

**CA
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C.A.M.E.O.

CA Rebuilding Fund TA Provider

December 4, 2020

Today's Presenters



Susan Brown

VP of Capacity Building & Training
Trainer



Heidi Pickman

VP of Programs and Policy
Moderator



Upcoming CAMEO events

- **Sacramento area members**, celebrate the holidays with us at [Regional Meeting](#) 3-5pm, Dec 8
- **Los Angeles members**, join the Entrepreneurship Advantage collaborative for [Speaking Up For Change](#) 11am-12 noon, Dec 9
- Interested in **MicroLending Essentials** or **CDFI Essentials** in 2021? Email Melissa: mcruz@CAMEOnetwork.org



Agenda

Please introduce yourself in chat room: Name, Organization and Title

- Update: \$500 million in new COVID-19 Relief Grant
- C2C Questions with Dan Moret
- CA Rebuilding Fund Credit Requirements and Debt to Income Ratio
- Check In: How it is Going?



New Grant Relief Program



The Governor announced the creation of a \$500 million COVID Relief Grant administered by the California Office of the Small Business Advocate for small businesses that have been impacted by COVID.

Funds would be awarded to selected intermediaries with established networks of CDFIs to distribute relief through grants of up to \$25,000 to underserved micro and small businesses throughout the state by early 2021.

Non-profits would also be eligible for these grants.

Connect2Capital Questions

Dan Moret is here to answer any questions



CARFund Volume as of yesterday

- 3750 matched applications
- 925 unmatched
- 1 loan closed

Main Reason for Declines from CDFIs

- Delinquencies in January and February of 2020
- More than one delinquency during COVID period
- Credit Score too low

CARFund Credit Requirements

- No active bankruptcies
- No 30+ delinquencies in Jan/Feb 2020
- No more than one 60+ delinquency since March 2020
- No repossessions for foreclosures in past 36 months
- No outstanding tax liens
- No unpaid child support



Slow Pays, Late Payments, Delinquencies

- A late payment or slow pay is when a consumer pays 30 days after the payment due date.
- If a consumer pays 60 days after the payment is due, they will be considered 60 days late.
- If a consumer does not make a payment for 90 days the account will report 90 days late.



Tax Liens and Unpaid Child Support

- In 2018 the three bureaus decided to remove tax liens – both federal and state – from credit reports altogether.
- LexisNexis RiskView report provides tax liens and civil judgment information.
- Unpaid child support debts can be classified as “collections” or as “court judgments” or “tradelines”
- Paying off the balance of unpaid child support or tax lien will not remove the debt from the credit report. Instead, it will be marked “satisfied.”

Basic Structure of Credit Report

All are different! But many follow this structure:

1. Basic Identification: Name, SSN, address, etc.
2. Accounts Summary*
3. Credit Score
4. Negative or Derogatory Information*
5. Open Accounts in Good Standing
6. Closed Accounts
7. Inquiries

**These are the sections to find bankruptcies, delinquencies/slowpays and foreclosures.*

Let's look at some credit reports

Debt to Income Ratio



Monthly business debt service divided by business revenues < 25%

- Where revenue refers to average monthly sales for 2019 and
- Where debt service includes existing and new debt.

Steps

1. Identify current monthly business debt service (loan payments) using credit report and/or bank statements. Ask client which debts are personal and which are business. Use bank statements to ascertain which debts the business is paying.
2. Determine 2019 business revenues using 2019 tax return or quality P&L.
Divide by 12 for monthly average.
3. Divide monthly loan payments by monthly average revenue



FICO Score

- The FICO Score requirement depends on each CDFI. Some require a minimum and some do not.
- In general: FICO credit scores range 300 to a top 850.
 - 300 to 500 is poor
 - 500 – 630 is fair
 - Over 630 is good

Getting a FICO 8 Score

- Sign up for a [free credit score from Experian](#), for free FICO® Score 8 along with a copy of your credit report to review the underlying information that led to the score.
- Several credit card issuers, banks and credit unions are now offering free FICO scores as a perk to their customers
- [Credit Karma](#) offers scores for free: one based on your TransUnion credit report and one based on your Equifax credit report. Credit Karma calculates your score using VantageScore 3.0.
- [Purchase your FICO](#) for \$19.95

Resources

- Reading a Sample Credit Report PDF
- TransUnion User Guide PDF
- Experian Sample Credit Report PDF
- Experian Credit Profile Report PDF
- [Getting familiar with business tax return forms](#) at IRS website
- [Credit repair companies](#)
- Credit Builders Alliance [Training Institute](#)

California Rebuilding Fund How is it Going?

- Application process going ok?
- Heard back from unmatched or declined?
- Other training you want for this program?
- Monthly check-in meeting?



Read Through the Website



www.CALoanFund.org

Send your training request
questions to Susan Brown at
sbrown@CAMEOnetwork.org

A large, stylized graphic with the words 'Thank You' in a bold, white, sans-serif font. The text is set against a background of vibrant, multi-colored paint splashes in shades of red, yellow, green, and blue. The entire graphic is enclosed within a thin orange border.

Thank You