise Cobell in 2011
- Elouise Pepion-Cobell, *Yellow Bird Woman*
- Cobell vs Salazar
- Won a class action lawsuit against the federal government for mismanagement of trust funds, resulting in Land Buy-Back
- Banker, rancher, activist
- Hired Angie and Patty who lead NACDC FS to this day

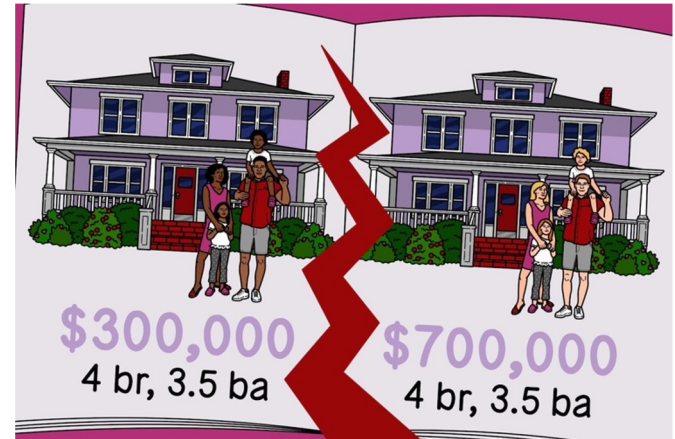


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1. Identify Unmet Needs and Underserved People in Your Community

- Compare to other communities - what are we missing?
- Government program changes: new problems/ new opportunities
- Lawsuit settlements
- Gaps in service
- Redlining as an opportunity



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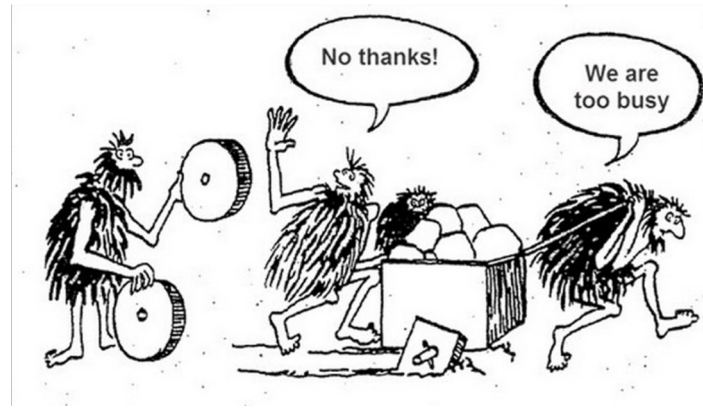
2. Filter Need through Organizational Mission

- Does it align with our mission?
- Could someone else do it better? Does it fit in their mission or service area better?
- Don't just follow the money



3. Develop Product

- Seek input from similar programs
- Don't reinvent the wheel, unless it breaks
- When in doubt save trees- less paperwork
- Start small

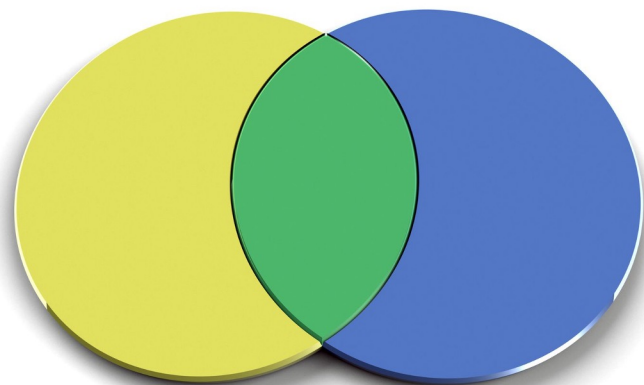


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4. Implement Product

- Funding- Grants and Fees
- Finding grants with overlapping purposes
- Avoid chasing grants with low overlap
- Finding personnel-capable/trainable, passionate, consistent
- Process/System



5. Adjust as you go

- Tweak to make manageable
- Adjust if program is being abused/misused
- Critique if program isn't working for borrowers
- Recreate forms that make sense
- Update criteria based on performance

