



# PeopleFund



Inspire.



Educate.



Fund.



Elevate.

**Access to Capital for Entrepreneurs**

**Gary Lindner**

President & CEO





# Who We Are

- ✔ Certified Texas Non-profit 501(c)3
- ✔ Established in 1994
- ✔ US Treasury Certified Community Development Financial Institution (CDFI)
  - ✔ Commitment to serve underserved markets
  - ✔ **Minority, women, veteran** owned businesses
  - ✔ Businesses in low to moderate income (LMI) census tracts
- ✔ Small Business Administration (SBA) Certified Lender
  - ✔ SBA Microloans – up to \$50,000
  - ✔ SBA 7a Community Advantage Loans - up to \$250,000
    - ✔ Largest 7A Portfolio in Texas, top 10 Nationally
  - ✔ SBA 504 Loans – up to \$5 million
  - ✔ Eligible SBA microloan capital and Technical Assistance Grants
- ✔ CDFI Analysis and Rating System known (AERIS) AA+2



# Our Mission, Vision, & Core Values






## Our Mission

PeopleFund creates **economic opportunity** and **financial stability** for underserved people by providing **access to capital, education** and **resources** to build healthy small businesses.

## Our Vision

To become the premier non-profit business lender in Texas.

## Core Values

-  **Integrity** First
-  **Service** Before Self
-  **Excellence** in All We Do





# 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**



# Access to Capital

- 🌱 Biggest challenge for business owners
- 🌱 How to become **bank 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



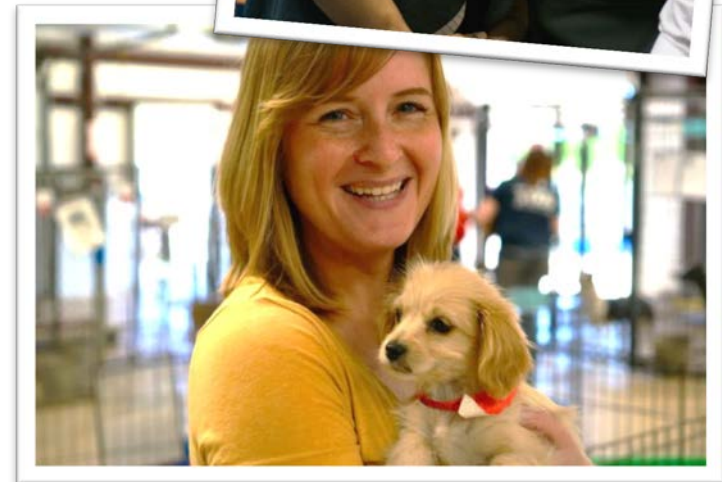
# Bank Loan Readiness

- 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, use of funds, market research, < \$25K – 2-3 pages
- Collateral**— adequate to support loan. 100% + for some lenders. Most lenders use liquidation value (50-80%). Options for loans without collateral.



# Bank Loan Readiness

- 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 to5,000,000(Banks/CDC's)



# Financing Alternatives

## Person to Person (P2P) Financing

[www.prosper.com](http://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](http://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





