



# Helping Our Clients Succeed



# Opportunity Fund Small Business Program



Leading CA nonprofit  
CDFI micro-lender

**\$250K**

Max loan  
size in CA

**\$115M**

In responsible, alternative  
financing to underserved  
small businesses

**\$50M/yr**

Run rate

**1%**

Default rate



Offices in SF, LA, San Jose



# How Microfinance Helps

**Mission:** To advance the economic well-being of working people by helping them earn, save, and invest in their future.



Providing clients with small but meaningful loans and financial advice.



Helping clients grow their small business, increase income, and create jobs.



Building a foundation for economic mobility extending into the next generation.



# The Impact of Our Loans



**90%**

Business survival rate



**20%**

Increase in business income



**3 Jobs**

Created and sustained per loan



**\$2**

Generated in local economy for every \$1 invested



# Challenges Our Clients Face



Cash flow management is a common challenge. Less responsible lenders do not consider cash flow requirements.



Small businesses fail primarily because they cannot access the right financing.



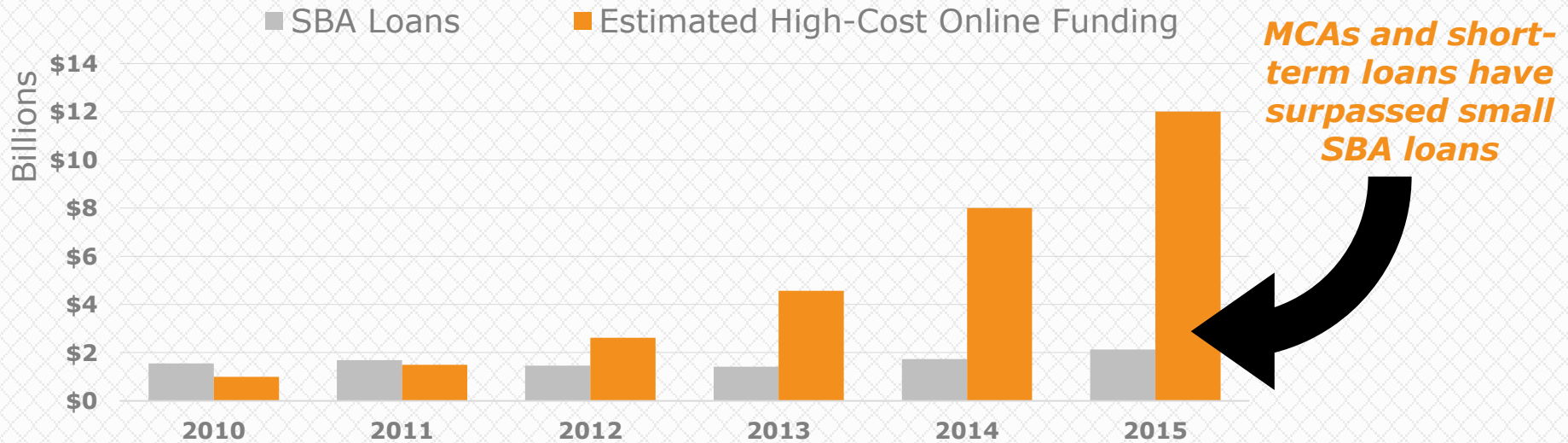
Banks, which prefer lower-risk, higher-value loans of more than \$100K, are not meeting small businesses' need for credit.



Alternative lenders fill the gap. Some lend responsibly – others are not the lowest, most affordable options for clients.



