

I. Organization Background Information

Name of Organization:

Local Initiatives Support Corporation

Mission Statement:

Please limit to 1000 characters. Please be aware that your content may be truncated if you are pasting from another source.

Together with residents and partners, LISC forges resilient and inclusive communities of opportunity across America – great places to live, work, visit, do business and raise families. The strategies we pursue include:

- Strengthen existing alliances while building new collaborations to increase our impact on the progress of people and places
- Develop leadership and the capacity of partners to advance our work together
- Equip talent in underinvested communities with the skills and credentials to compete successfully for quality income and wealth opportunities
- Invest in businesses, housing and other community infrastructure to catalyze economic, health, safety and educational mobility for individuals and communities
- Drive local, regional, and national policy and system changes that foster broadly shared prosperity and well-being

Overview of Organization:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

LISC is a national organization with a local focus, serving under-resourced communities in 36 metropolitan areas and rural communities in 45 states and territories, including Puerto Rico. We have a 40-year track record of directing significant resources, including debt, equity, and grants, technical assistance and capacity building to partners to strengthen their impact.

We pair this experience with our growing expertise in disaster recovery. We've provided capital and program support in response to Hurricanes Andrew, Rita and Katrina, after which we co-managed a \$47 million program that helped create or renovate 4,500 homes. After Superstorm Sandy, we ran a \$52 million plus program to remove mold from 2,000 homes and repair 500 homes for low-income homeowners, and managed \$30 million in CDBG-DR funding to repair multifamily homes. In the past two years, in response to Hurricanes Harvey, Irma and Maria, we are working in affected areas of southeast Texas, southern Florida and Puerto Rico. In Houston and rural Texas, LISC is managing more than \$24 million for home repair, economic development and capacity building.

LISC seeks support in securing a \$500,000 grant and \$500,000 in loan capital (at 0 percent interest for a 7-10 years) to aid in the recovery of small businesses in Puerto Rico, with a focus on rural areas. With \$1 million in grant and loan capital, LISC will leverage our experience to provide critically needed below-market interest rate loans to economic development projects and small business owners in Puerto Rico, with a focus on rural areas. Already, with a bank infused pool of funds initiated earlier in 2019, LISC has increased its lending on the island, supporting two small business loans totaling \$470,000 and co-investing in microloans with KIVA to bring economic vitality back to the island. We will support business owners recovering from Hurricane Maria as well as entrepreneurs who are responding to opportunities arising from recovery efforts. In addition, we will increase our organizational capacity to respond to areas following disasters.

Website:

www.lisc.org

II. Proposal Contacts - Please enter information for the Primary and Secondary Proposal Contacts

Primary Contact

First Name

Maurice

Last Name

Jones

Title

President and CEO

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New York

Zip

10018

Secondary Contact

First Name

Christopher

Last Name

Plummer

Title

Program Vice President

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cplummer@lisc.org

Phone

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3031 W. Grand Blvd, Suite 560

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State

Michigan

Zip

48202

III. Proposal Information

Proposal Title:

Small Business Recovery in Puerto Rico

Support Request (check all that apply):

Loan, Investment/Grant

Requested Dollar Amount:

\$1,000,000

Please list other Significant Partners in the Proposal:

Current and Prospective Partners include:

Causa Local

Centro para Emprendedoras

Clinton Foundation

Foundation for Puerto Rico

Grupo Guayacán, Inc.

PathStone Puerto Rico

Puerto Rico Community Foundation

Santurce Pop

TripAdvisor

Vitrina Solidaria, Inc.

Wells Fargo Bank

Proposal Description:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

LISC seeks \$1 million in grant and loan capital funds to support a Puerto Rico-focused economic development and small business lending loan pool that will stimulate economic recovery and small business development, as well as build LISC's capacity to respond to future disasters, in particular post-disaster small business lending. The support is broken up into \$500,000 in grant funds and \$500,000 in 0% interest loan capital, as follows:

ECONOMIC DEVELOPMENT & SMALL BUSINESS LENDING POOL (\$500,000) at 0% interest for a 7-10 years to support small business owners, particularly people of color, women, and other underserved populations, and nonprofit organizations that face significant hurdles accessing capital from banks and other traditional sources. As a CDFI, LISC fills this financing gap by providing affordable, flexible capital with a below-market interest rate and reasonable terms.

CREDIT ENHANCEMENT (\$250,000). In order to invest in higher impact projects, grant funds are needed to credit enhance loans greater than \$250,000 and/or loans of less than \$250,000 with a higher risk profile. We expect to primarily act as a co-lender or participant in larger loans, identifying projects and partners as we go, including other CDFIs. For example, LISC recently invested with PathStone in InverSOL, a new company that is manufacturing and selling small-scale solar home generators at their new factory and retail location in Caguas. LISC committed a \$250,000 loan to InverSOL, credit enhanced with \$125,000.

