



# Exploring the Direct Investment Process for Your Native CDFI

Alexandra Shaughnessy & Mikeala Purvis  
Oweesta Corporation



Sponsored by



*Sponsors:*



FHLBANKS  
LENDING THAT POWERS COMMUNITIES



# Speaker Introductions



**Alexandra Shaughnessy**

Director of Investments  
& Reporting



**Mikeala Purvis**

Investment &  
Reporting Officer



# What level are you?



## Level 1

- Green
- We have lots of questions!



## Level 2

- Good
- We are in development mode!



## Level 3

- Great
- We have a direct investor & need best practice tips!



# What is Direct Investment?



## Direct Investment

- The placement of capital directly into a Native CDFI by an investor.
- Unlike traditional bank deposits or secondary market purchases, the investor's funds flow straight to the NCDFI, which deploys them as loans and financial services in underserved communities.



## How It Works

- After building relationships and finishing a thorough due diligence process, an investor commits capital to a NCDFI through a negotiated agreement.
- The NCDFI uses these funds to originate loans for small businesses, homeownership, community facilities, and consumer needs within its target market.



## Common Forms

- Senior Debt – first-priority loans
- Subordinated Debt – flexible, patient capital
- Equity-Like (EQ2) – long-term, low-rate
- Grants & PRIs – non-repayable or concessional



# Why Direct Investment Matters



## **Bridges the Capital Gap**

50+ miles to nearest bank for many Native communities. Direct investment fills critical financing voids.



## **Strengthens Tribal Sovereignty**

Enables economic self-sufficiency and community-controlled wealth creation.



## **Multiplier Effect**

Every \$1 in CDFI investment generates \$8 in private sector activity.



## **Culturally Aligned**

Investment terms respect tribal governance, land trust complexities, and cultural practices.



# Why It Matters to Your Native CDFI



long-term sustainability



diversified funding  
sources

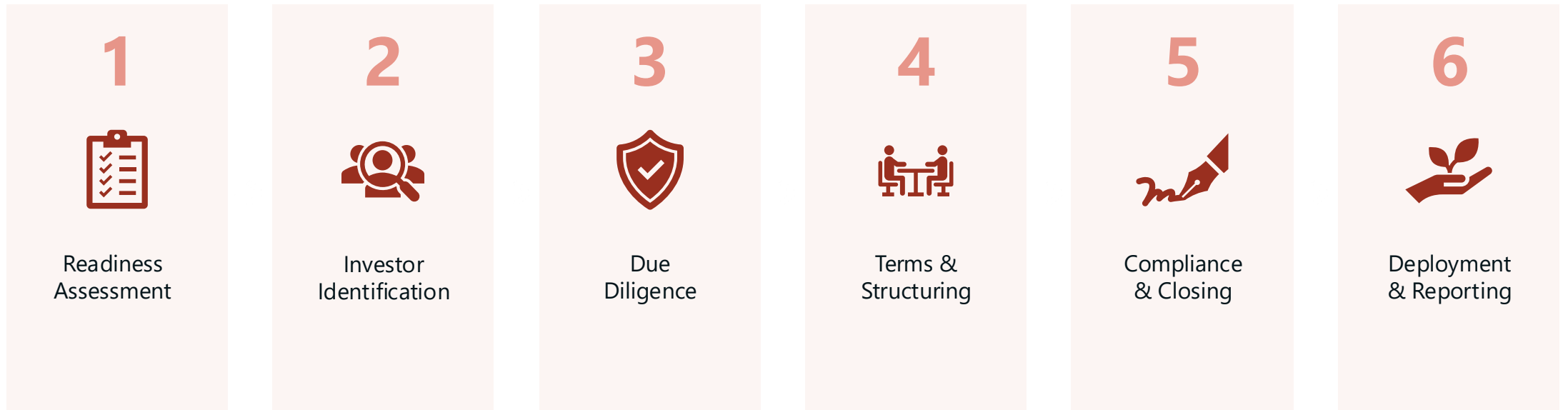


adequately capitalize  
loan fund



# The Direct Investment Process

A step-by-step overview of how direct investments flow into Native CDFIs.



Each stage involves collaboration between the Native CDFI, investors, and intermediaries.



