



# PeopleFund



Inspire.



Educate.



Fund.



Elevate.

**ACCESS TO CAPITAL FOR VETERAN ENTREPRENEURS**

Gary Lindner, President & CEO



# Who We Are

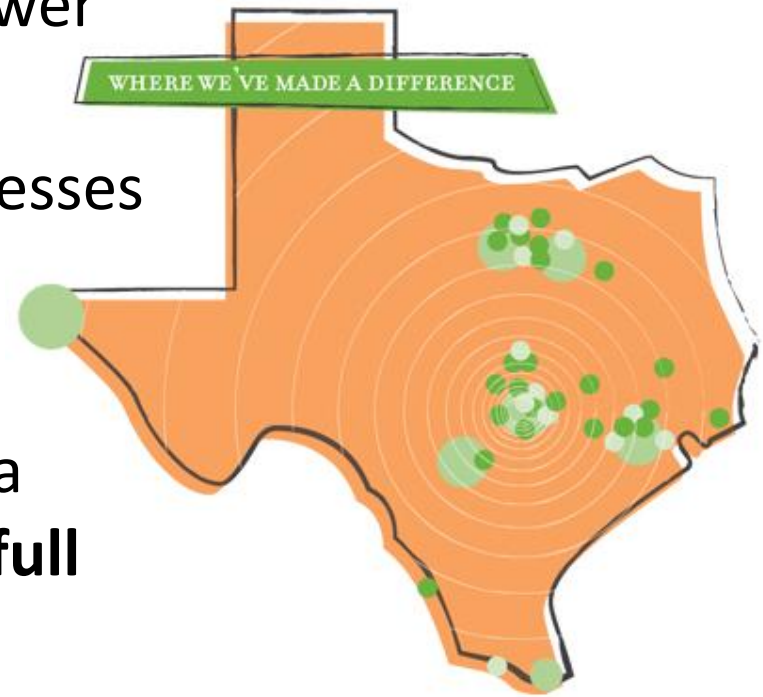


- Texas registered **Non-Profit 501(c)3** and U.S. Treasury certified Community Development Financial Institution (CDFI)
- SBA certified lender - SBA microloan to **\$50,000**,
- SBA 7A up to **\$250,000**
- Provide loans to small businesses, nonprofits and startups up to **\$250,000**
- Commitment to economic and social inclusion for **Texas** small business owners and entrepreneurs



# Texas Market

- Small business is **BIG** business in Texas
- 254** counties
- 2.2 million** businesses with **5** or fewer employees
- Represent **89.4%** of all Texas businesses
- Access to capital cited as **biggest** challenge
- If just 1 of 3 small business hired a single employee, U.S. would be at **full employment**

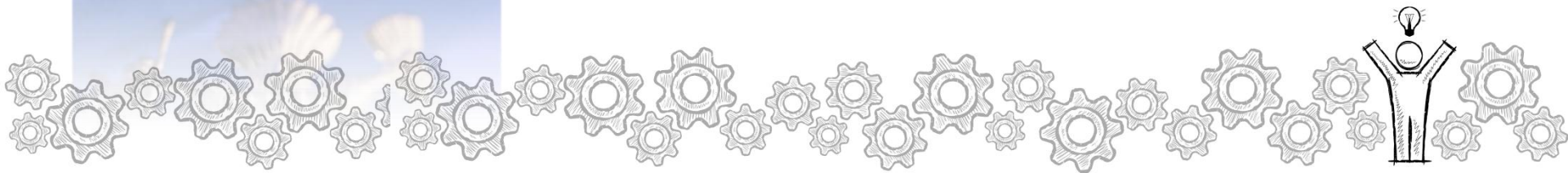


# Texas Veterans

Texas has **1.76 million** veterans  
**8.6%** population



- 🌱 572,355 Gulf War Era I and II veterans
- 🌱 **Over 50%** of veterans live in **10 Texas counties**
- 🌱 In next 10 years, **35,000 new veterans annually**
- 🌱 878,060 working – **90,208 (10.2%) self employed**



