Lender Pilot Application Launch | Feb 22, 2023
Hello!

In chat, please share your name, organization, location, and someone or something that inspires you!

Agenda

• A New Phase
• Purpose and Goals
• The Basics
• Program Elements + Benefits
• Lender Roles and Responsibilities
• Application Process and Dates
A New Phase!

• Lender Pilot Program – monthly
• Broader Working Group – quarterly
  – Continue group topics
  – Hear stories and stats from pilot
  – New schedule and calendar marker coming soon
Purpose and Goals

URJ Purpose
To dismantle and replace racially inequitable underwriting practices across our financial industry to increase capital access and wealth for people of color in the U.S.

Pilot Goals

1. Facilitate sharing among lenders
2. Identify and document needs and barriers lenders have over time
3. Support lenders with their needs
4. Identify and document successes and promising practices
5. Build valuable relationships among lenders
Basics

• **Applications:** Today – April 15
• **Program:** May 2023 – June 2025
• **Number of lenders:** Up to 20, at least 50% banks
• **Cost to lenders:** $0 (covered by Beneficial State Foundation)
Program Team

**Susan R. Brown**
Consultant specializing in small business finance and capacity building for the CDFI and business development industries.

**Shannan Herbert**
EVP Inclusive Credit at Stratyfy and formerly Chief Credit Officer at City First Bank.

**Elsie Howard**
Underwriting for Racial Justice Associate at Beneficial State Foundation

**Erin Kilmer Neel**
Executive Director and Chief Impact Officer at Beneficial State Foundation
Primary program elements and benefits

1. Implementation Community of Practice
2. Templates, tools and examples
3. Enhanced risk and decisioning tools that help lenders:
4. Reporting and insights
5. Regulatory insights
6. Logo and branded materials
7. Promotion
Primary program elements and benefits

Community of Practice
Learn from and with peer lenders undertaking innovative racial-equity lending. Share ideas and problem solve together.
Primary program elements and benefits

**Templates, tools, and examples**

- A template for a Special Purpose Credit Program plan
- Links to helpful data sources
- Examples of underwriting approaches from other lenders
- Sourcing capital
- … and more
Primary program elements and benefits

Enhanced risk and decisioning tools that help lenders:
• Determine underwriting criteria that can increase lending to applicants of color while managing for risk
• Analyze baseline data
• Analyze program results
Primary program elements and benefits

**Reporting**
Quarterly reports on your loan portfolio performance, aggregate performance for all participating lenders, and insights from group data.
Primary program elements and benefits

Regulatory insights
Program staff will continue to connect with regulatory agencies to ask questions and get insights
Primary program elements and benefits

Promotion
Opportunity to have your institution and program featured in program publications and earned media when available
Primary program elements and benefits

**Branding**
Underwriting for Racial Justice logo and branded materials for communication with community members, partners, and investors.
Other key benefits of participating

1. Creating social impact; providing capital to people of color in your community
2. Deepening relationships in your community
3. Supporting Federal regulatory and program requirements for CRA, CDFI, and ECIP
4. Growing your loan portfolio and interest income
5. Promotion and recognition to build relationships with funders, investors, racial-justice groups, regulators, and others
6. Helping advance the movement for racial justice in the financial industry
Additional program elements based on need

These additional benefits may be offered, based on pilot participant needs:

- Loan guarantee funds
- Training sessions:
  - Introduction to race and the financial industry
  - Implementation overview — getting started with a pilot at your institution
  - Stakeholder engagement
- Individualized consulting support
- Intern or fellows to provide market research, marketing or other support
Lender roles and responsibilities

Lenders participating in the pilot will:

✔ Implement a loan program with a new underwriting approach to meet the needs of, and increase capital to, borrowers of color.

✔ Provide pricing and terms that are equal to, or better than, their other loan programs

✔ Commit to deep stakeholder engagement, working closely with members of the intended beneficiary group in the design, delivery and decision-making of the program;

✔ Commit to develop technical assistance offerings, creating a strong internal program or referral program for training and coaching to help maximize success for applicants and borrowers;

✔ Collect and share program data and stories;

✔ Participate in a Community of Practice with peers.
Lender Application

Key Questions

- Intended audience
- Size, type, location of loans
- Whether new or continuing program
- Any known underwriting or product plans
- Data and participation commitments
- Your institution’s experience with race issues
- Your expected needs from the program
Application Process and Dates

• **Today** - Application Opens
  – Online Form (can save and come back later)
  – Look for an email with application, guide, and presentation

• **April 15** – Applications Due

• **May 1** - Decisions Announced

• **May** – Onboarding, data collection

• **June** – Community of Practice sessions begin
Questions or Comments?
Thank you!

• We look forward to seeing all of you again soon – new calendar markers coming
• We look forward to seeing applications from all of you lenders!
• Questions along the way?
  – Contact Elsie Howard, ehoward@beneficialstate.org
  – Applicant Q&A Sessions on March 7, March 15, April 6