# Do You Have These Ready?

Governance	Policies & Procedures	Financial Management	Portfolio Management	Impact Reporting	Compliance
<ul style="list-style-type: none"><li>• Strategic Plan</li><li>• Board Meetings &amp; Minutes</li><li>• By-Laws &amp; Formation Documents</li><li>• Board &amp; Staff Resumes</li><li>• Organizational Chart</li><li>• Succession Plan</li></ul>	<ul style="list-style-type: none"><li>• Financial Policies &amp; Procedures</li><li>• Lending Policies &amp; Procedures</li><li>• Personnel Policies</li><li>• HR Procedures</li></ul>	<ul style="list-style-type: none"><li>• Statement of Financial Position</li><li>• Statement of Activities</li><li>• Statement of Cash Flows</li><li>• Budget-to-Actuals</li><li>• Annual Budgeting Process</li></ul>	<ul style="list-style-type: none"><li>• Loan Portfolio &amp; Lending Reports</li><li>• Delinquency Report</li><li>• Loan Pipeline</li><li>• Term Sheet</li></ul>	<ul style="list-style-type: none"><li>• Annual Report</li><li>• Track Impact Data from Loan Clients</li><li>• Track Impact Data from Training Clients</li></ul>	<ul style="list-style-type: none"><li>• Track &amp; Adhere to Investor Reporting Obligations</li><li>• Certificate of Good Standing</li><li>• Follow All Policies &amp; Regularly Review Them</li></ul>

*Tip: Prepare a comprehensive data room with 3 years of audited financials, board minutes, finance and lending policies, and governance documents.*

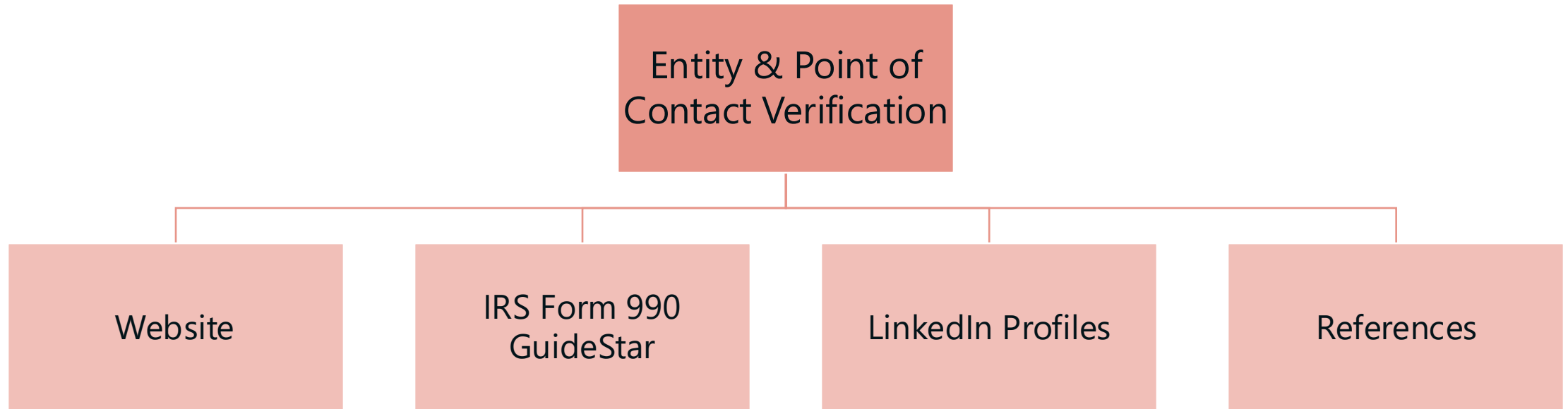


# Investor Types

- 1 Impact & Social Investment Fund**  
Deploy mission-driven capital seeking both financial return and measurable social impact, often through structured debt or blended finance.
- 2 Foundations & Philanthropy**  
Offer flexible grants and low-interest investments to strengthen a Native CDFI's balance sheet and fund growth in high-impact areas.
- 3 Financial Institutions & Banks**  
Provide large-scale, low-cost capital primarily to meet Community Reinvestment Act obligations while supporting underserved communities.
- 4 Government**  
Supplies foundational grant funding and catalytic capital that enables Native CDFIs to attract and leverage private investment. Includes Federal, State, & Tribal.
- 5 Corporations**  
Invest through ESG and corporate social responsibility programs to support Indigenous economic development and community outcomes.
- 6 Faith-Based & Institutional Investors**  
Provide patient, values-aligned capital with long time horizons, often prioritizing social impact over maximum returns.
- 7 High-Net-Worth-Individuals & Family Offices**  
Contribute flexible, relationship-driven funding that can move quickly and support innovative or early-stage initiatives.
- 8 Native Intermediaries**  
Act as specialized lenders and connectors that channel capital into Native CDFIs and help them access broader investor networks.