# Access to Capital

- Biggest challenge for business owners
- How to become **loan ready**
- Questions you need to ask prospective lenders
- How to choose best source of capital
- Money alone not the answer, particularly for small startups
- Ongoing mentorship, businesses education & training  
essential to success





# How to Be Bank Loan Ready



- 🌱 Get **personal credit** in order—FICO score will enable or limit you (unpaid collections, past due/default student loans, tax liens, past due child support)
- 🌱 Source of **Income**— must verify with tax returns/pay stubs. Is income stable? Retirement ?Disability Pay?
- 🌱 **Business Plan**—resume, project budget, use of funds, 2-3 years financial projections, business description, market research, < \$25K – 2-3 pages
- 🌱 **Collateral**—liens held by others, accurate value on balance sheet, adequate to support loan. Most lenders use liquidation value (50-80%). Options for loans without collateral.



# How to Be Bank Loan Ready

- Most lenders require borrower **Equity** “skin in the game”. May require 20% or more equity for the loan (cash, inventory, real estate)
- Your business must be **Competitive** as assessed by lender.
- Character**— honorable in meeting past obligations. Sincere and responsive. Can be “gut feeling”.
- Understanding **Financials** essential to any well run business.
  - Profit & Loss
  - Balance Sheet
  - Cash Flow



# Questions to Ask Lender

Is there a **penalty** for early payment?

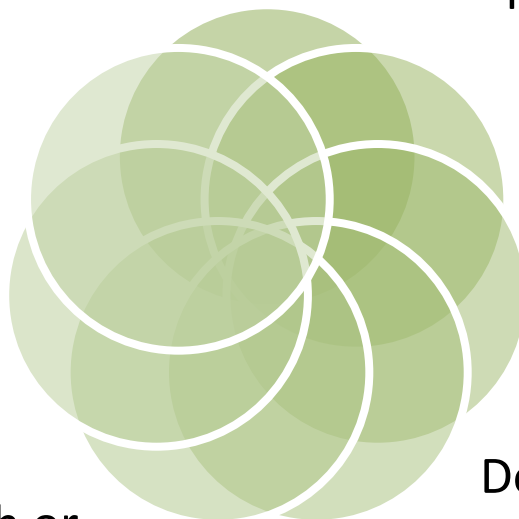
Is **Interest Rate** on loan fixed or variable?

Must I have **insurance** as a condition of loan. If so what kind (e.g. life, liability, property)?

What **post loan support** do you provide such as business training, education, workshops?

How much or % of loan are **closing costs**?

Do you give **loan interest rate discounts** if I have business account or business credit card with you?





# Other Capital Options

## **Bootstrapping + Family + Friends**

### **Credit Cards**

- 🌱 Beware introductory periods
- 🌱 Late payments – rates rise to 30% APR in some instances
- 🌱 Cannot close account with outstanding balance

### **Pay Day Loans**

- 🌱 Who uses and why?
- 🌱 Example: pay \$15 for a 2 week \$ 100 loan
- 🌱 APR –  $26 \times .15\% = 390\%$  APR



# SBA Products

- 🌱 SBA Microloans-----> up to \$50,000(CDFI's)
- 🌱 SBA 7(a) Community Advantage---> up to \$250,000 (CDFI's)
- 🌱 SBA 7(a) Small Loan Advantage--- > up to \$350,000 (Bank)
- 🌱 SBA 7(a) with SBA Guaranty-----> up to 5,000,000(Bank)
- 🌱 SBA 504 (debenture)-----> up to 5,000,000(Banks/CDC's)



# Financing Alternatives



## Person to Person (P2P) Financing

**www.prosper.com** – 1.74 million members - \$2,000-\$35,000. \$500,000,000 funded – similar to KIVA model



## Business to Business B2B Financing

**www.ibank.com** - apply for a loan online; lenders purchase lead from i-bank and make contact, 600,000 loan applicants, also has crowdfunding site, insurance, mortgage, business services



