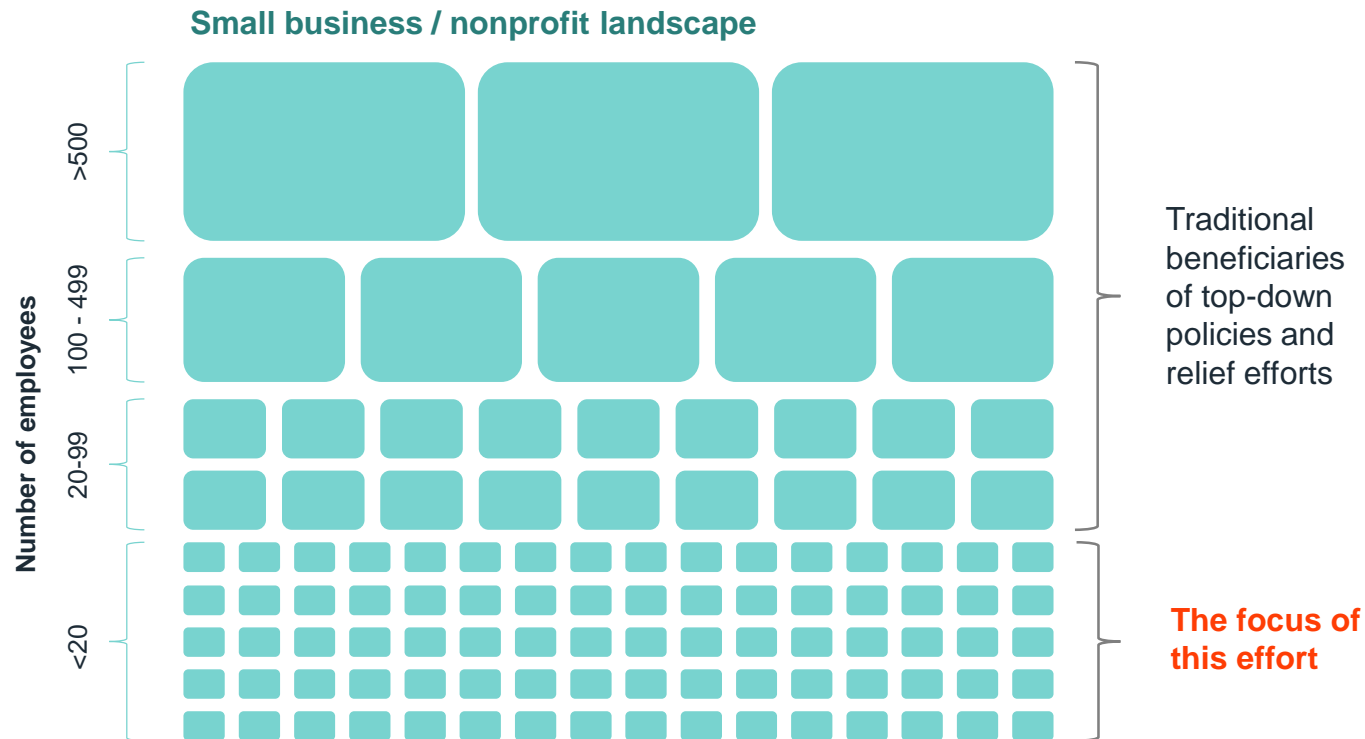




A collaborative effort to  
increase access to capital and  
support for community-based  
businesses and nonprofits

# Community-centered COVID-19 Recovery

# The economic impact of COVID-19 related social distancing policies has been immediate and unprecedented and is crushing community-based organizations



Smaller, community-level organizations – many in low income communities and led by people of color – were already **suffering from decades of discrimination, lack of access to affordable capital, and an insufficient safety net.**

If we do not authentically and intentionally create the right resources for these community organizations this crisis will **widen the racial wealth gap, worsen outcomes for low-income and low-wealth communities, and wipe out an entire segment of our economy.**