KIVA LOAN MATCHING FUND (\$100,000). LISC will bolster our loan matching fund with Kiva and local community organizations to further serve start up and existing businesses in Puerto Rico. Since LISC started working with Kiva in Puerto Rico in 2017, more than 25 microloans have been issued, and maintain a zero default rate. With this additional support, LISC and Kiva can increase the amount of loans available to the island, providing loans ranging from \$500 - \$10,000 at a 0% interest rate for working capital, equipment, and inventory business expenses.

CAPACITY BUILDING & PROGRAM DELIVERY (\$100,000). This support will help LISC develop organizational capacity to respond to disaster events, including supporting economic recovery, a bilingual loan underwriter for the island, and cover service fees associated with working with Kiva.

NATIONAL LISC PROGRAM MANAGEMENT (\$50,000). Without a local office in Puerto Rico, LISC will draw upon our national staff for support.

Issues Addressed (check all that apply):

Asset Building / Financial Access, Capability and Empowerment, Community Development
Finance, Disaster Relief, Small Business Development / Microlending, Stabilization and
Sustainability, Workforce Development / Economic Development

If your project affects multiple states or counties, please use the CTRL key to multi-select.

Geographic Impact

State-wide

U.S. States & Territories:

Puerto Rico

Population Served:

Please limit to 500 characters. Please be aware that your content may be truncated if you are pasting from another source.

43.1% of Puerto Ricans live in poverty. In 2017, there were approximately 44,000 small business in PR, of which 31% had annual revenues under \$50,000. These small businesses employ an estimated 80% of the private sector workforce. Then Hurricane Maria struck. 37% of small business owners didn't have insurance. Of those that did, claims often stalled or were denied outright. Most settled for less. Today, 2 years post Maria, LISC uses a small flow of low-cost capital to reinforce small businesses.

Population Income by Area Median Income (AMI) and other identifiers (percentage of Free and Reduced Lunch for youth or designated "Disaster Area" or designated "Distressed or Underserved" served by proposal:

As of July 2018, Puerto Rico had an estimated population of 3.195 million people, down steadily from 3.34 million people in 2017 and 3.41 million people in 2016. In addition, the Area Median Income by household in Puerto Rico is \$19,775, dramatically lower than the U.S. median household income of \$57,652.

LISC proposes to work across the entire island, which has been designated as a Disaster Area post Hurricanes Irma and Maria. Again, LISC proposed to work across the entire island, focusing heavily in rural communities that have seen less investment traditionally. The entire Commonwealth qualifies as a distressed and underserved community.

Anticipated Outcomes/Impact:

Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.

We will increase our capacity for economic development and small business lending. One outcome will be a growing pipeline for lending in Puerto Rico, with an increased range of businesses and organizations.

We project to make at least 22 loans over a 12-month period, with an average size of \$25,000. Of the total loans, 20 will come from the Kiva Matching Fund and will range from \$500 to \$10,000 at a 0% interest rate. We project an average loan size of \$5,000, leveraged by a \$2,500 LISC match amount.

The larger loans will range from \$100,000 to \$500,000 with a fixed below-market interest rate, providing an average of 50% of capital for each deal with a 50% credit enhancement, depending on the term of the loan and the underwriting.

LISC also will track the number of jobs created or preserved through these loans and regularly report its findings as an impact.

The work undertaken with this grant will also help other regions recover. Our partnerships with CDFIs serving Puerto Rico are helping us better understand how to serve small business owners and nonprofits, not only in Puerto Rico, but in other areas as they recover from natural disasters and increase their resiliency. More broadly, our work in this area will better prepare us to participate in future disaster recovery efforts.

Describe evaluation methods used to measure success:

Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.

LISC will measure success by working closely with the lending team members at LISC National, in Small Business and with LISC Rural to increase the pipeline of loans out of Puerto Rico, working together with established and new CDFI and nonprofit partners on the island. A monthly review of the Lending pipeline by the Lending team will ensure success of this measure.

In addition, LISC maintains a sophisticated system of monitoring and tracking monthly the extensive loans we provide across the country. Specifically, LISC monitors: the number of loans to small businesses, the number of small businesses receiving technical support, the amount of loan capital deployed, the number of underrepresented founders recruited, the amount of loan capital recycled, the number of LMI or vulnerable populations served, and the amount of credit enhancement applied.

For our current borrowers, we also monitor the amount of current employees, the number of woman-owned businesses, the number of businesses located in a LMI community, the number of businesses operated by a minority or veteran business owner and the total square footage of commercial loans outstanding.