# 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

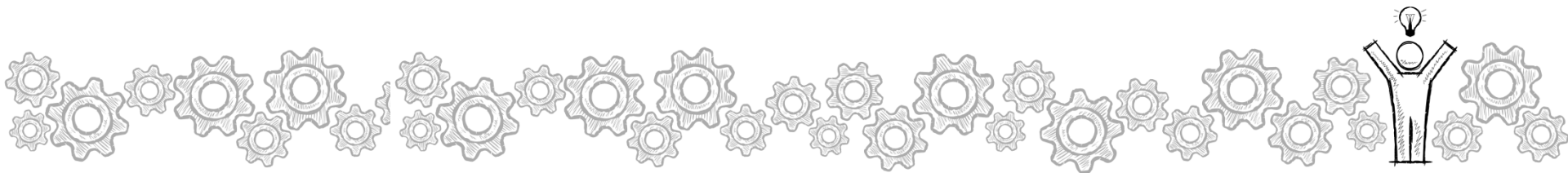
**Microyza** – Science Research

**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 – \$350,000 maximum





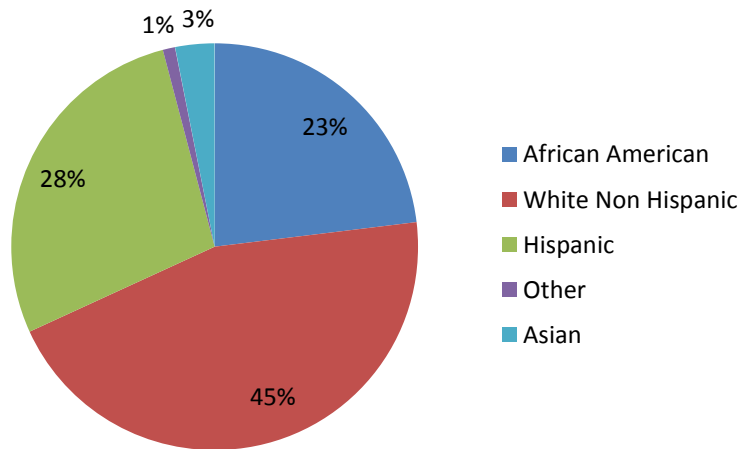
# Education & Training

- ✻ Tailored to individual client needs
- ✻ Credit counseling, business plan, financials (GreenPath)
- ✻ Loan readiness and application prep.
- ✻ Extended Curriculums
- ✻ 230 Volunteer Mentors paired based on need
- ✻ 11,009+ TA hours in 2015
- ✻ Results: <3% net loan charge off annually and delinquency rate 1.8%