# Business Financing of \$150k or Less



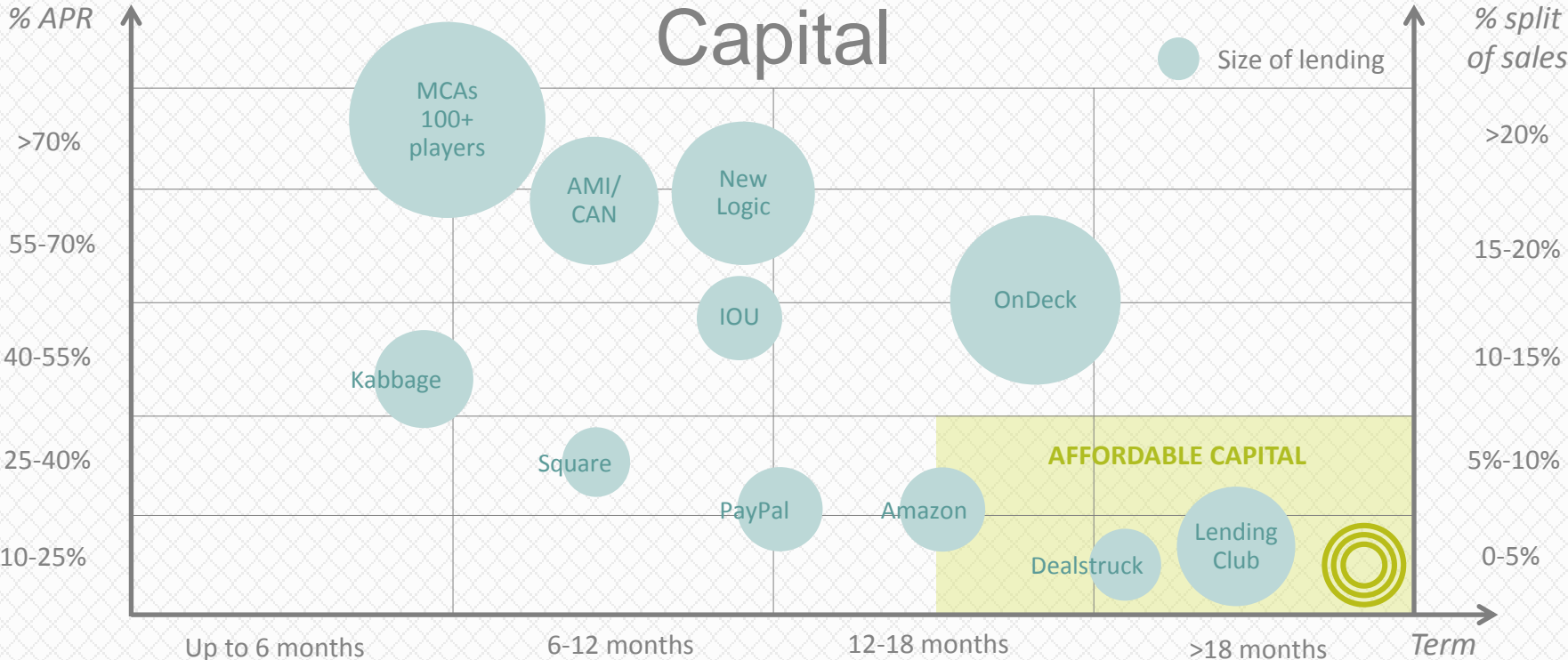
Bank lending is down



High-cost, short-term financing is targeting the gap



# Where Business Owners are Going for Capital





# Comparison of Options

## Alternative Lending

## Opportunity Fund

<b>APR</b>	40–70%+ APR	8.5–18%+ APR
<b>Terms</b>	~ 6 to 18 months	Up to 60 months
<b>Out-of-pocket cash</b>	Medium to high initial cash outlays	Low cash outlays No more than 10% of receipts in most cases
<b>Risk</b>	Medium to high	Medium to high
<b>Cash flow</b>	Credit card sales, bank deposits, or shipping	Credit card sales, bank deposits, or shipping
<b>Description</b>	<ul style="list-style-type: none"><li>✓ Fixed repayment amount</li><li>✓ Fixed monthly payment</li><li>✓ May or may not be a loan</li></ul>	<ul style="list-style-type: none"><li>✓ Affordable payments, no penalty for paying early</li><li>✓ Fixed monthly payment</li><li>✓ Term loan, helps establish/build credit</li></ul>
<b>Main players</b>	AdvanceMe, Inc., Can Capital, Dealstruck, Kabbage, OnDeck, Rapid Advance	





# Abusive practices we are concerned about



**1.**  
**Lack of  
transparency**



**2.**  
**Unaffordable  
terms**



**3.**  
**Prepayment  
Cost**



**4.**  
**Debt Traps**



**5.**  
**Double Dipping**



**6.**  
**Stacking**



**7.**  
**Broker Abuses**



# SMALL BUSINESS BORROWERS' BILL OF RIGHTS

1

**The Right to Transparent Pricing and Terms**

4

**The Right to Fair Treatment from Brokers**

2

**The Right to Non-Abusive Products**

5

**The Right to Fair Collections Practices**

3

**The Right to Responsible Underwriting**

6

**The Right to Inclusive Credit Access**

**Signed by 37 orgs, Including:**

**ACCION**

**LendingClub**

**fundera**

**Funding Circle**

**CRF USA**



**cfed**

expanding economic opportunity

California Association for Micro Enterprise Opportunity

THE ASPEN INSTITUTE

**SMALL BUSINESS MAJORITY**

**CITYFIRST ENTERPRISES**

**SMALL BUSINESS FINANCE INSTITUTE**

**SBFI.ORG**

**ppportunity Fund**

working capital for working people

**MULTIFUNDING**

Business Loan Advisors

**Small Business Finance**

**The SUPPORT CENTER**

Your Partner in Small Business Growth

**LATINO ECONOMIC DEVELOPMENT CENTER**

Helping Small Business. Strong Communities.



# Opportunity Fund Loans



## Easy to get

- ✓ Minimum documentation
- ✓ No credit OK



## Fast

- ✓ Get cash in as few as 2 to 5 days



## Affordable

- ✓ No hidden fees
- ✓ No prepayment penalties
- ✓ Rates starting at 8.5%