And we will measure the success of our increased capacity to assist small business and nonprofits dealing with disaster by the number of times we are asked to step into a disaster-torn community.

Project time frame - Is your request for an existing or new program?

Existing Program

IV. Submit Supporting Documentation - Please attach your most recent audited or reviewed financials in PDF format to this proposal application. Your proposal application will be considered incomplete until the appropriate financial documentation is provided. By submitting a proposal application you agree to share with the Federal Reserve information regarding connections that were made with funders regarding the proposal or other work your organization conducts that was identified by a funder that used the Investment Connection platform. After you submit a proposal application, we will follow up with you to see if Investment Connection was helpful with your informational and business needs.

Upload your most recent audited or reviewed financials

(for internal uses only)

2017 LISC Audited FS.pdf

V. Other Supporting Documentation - You may submit a photo (jpeg) and/or a video (mp3 or mp4) that helps describe your proposal. (information available to funders)

Upload a picture or video that helps describe your proposal or organization
(information available to funders)



Small Business Loans

INTEREST-RATE

Visit our website for our full suite of commercial loan products:
www.lisc.org/loans/commercial/lending

For more information, contact:

| | |
|---|--|
| Michael Carroll Director of Lending mcarroll@lisc.org | Julia Whitrowald Senior Program Officer jwhitrowald@lisc.org |
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Summary of Terms

| | |
|-----------------------|---|
| SUGGESTED USES | Working capital; Leasehold improvements; Expansion; FFSE |
| LOAN AMOUNT | \$100,000 - \$250,000 |
| INTEREST RATE | 0-12% Fixed |
| LOAN TERM | Up to 7 years |
| REPAYMENT | Fully amortizing payments based on loan term |
| LOAN FEE | 3% of loan, 3rd party costs, and legal fee |
| ELIGIBILITY | <ul style="list-style-type: none">• Borrower is a corporate entity• Business has been operating for the last two years• Minimum credit score of 630• Principal owners are US Citizens or legal permanent residents |

Terms subject to change. Larger loan amounts available on a case-by-case basis. All loans are subject to underwriting and credit approval.

LISC **kiva** **POLEIS**

Upload additional picture or video

(information available to funders)



Kiva Small Business Loans Puerto Rico

Thanks to the support of Wells Fargo and through Kiva, LISC is offering access to 0% interest loans to entrepreneurs who are recovering from the impact of Hurricane Maria. These crowdfunding loans are financed by hundreds of individual lenders who seek to make a positive impact in their communities. As part of this new initiative, LISC will match each individual contribution until the businesses' Kiva campaign goal is met.

Visit www.kiva.org/lisc to start your application.

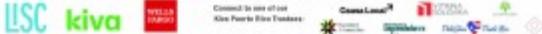
Summary of Terms

| | |
|----------------------|--|
| ELIGIBLE USES | Working capital; Leasehold improvements; Expansion; PPE; Inventory; Marketing and website design |
| LOAN AMOUNT | \$500 - \$20,000 |
| INTEREST RATE | 0% |
| LOAN TERM | Up to 3 years |
| REPAYMENT | Monthly payments administered through a PayPal account |
| LOAN FEE | None |
| ELIGIBILITY | <ul style="list-style-type: none">The borrower is a legal businessThe applicant is over 18 years of ageThere is no minimum credit score—approval is based on your character and networkMust reach the crowdfunding loan goal to receive the fundsCurrently not in bankruptcy or foreclosureHave ability to create a PayPal accountBefore submitting a loan, must be connected to a Kiva Plus to Rico Trustee |

Terms subject to change. All loans are subject to approval by Kiva.

For more information:
Review accessibility funded campaigns <https://www.kiva.org/loans/requests/usa/afid>
Get in touch with Ana Marie Olinde @ amolinde@lisc.org

Co-funded by one of our Kiva Plus to Rico Trustees:



Add any additional links to supporting documentation

(information available to funders)

<https://www.lisc.org/our-stories/story/constructing-resilience-two-years-after-maria-q-javier-zapata>

<https://www.lisc.org/our-stories/story/lisc-teams-wells-fargo-spur-small-businesses-puerto-rico>

<https://www.lisc.org/our-stories/story/kiva-small-business>

<https://www.lisc.org/rural/regional-stories/rural-lisc-invests-250000-inversol-support-solar-powered-generators-provide-jobs-puerto-rico/>

VI. Disclaimer - The Federal Reserve Banks do not endorse or make any representations as to the propriety or suitability of organizations, investments or programs listed. Organizations should perform their own due diligence before engaging in any transactions with these entities to ensure that any such transactions meet the organization's objectives.