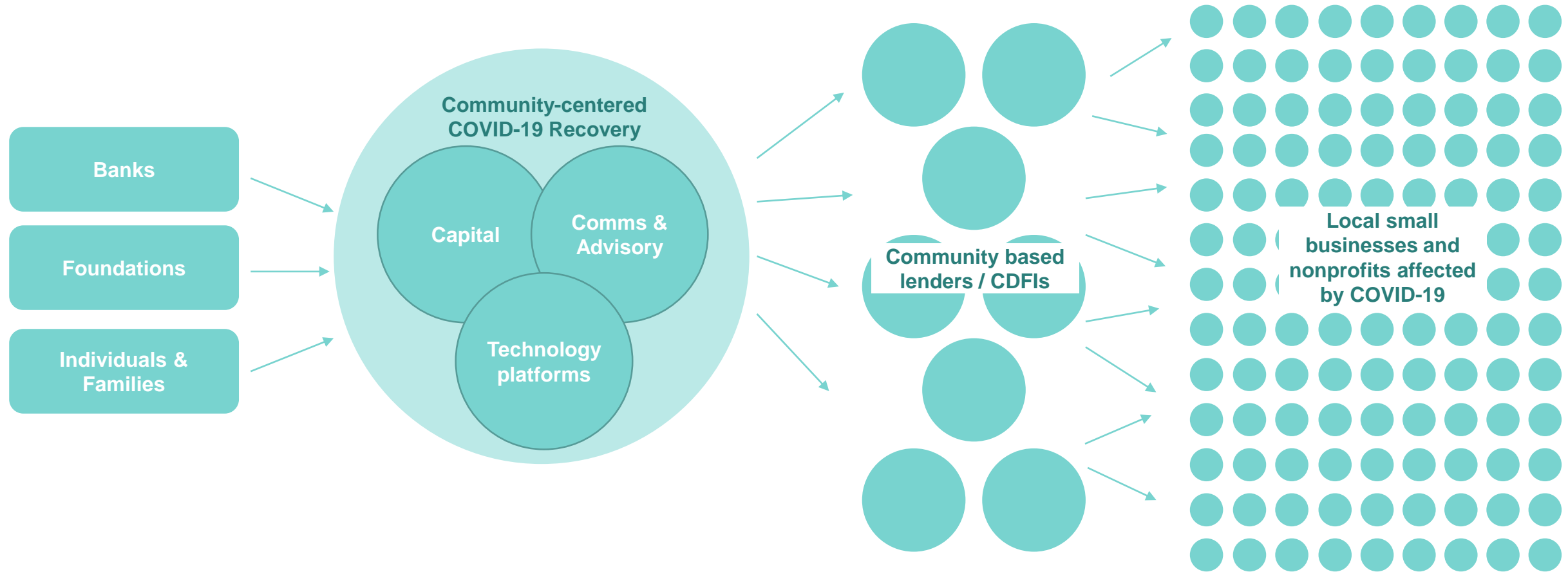
# This effort pools resources and leverages existing infrastructure to simplify execution and speed to market

Loans, investments & grants...

