



Ownership & Economic Opportunity for All

# CALIFORNIA SMALL BUSINESS COALITION FOR RACIAL JUSTICE

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The Self-Help organization includes two credit unions, a nonprofit loan fund and a research and policy group.

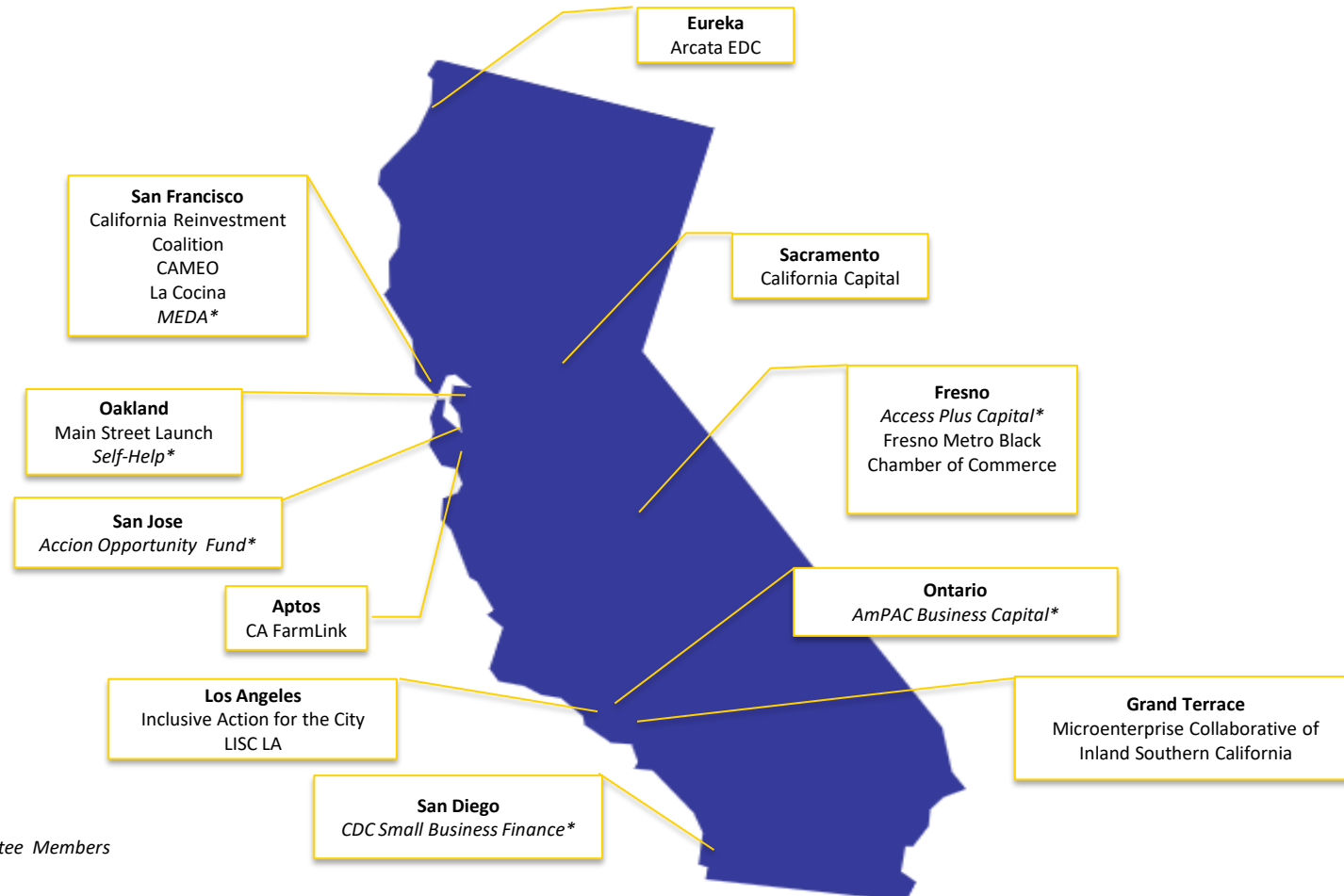
Our name reflects how our work taps into the rich energy and determination that exists in low-wealth and under-served communities.

We invest in these communities in many ways, supporting their efforts to help themselves.

## Coalition Background & Goals

- The **CA Small Business Coalition for Racial Justice** was developed to build a CA-wide coalition of CDFIs, TA providers, and racial justice organizations to:
  - Respond to capital challenges faced by underserved and BIPOC small businesses across CA.
  - Challenge the CDFI industry to prioritize racial justice in lending and advocacy.
  - Advocate for policies and legislation to support underserved and BIPOC businesses.
  - Engage in collective trust building, learning and collaboration.

# Coalition Structure



\*Steering Committee Members

## Notable Deliverables

- Developed Policy Playbook for communicating with policy makers, funders about racial justice and BIPOC small businesses.
- Created, implemented New C's of Credit - underwriting with a racial equity lens.
- Designed, implemented a loan loss reserve pilot program, providing grants to test New C's with BIPOC small businesses.
- Developed inventory of shared diversity, equity, inclusion resources on CAMEO website.

## New C's of Credit

- Commitment
  - Contract agreement to receive pre- and post- funding TA.
  - No UCC filings, no capital injection from borrower
  - Option to determine "commitment" through proof of attendance at industry workshops or trainings attended, years in business, etc.
  
- ⑩ Character
  - Holistic credit evaluation – evaluate credit reports, not credit scores.
  - Option to define and assess "character" outside of credit.
  - "Asset Framing" and intangible factors.

## New C's of Credit

### ■ Conditions

- Flexible repayment structure examples:
  - Interest only payments for defined period.
  - Seasonal repayment.
  - Repayment tied to use of funds.
- TA or relationship building at least 1/quarter.

### ⑩ Capacity

- Consider global household income.
- Use of either historic DCR of 0.9 or projected DCR of 1.0.
- Repayment aligns with projected future cash flow.

## Racial Equity Lens Fund

- Four Coalition members awarded \$100K each.
- Allow orgs to offer a new loan product while taking on more "perceived risk" in their lending.
- Commitment of grant recipients to:
  - Focus funds on BIPOC small businesses.
  - Utilize New Cs of Credit.
  - Provide \$45K of their own funds to loan loss reserves.
- Secured State Loan Guarantee for all loans made.



## Learnings and Next Steps

- The power of collective action – building and funding coalitions going forward.
- Committing unrestricted resources to nascent ideas fuels innovation.
- Currently in the process of obtaining additional funding.
  - Adding members to the Coalition.
  - Doubling the number of participants in the REL Fund.



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THANK YOU!