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Helping Nonprofits
 Build Stronger Credit
 in their Communities



CBA @ AEO!

Join CBA in our nation's capital for BOUNCEBACK MAINSTREET AEO's 20th Annual National Conference from May 2-4

CBA EVENTS

Town Hall Meeting

Linking Financial Capability with Entrepreneurship - Tuesday, May 3rd
 2:15pm-3:45pm

Workshop Session "When You Are

Up To Your Eyeballs in Debt, It's Hard To Remember That The Objective Was To Build Assets!"
 Tuesday, May 3rd 4:15-5:30pm

Spring Membership Meeting:

Wednesday, May 4th 11:15am-12:15pm. [RSVP!](#)

Credit Building for Entrepreneurs

Training Wednesday, May 4th from 2:00pm-6:00pm. [RSVP!](#)

Building Credit for the Entrepreneur AND the Enterprise

CBA Business Reporter opens a new path for small businesses!

CBA has been enabling emerging entrepreneurs to build credit. Why? Mainstream business lenders do not underwrite a business for a loan under \$200k, let alone one under \$35k. They underwrite the entrepreneur. "Small business" loans rely on the consumer credit history of the entrepreneur, not the cash flow of the business.

We know the problem with using consumer credit for business loans!

False positives – Entrepreneurs with good credit get funding for business plans with no teeth.

What else?

False negatives - Entrepreneurs with strong businesses or business plans are declined a loan due to poor consumer credit.

That's why community lenders take the time to underwrite the business! Nonprofits provide capital to entrepreneurs and their enterprises where mainstream lenders see false negatives. You help entrepreneurs with no or poor credit history to build credit and bring their strong, viable business ideas to fruition. Nonprofits are also helping microenterprises grow into small businesses, while other CDFIs have been serving small businesses for years.



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Frank Discussions

...with CBA
 Executive
 Director

Dear Colleague,

What will you build? CBA spent an inspiring week with 1,500 U.S. Affiliates of HABITAT for Humanity learning how they answer this question. Now we want to ask you!

First, CBA challenged you to **build credit to build assets!** And you took on the challenge. Then, CBA worked hard to share your best practices in integrating credit building into business technical assistance to **build entrepreneurs and build businesses.**

At AEO, the focus is to re-build **MainStreet.** Each successful new business you support builds a stronger MainStreet.

CBA Business Reporter will let you build the credit of **both** the entrepreneur AND the enterprise at the same time through our new partnership with Experian's Business Information Service. Piloted in 2010 and launched with DownHome Solutions members last month, **CBA Business Reporter** will be available to all CBA members and community microenterprise and small business lenders this summer.

You can now help enterprises build a financial resume and eventually access more affordable mainstream credit as well as vendor and supplier relationships *without* having to depend on a personal guarantor.

Stay ahead of the curve!

CBA is excited to continue to innovate and create new pathways to help communities support underserved entrepreneurs & their enterprises. Good credit is a financial asset for **both** the entrepreneur and her business.

Similarly, building credit builds stronger **financial capability**. Credit building challenges entrepreneurs to build new financial behaviors and relationships with affordable, relevant credit products. Financial capability expands this concept, arming entrepreneurs with knowledge, behaviors and access across a host of financial situations – from saving in an IDA, to managing funds in a checking account, to repaying debt collections. We hope you'll join us to discuss what it means to take financial education beyond building knowledge and access, and toward action and positive financial behaviors that entrepreneurs can use over a lifetime to maintain safe, relevant, affordable relationships with needed financial products.

Let's keep building!

Best,

Vikki Frank
Executive Director

CBA's 2011 Innovator of the Year: INTERSECT FUND

Microloan meets Microcomputer

Intersect Fund, New Jersey's student-founded microfinance initiative, is using cutting-edge technology to speed up AND simplify its service delivery!

How? America's latest hit product: **Apple's iPad**.

Students take the iPad into the field and help clients fill out a short web-based loan application. Intersect Fund co-founder Rohan Mathew developed a comprehensive scorecard algorithm combining the application data with an instant, internet-based credit report pull to determine pre-approval with lightning speed. In 4 minutes, a client will know if she is eligible for a loan.

The iPad then generates a simple checklist of documentation needed for underwriting, making the loan officer's job easier and more adaptable to each client. Once underwriting is completed (about 7 days), the iPad produces closing documents and amortization schedules for each loan. What's needed to close the loan? A second visit to the client and an e-signature will suffice.

Intersect Fund's hi-tech methodology enabling hi-touch, customized underwriting has set them apart as CBA's 2011 Innovator of the Year. Congratulations Intersect Fund!



We've got Data! We've got YOUR Data!

CBA has always imagined that one day we would be in a position to help the industry tell a compelling story of the power of nonprofits as we grew our strength in numbers. Today, CBA helps more than 100 lenders report over 11,000 loans. That's a lot of data!

What can CBA say about the state of the industry? Members and partners are asking us.

What are we waiting for? **Your permission!**

At AEO, you will hear of new initiatives to document the state and impact of the U.S. microenterprise industry. Is our Alliance uniquely positioned to inform the dialogue? Yes! How?

- Cumulative studies – *What is the size and scope of performance?*
- Trend reports – *How is it changing with the economy?*
- Benchmarks – *How does your performance compare to other organizations your size, whether you have 5 loans or 5,000?*

Come discuss our potential at the [CBA Member Meeting](#) at AEO in DC!

Innovative Product: JumpStart Loan

Intersect Fund has embraced CBA's mantra, "It's not cool to be thin!" with a new JumpStart Loan, a \$600 loan split into three financial products, bulking up an entrepreneur's credit file so he can access larger loans sooner.

JumpStart Loan is not one, but THREE active trade lines – a \$200 installment loan, a \$200 line of credit with Intersect Fund, and a \$200 secured Capital One credit card. Rohan Mathew, the Fund's co-founder, has seen that a JumpStart Loan recipient beginning with no-score can see his score to jump to a 660 FICO in six months!



"Now, when I go out to represent my business, I will have a positive credit score that will show more credibility."

Gretchen Campbell, seamstress, holds her chin up as high as her new credit score – a 70 point increase in six months.

Once a client is approved for the JumpStart Loan, he completes the application for the CapOne secured card. The Fund uses underwriting standards developed with CapOne to screen its JumpStart applicants. Approval rates for the secured card are much higher than for a typical credit card (80% compared to 30-40% for the unsecured card).

Read more about Intersect Fund's JumpStart Loan on CBA's [Innovation Page](#) website!

Resources: Secured Credit Cards

Center for Financial Services Innovations (CFSI) has published research and insights on the re-emergence of [Secured Credit Cards](#) in today's economy!

Credit Builders Alliance (CBA) creates innovative solutions for asset building organizations that help low and moderate income individuals build stronger credit and financial access to grow their businesses and/or personal assets.

Credit Builders Alliance

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