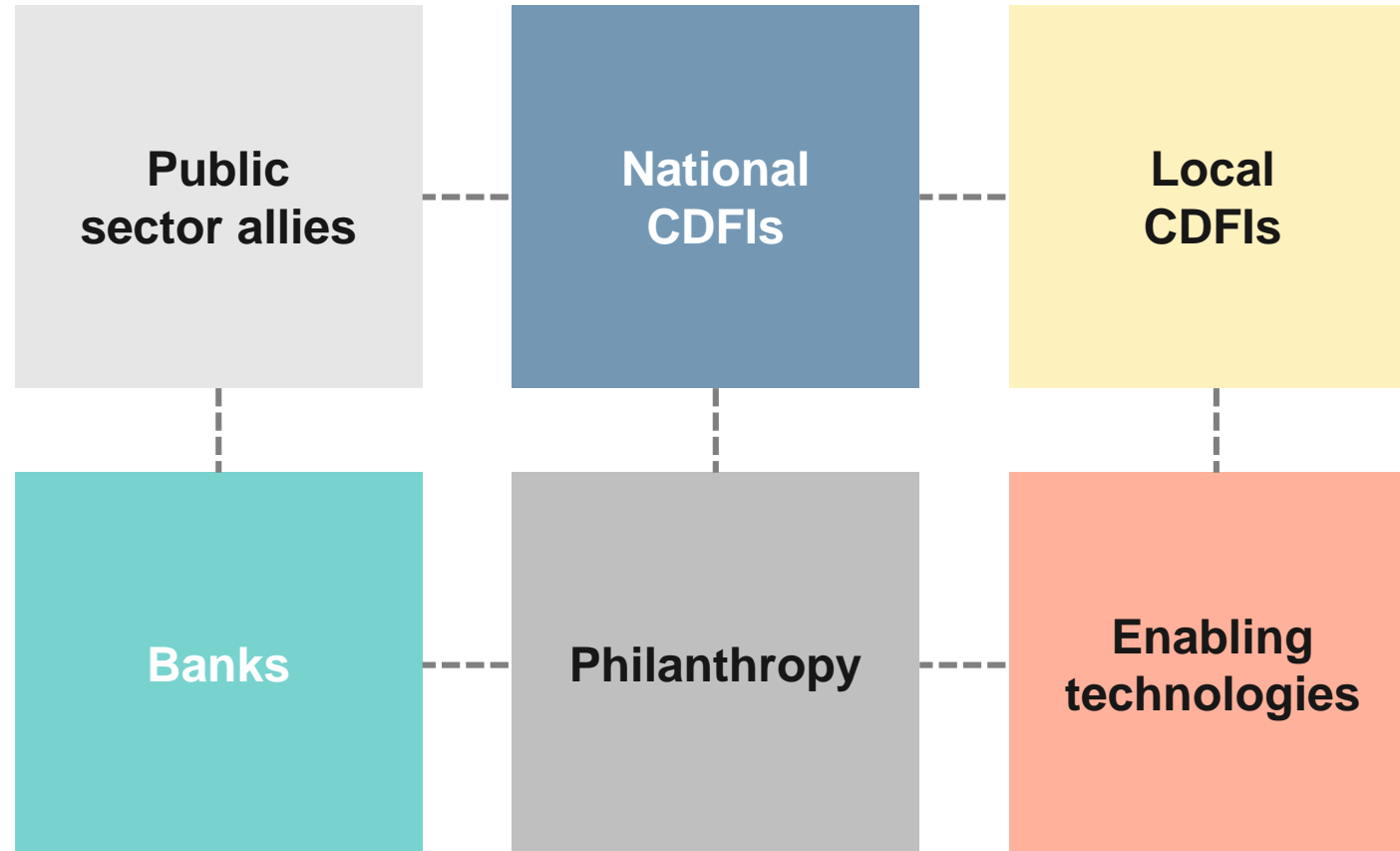
...centralized and tailored...

...distributed through local partners...

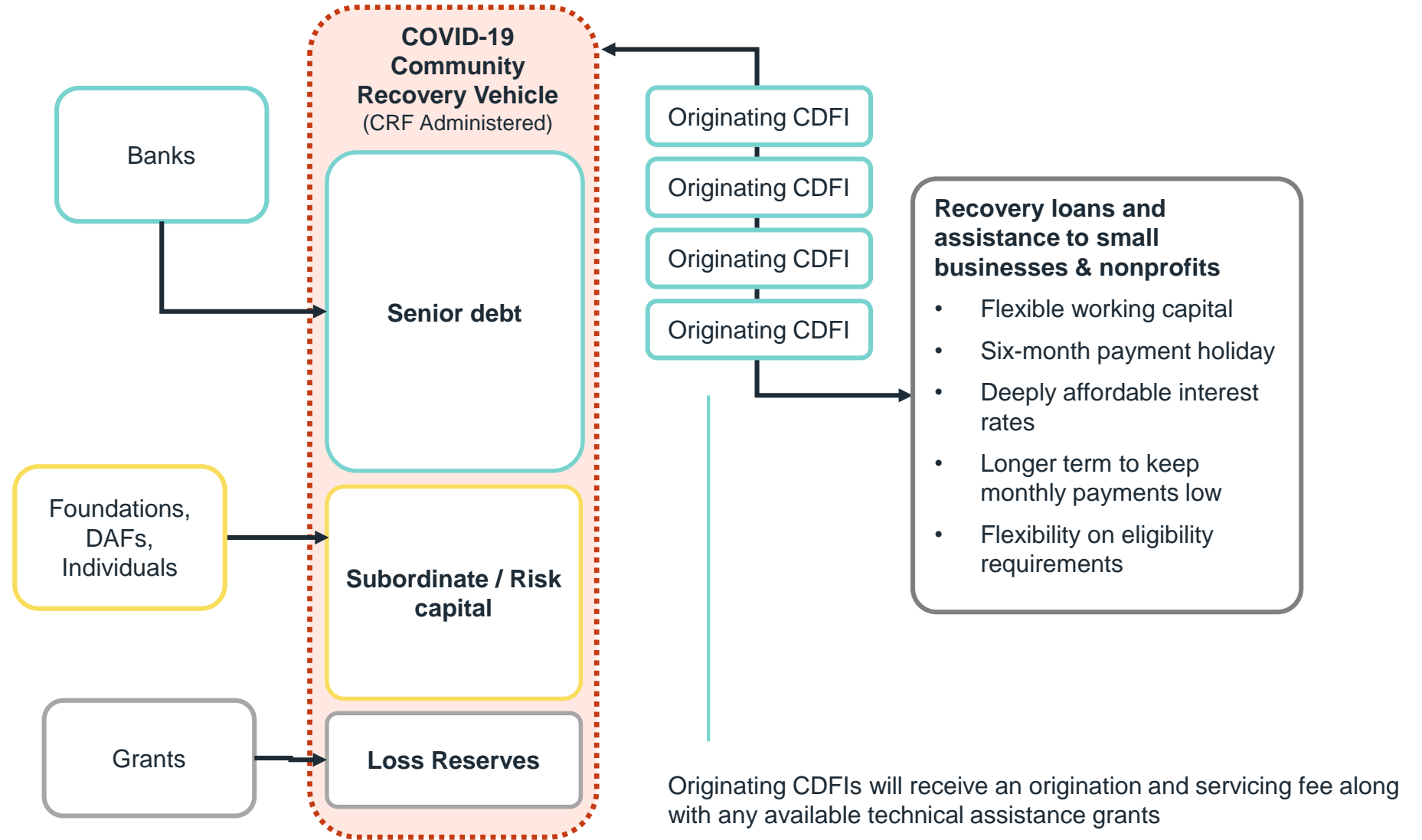
...to the organizations that need it most