# VetFran

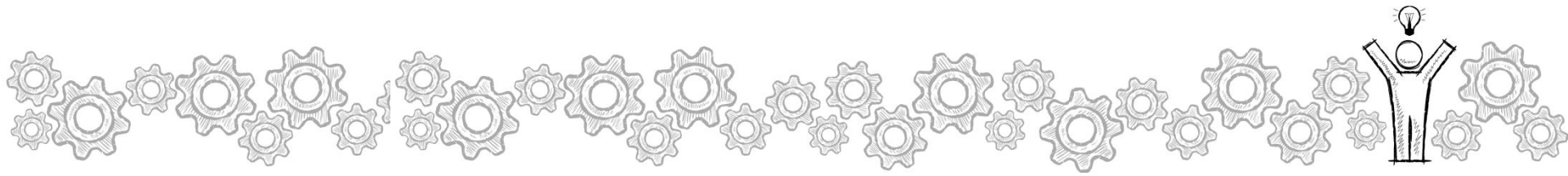


- 🌱 **VetFran** started by the late Don Dwyer, Sr.
- 🌱 The **Help Veterans Own Franchises (HVOF)** establishes a tax credit to veterans, equal to 25% of franchise fees.
- 🌱 The **International Franchise Association (IFA)** provides additional veteran support.
- 🌱 IFA's expanded "Operation Enduring Opportunity" benefits include:
  - Veteran Franchise Career Exchange
  - Self – Assessment Tools
  - Training and Support
  - Financial Resources and Ownership Incentives
- 🌱 **[www.VETFRAN.com](http://www.VETFRAN.com)**



# Crowdfunding

- Collective efforts of individuals who pool their money to support a cause or project – 1884 example
- Historic use: Disaster relief, political campaigns
- 2012 JOBS Act: Relaxed SEC rules – Investment, equity
- 2000-2012: 450 Crowdfunding platforms





# Crowdfunding

**Kickstarter** – Creative (film, arts)

**Fundable** - Startups

**Gofundme** – Anything Goes

**StartSomeGood**- Social Change Initiative

**RocketHub** – Any Legal Project

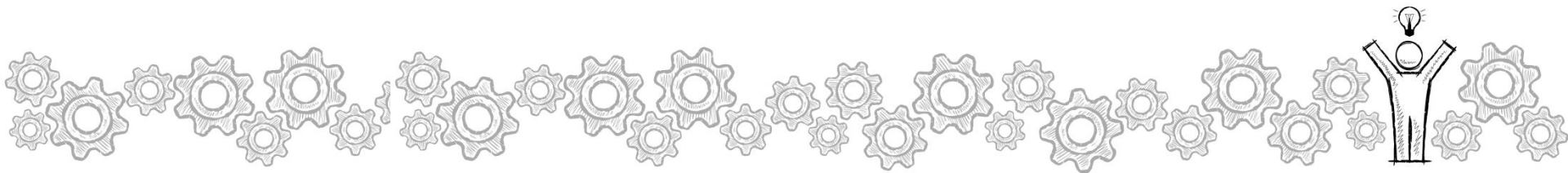
**Microyza** – Science Research

**LendingClub** – Individual Borrowers and Lenders

**Pozible** – Creative Projects

**Causes** – Funding for Positive Causes

**Repayvets** – support for veterans





# CDFI's



- Community Development Financial Institutions
- U.S. Treasury Designation
- Underserved Population:** minorities, women owned business, businesses in low income census tracts.
- PeopleFund has included “veterans” as underserved population.