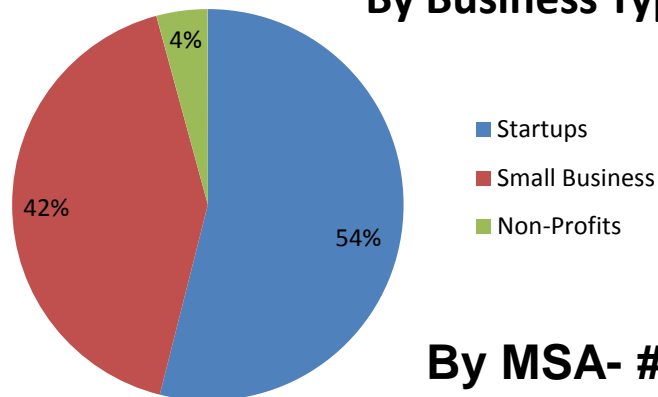


# Dollars Invested

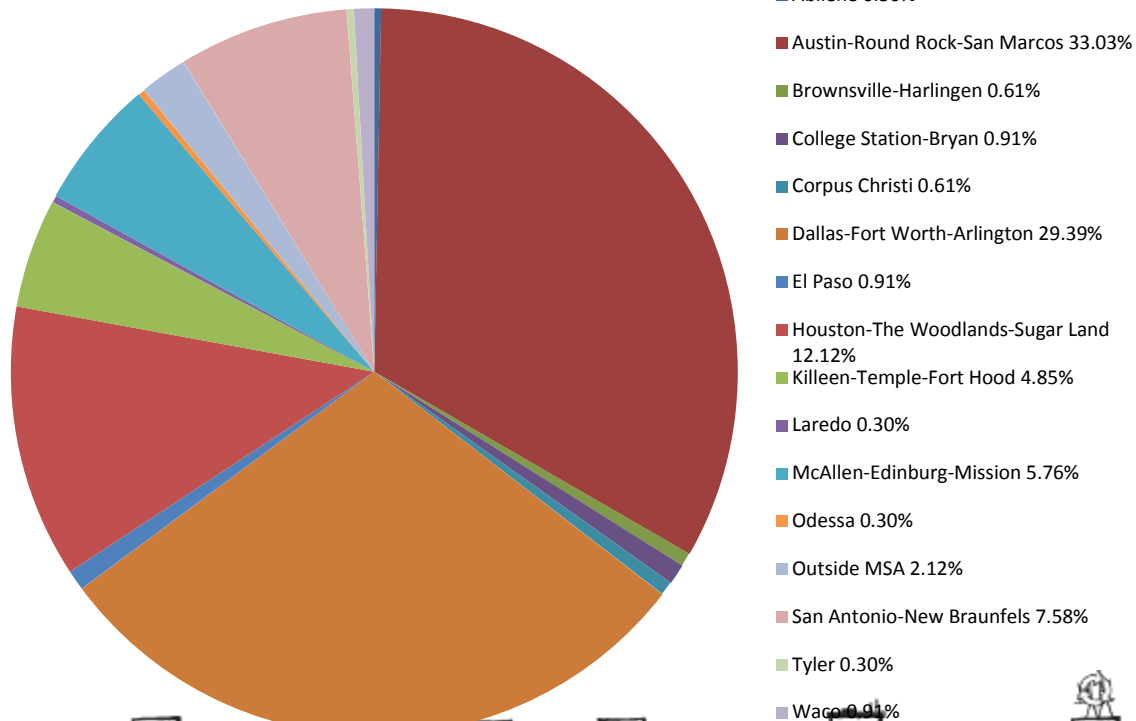
## Ethnicity By \$ Balance



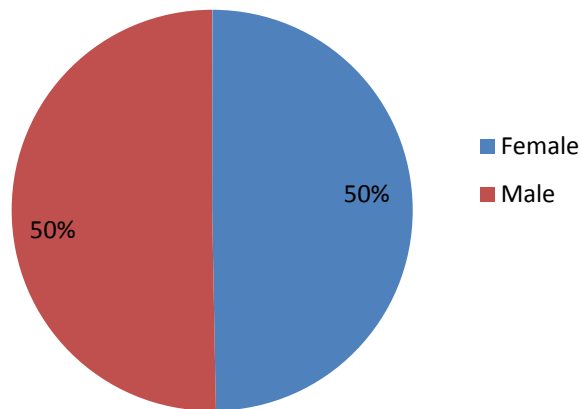
## By Business Type



## By MSA- #Loans



## By Gender - # Loans



# PeopleFund Office Locations



**GREEN - CURRENT LOCATIONS**  
**BLUE - FUTURE LOCATIONS**

# Contact Us

---



**Gary Lindner**

*President & CEO*

gary@peoplefund.org  
512-222-1015

**Rocio Vallejo**

*Director of Lending*

rocio@peoplefund.org  
512-222-1011

**Amber Cooney**

*Director of Development*

amber@peoplefund.org  
512-222-1006

**Mari Montoya**

*Senior Loan Officer - Dallas*

mari@peoplefund.org  
214-942-6698

**Erika Downs**

*Loan Officer – Fort Worth*

erika@peoplefund.org  
214-942-6698

**Nini Gutierrez**

*Loan Officer – Houston*

nini@peoplefund.org  
512-222-3781

**Esther Lopez**

*Loan Officer – El Paso*

esther@peoplefund.org  
915-229-4665

**Beatriz Pappas**

*Senior Loan Officer – South Austin/  
San Antonio*

beatriz@peoplefund.org  
512-222-1017

**Marco Melendez**

*Loan Officer – North Austin/Waco*

marco@peoplefund.org  
512-222-1003

**Jesse Sanchez Jr**

*Loan Officer – Rio Grande Valley*

jesse@peoplefund.org  
512-222-3773





This presentation contains proprietary information that was researched and assembled by the PeopleFund team.

**Please obtain permission from a PeopleFund representative prior to reproduction, dissemination, or sharing of this presentation.**

Thank you for your interest and commitment to our mission.  
Together, we can provide economic opportunity and help disadvantaged people live the American Dream.