## This targeted recovery effort brings aligned and complementary capabilities together across sectors and organizations



# The COVID-19 Community Recovery Vehicle will purchase locally originated Recovery loans



# The loan product is tailored to meet the credit needs of small businesses and nonprofits during post-COVID recovery

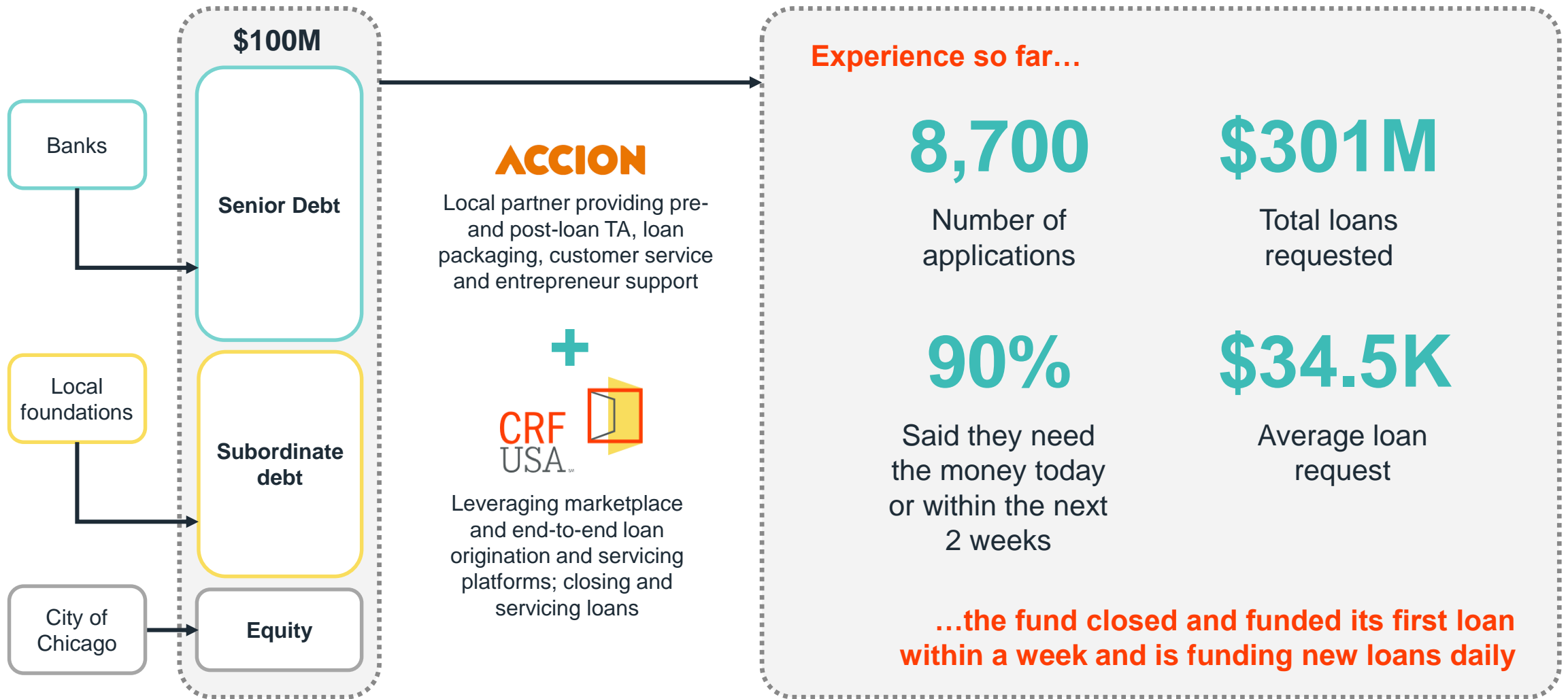
Interest rate	0-1% interest for the first 18 months; step-up in rate to 5-6% for months 19 through the end of the term (36-60 months)
Payment schedule	0-12 months: \$10 principal payment (to monitor account) 13-60 months: interest and principal payments with straight line amortization
Use of proceeds	Working capital including payroll, utilities, rent, supplies, etc.
Recourse	No collateral or personal guarantee required
Fees	No fees to borrower (origination fee paid to lender by the fund)
Loan amount	Lesser of (a) \$100,000 or (b) 1.5x average monthly revenue prior to the COVID-19 outbreak