**[www.CDFIfund.org](http://www.CDFIfund.org)** for list of CDFI's

500 Community Development Loan Funds

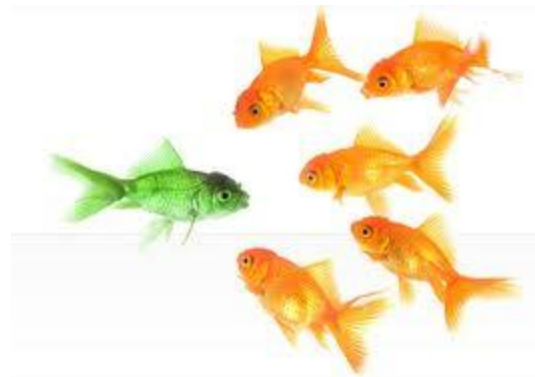
350 Community Development Banks

290 Community Development Credit Unions



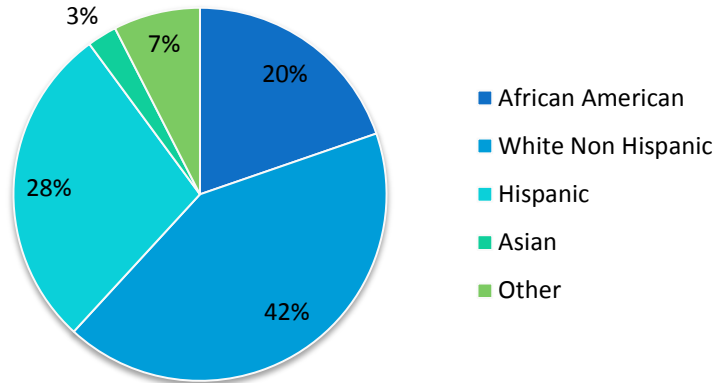
# What Makes PeopleFund & CDFI's Different

- Non-Profit Business Lender
- CDFI – Support Underserved Populations
- No Application Fee
- No Established Minimum FICO Score
- Low Loan Equity Contribution
- Flexible Loan Terms and No Pre-Payment Penalty
- Post Loan Business Training and Support
- Variety of Loan Products: PeopleFund Loans, SBA Microloan, SBA Community Advantage Loans, Lines of Credit – amounts vary – \$250,000 maximum