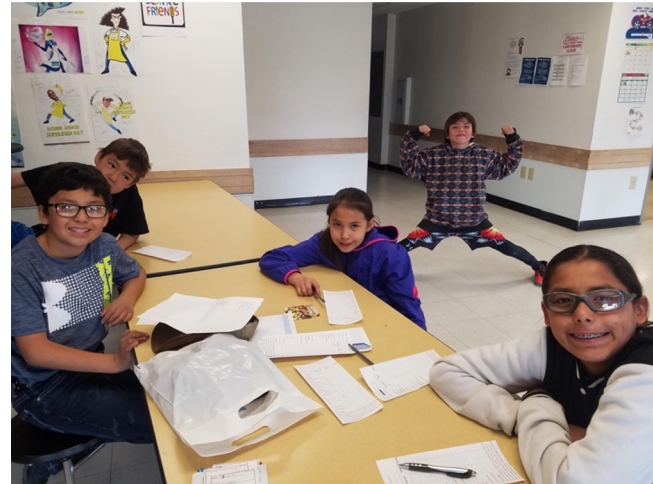


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Mini Bank Example: What is it?

- Students can open account with \$3
- Parents sign permission form but NACDC FS is implied custodian
- Accounts are held at Native American Bank
- 5 schools have banking days- students can also deposit at our location or NAB
- Student boards
- Matched savings program incentivizes students to save



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Mini Bank Example: Steps 1-3

- Big checks for 18 year olds- students not ready
- Elouise and group of local teachers addressed the need
- NACDC FS as implied custodian is key to success
- Quickly adopted as a product because aligns with mission
- First of its kind as far as we know- regional banks copied us



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Mini Bank Example: Step 4 & 5

- Finding personnel (at Blackfeet and on other Reservations)
- Finding grants that align with what you want to do and that pay for someone to run it
- Longer term grant partners
- Youth entrepreneurial classes and grants
- Re-structuring incentives so the program accomplishes mission and is still manageable



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Mini Bank Example: Results

- 286 accounts with nearly \$100,000 in balances
- 68 new accounts this year
- Students graduating with several thousand in their accounts to be used for future
- Matched savings program good for several more years
- 20+ youth entrepreneurs empowered through entrepreneur specific classes and \$1000-\$3000 grants



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What is a Small Dollar Loan? (SDL)

Native Cash / NACDC Financial Services, Inc.



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SDL History 1.1

- Idea originated October 2017 as the unmet need of lending capital for Native communities was identified
 - Land buy-back leaving large portion of our Native communities with no “income”
 - up to \$ 1K Christmas loan
- Service offered starting November 2017
 - Over 500 applications were processed this year
 - Did not need board approval- presented at next meeting
- CDFI- US Treasury created a cohort for Native Americans- shared products, goals and missions
- First NCDFI in the nation to offer this service



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SDL History 1.2

From origination date to now:

- Shortcomings have been identified
- Criteria and application forms have been critiqued and updated to better fit the fast paced processing
- Loan name switched, no longer Christmas loan as the need was recognized throughout the year, became Short Term Loan, and now referred to as a Small Dollar Loan
 - Holidays, taxes, Indian Days, school clothes, etc



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The process:

NACDC FS and Native Cash repairs/builds credit- it is our mission

“Our mission is to remove the barriers that exist in Indian Country that prohibit the flow of capital and credit. We address the critical needs in native communities related to the growth of family assets and sustainable economic development.”

- Offer a fair opportunity for borrowers
 - No credit scores
 - Native Cash building people’s credibility in our poor communities- to be credible across the nation
 - Credibility has skyrocketed
- 1. Unmet need identified- did it fit into our mission? Yes!
*Conditions of our community- limited access to TA and capital
- 1. Patty created loan policy and terms
- 2. Created forms
- 3. Offered service. Let the madness begin!



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Native Cash / NACDC FS' SDL

- A product offered to Native and Non-Natives
- Simple six (6) page application
- \$ 1K limit
- Fixed 12% interest rate
- 12 month term
- Affordable monthly payments
 - ◆ Minimum- \$ 100.00



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Outcomes:

- Over 2,100 loans
- \$ 2,145,869
- Unlimited TA

It is a rewarding experience to be able to make a significant impact providing our innovative services!