**DRAFT product design, subject to feedback from local partners**



# A similar recovery product was rolled out in Chicago in late March with staggering results

CHICAGO  
DATA FROM  
APPLICATIONS  
SUBMITTED  
BETWEEN  
3/31 – 4/18

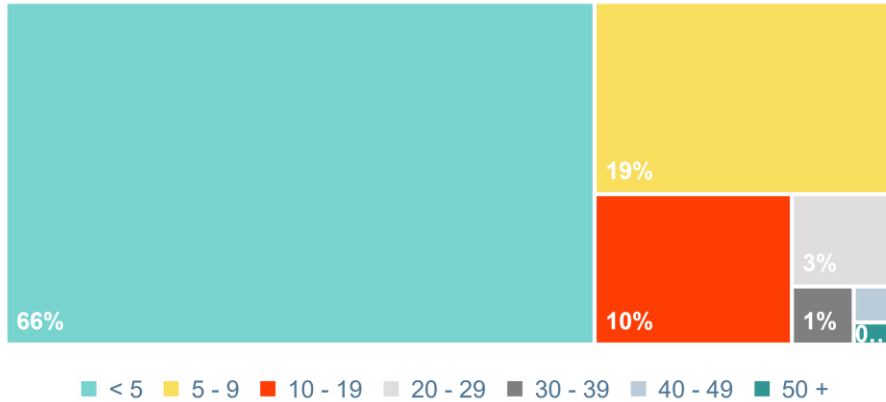


# The product is reaching the communities and organizations that the federal response efforts are struggling to serve

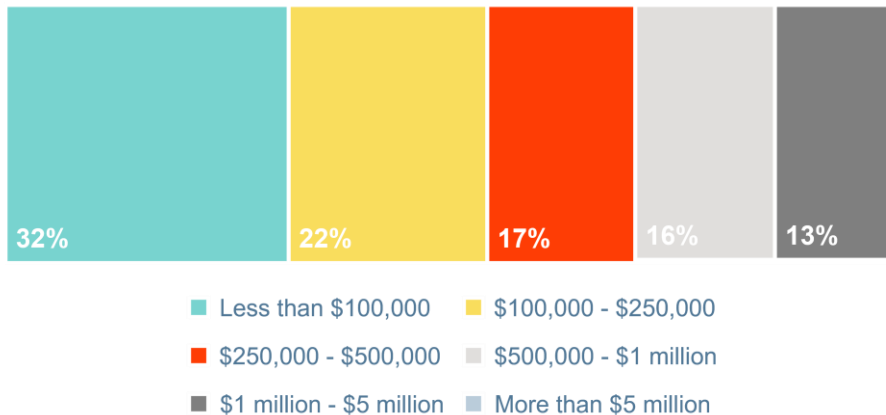
CHICAGO  
DATA FROM  
APPLICATIONS  
SUBMITTED  
BETWEEN  
3/31 – 4/18