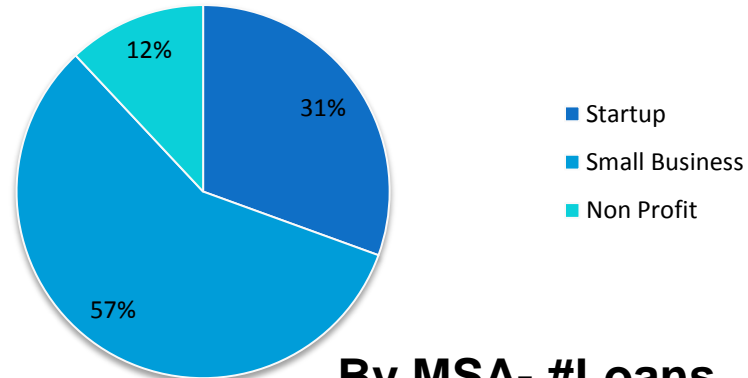


# Dollars Invested

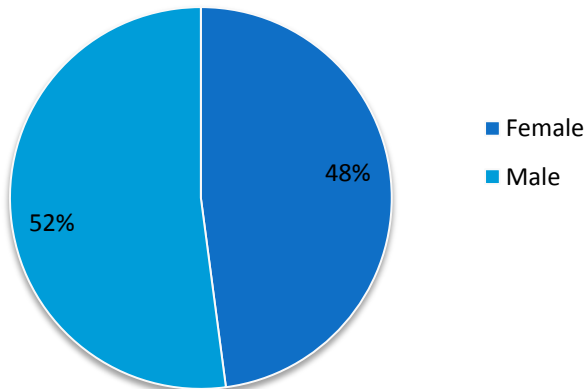
## Ethnicity by \$ Balance



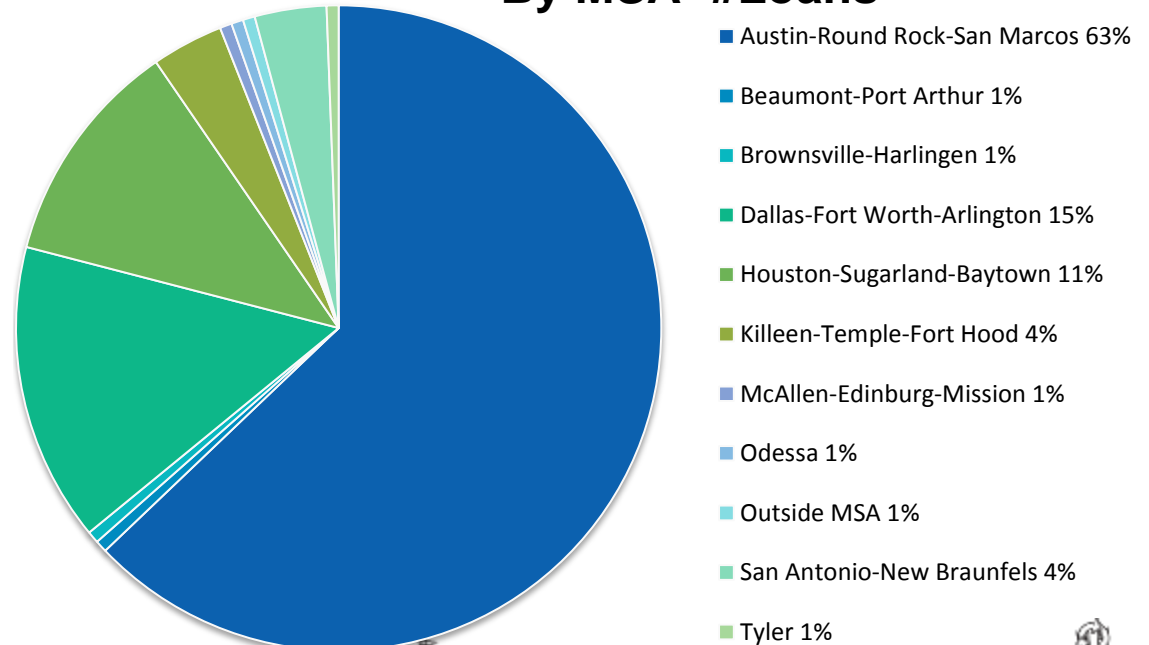
## By Business Type



## By Gender- # Loans



## By MSA- #Loans



# PeopleFund Supports Veterans

- 🌱 President & CEO – Military combat veteran
- 🌱 Work closely with veteran support organizations
  - Texas Veterans Commission
  - Veteran Business Outreach Center
  - U.S. Veterans Chamber of Commerce
  - SBA, VA, Momentum Texas, and others
- 🌱 Today we have over \$1 million in loans to veterans
- 🌱 Another \$1 million+ to veteran businesses in next 12 months along with training and education support
- 🌱 Another \$1 million+ each year





# Sample Veteran Loans

**Hammons Family Dental** - Army Iraq Veteran, turned down by banks, Dr. Hammons got a \$100,000 loan to buy equipment for his dental practice.

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**D&G Design Store** – Two Iraq tours, Greg Urquhart received a \$15,300 loan to **startup** a designer bead store

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**Scrubtopia Medical Outfitters** – While Andrew Woods was deployed to Afghanistan, Andrew & Dynisha Woods got a \$63,000 loan for **startup** medical outfitter

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**BIAO Skincare** – Two Army tours in Afghanistan, Nicole Baldwin received a \$50,000 loan for a natural organic skin care line

# PeopleVET Program




- Support the entrepreneurial businesses of military active duty, retired, and honorably discharged veterans, Reserve and National Guard. Military spouses also eligible
- Loans from \$1,000 to \$250,000
- Veterans: 5% interest rate discount
- Startups welcome
- Must be Texas resident
- Military ID or copy of DD 214 required with other loan documents



# How to Apply

 **Online at [www.peoplefund.org](http://www.peoplefund.org)**

Click on “get a loan”

 **Call 888-222-0017**

Ask to speak to a loan officer

 **Visit Us**

2921 East 17th St., Austin, TX 78702

2801 Swiss Ave., #120, Dallas, TX 75204

12337 Jones Rd. #407 Houston, TX 77070



# Contact Us



**Gary Lindner**  
*President & CEO*  
gary@peoplefund.org  
512-222-1015

**Sandra Gonzales**  
*Loan Officer – Houston*  
sandra@peoplefund.org  
713-550-4515

**Rocio Vallejo**  
*Director of Lending*  
rocio@peoplefund.org  
512-222-1011

**Allie Cook**  
*Loan Officer - Austin*  
allie@peoplefund.org  
512-222-1002

**Christine Flores**  
*SBA Loan Specialist*  
christine@peoplefund.org  
512-222-1012

**Mari Montoya**  
*Loan Officer - Dallas*  
mari@peoplefund.org  
214-942-6698

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