# Assess a Funder



# Be On The Lookout

## Green Flags

- Loan Policies & Procedures
- Staff Bios & Resumes
- Audited Financial Statements
- Signed W-9
- Loan Portfolio Summary
- Strategic Plan

## Red Flags

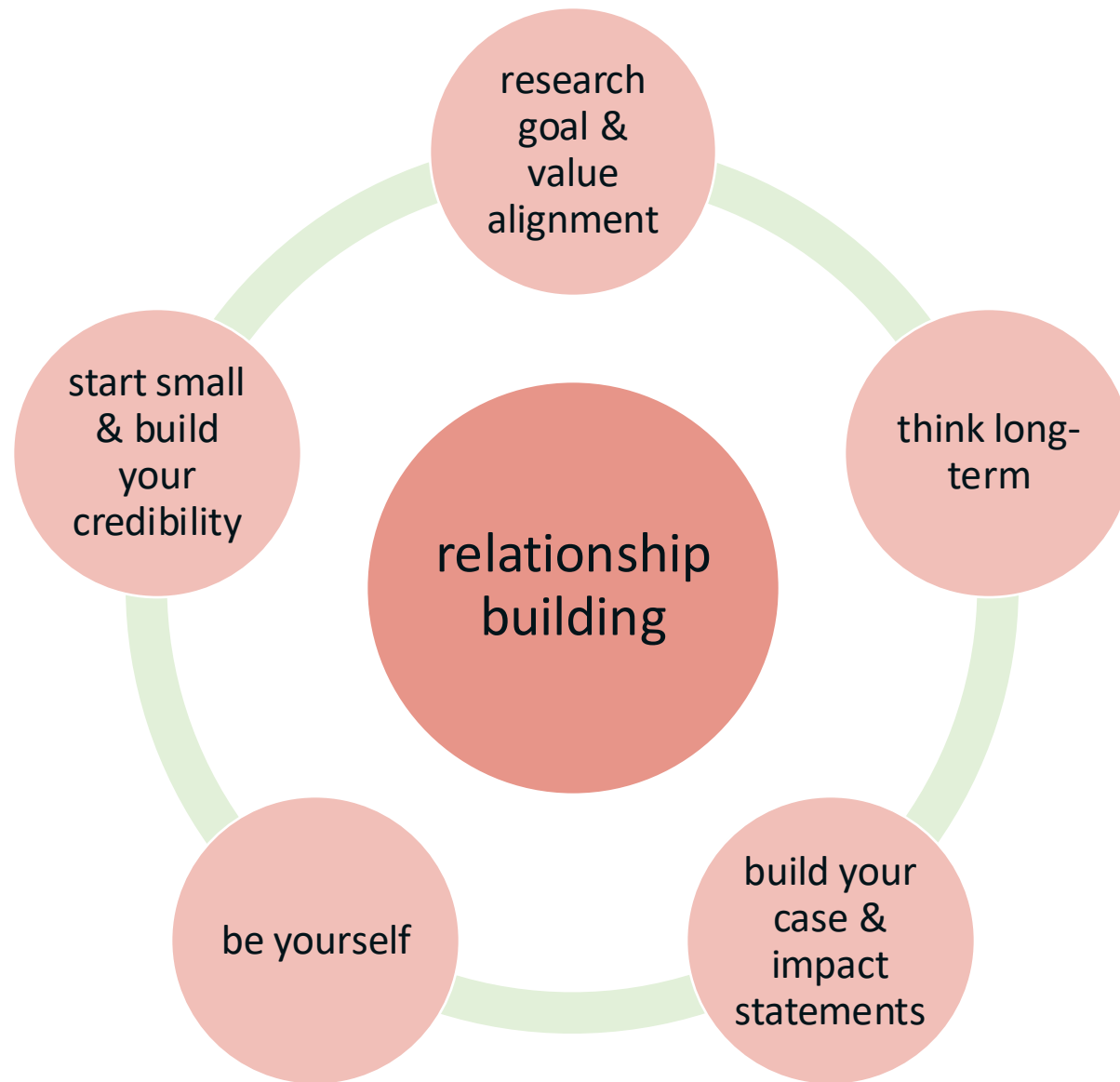
- Computer Log-Ins & Passwords
- Staff SSN
- Online Bank Account Access
- Charging a fee to perform due diligence
- Request for external review of loan files
- The CDFI's Loan Clients Signed W-9s



# Investor Identification Resources

- Reach out to **trusted partners**, such as Oweesta, Native CDFI Network (NCN), and OFN
- Attend **conferences, convenings, and economic development summits**
- Attend **trainings and webinars**
- Take note of **supporters and sponsors** of fellow Native CDFIs, conferences, and webinars.
- Search **known databases**, such as ImpactAssets 50, GIIN (Global Impact Investing Network), Impact Stars, and Oweesta Funder Map.