## Small, community-based businesses and NPOs

85% have fewer than 10 employees, 95% have fewer than 20



54% had revenues less than \$250K last year

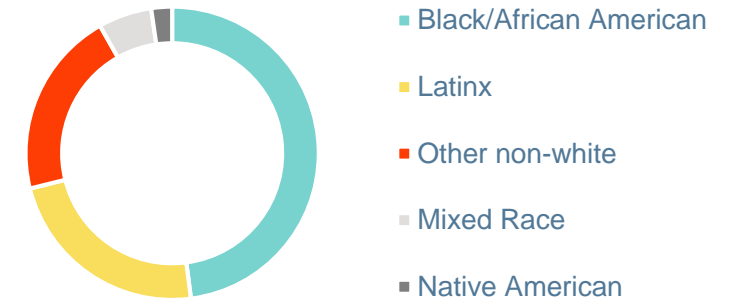


## Owned and/or led by diverse leadership (68% of total applicants)

### Racial diversity

48%  
Non-white applicants

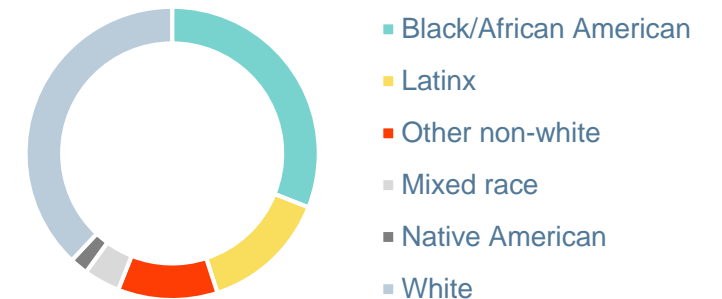
Of non-white applicants...



### Gender diversity

44%  
Women applicants

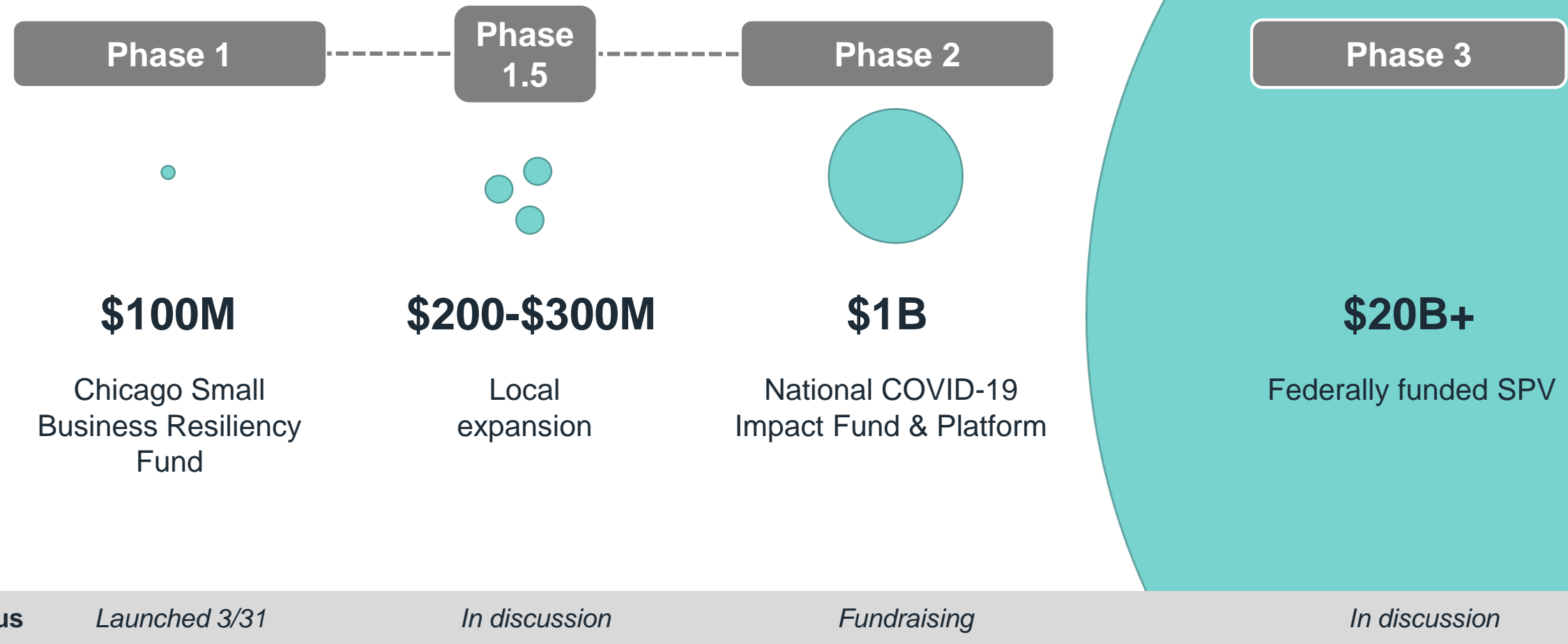
Of women applicants...