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BROWNING

NATIVE
CASH

WYOMING

4080000

Background on Native Cash- est. 2018

To remove barriers and build trust in banking

To create and assist with services that were focused mainly on the unbanked community- introducing banking to those who do not trust traditional banks

Community assessment identified the high demand for banking services/ credit union in our rural communities



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NATIVE CASH ONE-STOP CASH SERVICES



- **Check Cashing**
 - 4% fee
 - No limit
- **Western Union**
 - send/receive funds
 - Bill pay
 - Reload prepaid cards
- **On-site ATM**
 - Lowest fee in town \$2.50
 - \$ 200 limit/ per withdrawal
- **Small Dollar Loans**

Three (3) employee- one coordinator/SDL admin and two tellers



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Check cashing results: Nov. 2018-2023



Total checks cashed:

- 3,189

Total \$ of checks cashed:

- 3,269,489.87



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NACDCFS Youth Ag Loan

- The youth ag loan for under age producers that are wanting to get in a feasible ag business.



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Youth Ag Loan

1. Identify Unmet Needs and Underserved People in Your Community

-Limit access to capital for minors.



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Youth Ag Loan



2. Filter Need through Organizational Mission and Goals

-It fits within our mission statement

- ***Our mission is to remove the barriers that exists in Indian Country that prohibit the flow of capital and credit. We address the critical needs in native communities related to the growth of family assets and sustainable economic development.***



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Youth Ag Loan

3. Develop the Product

- MT Junior Ag Loan
- Loan Application
- Requirements



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Youth Ag Loan

4. Implement Product

- Implement Loan Products
- Find a system that works
- Process



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Youth Ag Loan

Terms:

- Amount:\$10,000.00
- Interest Rate: 4.00%
- Loan Term Repayment: 1-5 Years
- Applicant must have 10% of loan amount in assets.
- Applicant may apply more than once if loan is paid in full



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Youth Ag Loan



Eligibility:

- Parent/Guardian needs to cooperate in program.
- Enrolled/Descendent of a federally recognized tribe in Montana.
- Youth must be between 9-18 years of age.
- Must be a financially feasible business
- Applicant must have own active brand registered with the state of Montana.
- Parent/Guardian needs to provide leases, or owned land.



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Youth Ag Loan



Post Loan Requirements:

- Student must complete one record keeping class.
- Annual payments must be made.
- Annual site visits from NACDCFS staff



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Quick Turn-Around Loan

-What is a Quick Turn Around Loan???

-Quick Turn around loan is a loan is committed to provide funding within 5 business days once all documents are received.



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Quick Turn- Around Loan



Loan Evaluation:

- 50% Collateral Requirement
- Debt to Income Ratio 60% (based on taxes and credit report)
- Credit Score minimum of 650 of majority owner- (if existing client and current for 1 year could accept 575 credit score)
- No collections, or past due bills
- Verification of operation- current leases/ownership documentation and brand certificate
- Automatic payment set up with checking account with sufficient balance



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Quick Turn-Around Loan

Task from NACDC-FS:

- Verification of value of collateral
- Credit Report
- File Security on collateral
- Calculation of Debt to Income Ratio
- Set-up automatic ACH withdrawal
- Fill in Loan Agreement



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Quick Turn-Around Loan

Terms:

- Up to 5 Years
- Annual or monthly payment
- Maximum Loan Amount \$50,000.00
- Interest Rate 5.5% (current ag + 1%)
- 2% Loan Fee
- \$200.00 Application Fee
- Must be used for animals, real estate, or equipment.



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Ag Goals for NACDC-FS (Irrigation)



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Group Activity

- Go through the steps with one volunteer from your table
 - Be prepared to share out at the end
 - Steps:
 1. Identify Unmet Needs and Underserved People in Your Community
 2. Filter Need through Organizational Mission and Goals
 3. Develop Product
 4. Implement Product
 5. *Adjust as You Go**
- *Not part of group activity



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