# Due Diligence Framework

Key areas investors evaluate before committing capital to a Native CDFI

## Financial Health

Loan portfolio quality, capital adequacy, liquidity ratios, historical performance, and audited financial statements

## Organizational Capacity

Board governance, staff expertise, management track record, strategic planning, and succession planning

## Lending Practices

Underwriting standards, risk management policies, loan loss reserves, and collection procedures

## Community Impact

Target market reach, development outcomes, borrower success rates, and community engagement depth

*Tip: Remember to prepare a comprehensive data room with 3 years of audited financials, board minutes, finance & lending policies, and other key organizational documents.*



# Risk Assessment & Management

## Credit Risk

**Risks:** Loan default rates, concentration risk, underwriting quality

**Mitigation:** Diversify portfolio, maintain 5–10% loan loss reserves, implement risk-rating systems

## Operational Risk

**Risks:** Staff turnover, technology gaps, process weaknesses

**Mitigation:** Cross-train staff, invest in loan management systems, document all procedures

## Market Risk

**Risks:** Economic downturns in service areas, interest rate changes

**Mitigation:** Geographic diversification, variable rate options, stress testing

## Compliance Risk

**Risks:** Regulatory changes, reporting failures, certification issues

**Mitigation:** Annual compliance audits, dedicated compliance officer, CDFI Fund engagement

*Tip: Strong risk management demonstrates organizational maturity and attracts higher-quality investors at more favorable terms.*



# Investment Structure & Terms

Investment Type	Typical Terms	Rate Range	Best For
Senior Debt	3–7 years	2–5%	Established CDFIs with strong track record that can manage larger investment amounts
Subordinated Debt	5–10 years	1–4%	Growth-stage CDFIs needing flexible capital
Equity-Like / EQ2	7–15 years	0–2%	Patient capital for emerging Native CDFIs and housing lenders
Grants & PRIs	Varies	0%	Capacity building and lending capital

## Key Considerations for Native CDFIs

- Balloon payments may be considered on a case-by-case basis but make sure you check your principal and interest cash flow.
- Land trust and tribal sovereignty complexities may affect collateral structures.
- Intermediary organizations like Oweesta can help structure investments appropriate for your community.



# Pricing & Asset-Liability Management

Loan Pricing  
Model

Net Interest  
Rate Margin

Weighted  
Average Interest  
Rate

Principal &  
Interest Cash  
Flow



# Closing & Compliance

## Closing Documents & Info

- Promissory Note
- Loan Agreement
- Repayment Schedule
- W9
- Payment Instructions

## Loan Covenants & Compliance

- Financial ratios & minimums
- Investor reporting requirements
- 1099 reporting
- Accounting software reconciliation & maintenance

*Tip: Put reporting and payment due dates in a task management software or calendar to ensure no deadlines are missing.*



# Measuring Community Impact



## Economic Output

- Jobs created or retained
- Businesses financed
- Revenue growth of borrowers
- Average loan size and volume



## Financial Inclusion

- Credit score improvements (avg. +45 pts)
- New-to-credit borrowers served
- Financial literacy training completions
- Unbanked/underbanked reached



## Community Development

- Homes financed or improved
- Community facilities funded
- Clean energy projects supported
- Infrastructure investments

*The Federal Reserve's CDFI Survey shows CDFIs are increasingly interested in measuring mid- and long-term outcomes beyond basic output metrics.*



# Relationship Management

- Always submit payments and reporting on time.
- Periodic check-ins
- Annual report
- Annual audit
- Investment renewals
- Build partnerships not solely transactional communications



# Next Steps

Your summary roadmap to attracting direct investment.

- 1) Assess your CDFI's readiness – review financial health, governance, and impact tracking capabilities
- 2) Build your data room – compile audited financials, strategic plan, lending policies, and impact reports
- 3) Engage intermediaries – connect with Oweesta or NCN for technical assistance and investor introductions
- 4) Develop your investor pitch – articulate your community impact story with concrete data and outcomes
- 5) Start conversations – approach aligned investors: CDFIs intermediaries, foundations, banks with CRA obligations
- 6) Internal systems – make sure your Native CDFI is internally set up to accept direct investments, including accounting software and internal staff workflows.

*Investing in Native CDFIs is investing in the future of Native communities and tribal sovereignty.*



# Thank you!

[alexandra@oweesta.org](mailto:alexandra@oweesta.org)

[mikeala@oweesta.org](mailto:mikeala@oweesta.org)

June 2-4, 2026



11<sup>th</sup> Annual Oweesta Native CDFI Capital Access Convening



Bangor, Maine

# Special Thanks to Our Sponsors



Sponsored by