7% LGBTQ 3% Veteran



We are pursuing private funding until we see more significant, targeted support from the federal government



**The goal is not how much money disbursed, but the near- and long-term success of these businesses that create wealth and vibrancy in their communities**

**ACCESS**

*Equitable distribution of funds*

**SUCCESS**

*Survival rates of borrowers*

**EMPLOYMENT**

*Retention or growth of jobs*

**RESILIENCE**

*Better infrastructure for the future*

# We need all hands on deck. Join us.

If you are...	Contact...	
Public sector	Beth Bafford <a href="mailto:bbafford@calvertimpactcapital.org">bbafford@calvertimpactcapital.org</a>	
Bank / Institution		
Philanthropy		
CDFI / community lender	Patrick Davis <a href="mailto:patrick@crfusa.com">patrick@crfusa.com</a>	Brad McConnell <a href="mailto:bmccconnell@accionchicago.org">bmccconnell@accionchicago.org</a>

A man with a friendly smile, wearing a dark cap and apron, stands in a kitchen. He is holding a tray filled with golden-brown, rectangular food items, possibly fried bread or pastries. The background shows metal shelving units and kitchen equipment, creating a professional yet warm atmosphere.

# Appendix

# CDFIs are critical to ensure equitable distribution of capital

Roles	Description	Resources / Tools provided
<b>Originate Recovery loans</b>	<ul style="list-style-type: none"><li>• For each matched application, assign a loan officer and support the borrower in submitting the required documentation</li></ul>	<ul style="list-style-type: none"><li>• Technical assistance grants where available</li><li>• 3% origination fee earned on every loan</li><li>• Connect2Capital application portal that will route loan applications to the local CDFI based upon pre-agreed criteria</li></ul>
<b>Underwrite and package loan</b>	<ul style="list-style-type: none"><li>• Confirm borrower's eligibility against the program requirements</li><li>• Allocate and prioritize based on program design to ensure equitable distribution</li><li>• Confirm completeness of application + documentation</li><li>• Send loan package to SPV administrator for final review</li></ul>	<ul style="list-style-type: none"><li>• Connect2Capital or similar portal for easy upload / transfer of loan documentation</li></ul>
<b>Fund loan and submit for reimbursement</b>	<ul style="list-style-type: none"><li>• Disburse funds to the borrower</li><li>• Submit executed loan documents and funded amount for reimbursement</li><li>• Maintain 0-5% ownership of asset</li></ul>	<ul style="list-style-type: none"><li>• SPV that purchases 95-100% of each originated loan</li><li>• Connect2Capital or similar portal for easy transfer of loans and daily or weekly reconciliations to mitigate liquidity challenges</li></ul>
<b>Advise the borrower &amp; service the loan</b>	<ul style="list-style-type: none"><li>• Maintain relationship with the borrower to support them as they navigate their current economic realities</li><li>• Collect interest and principal repayments to be remitted to the SPV pro-rata</li><li>• Engage in best efforts collections in the event of default</li></ul>	<ul style="list-style-type: none"><li>• 0.5% annual servicing fee on total outstanding loan amount (also considering per loan flat fees for microloans)</li></ul>

# Draft process flow

