



DREAM IT. FUND IT.

May 21, 2019

Chairwoman Nydia Valazquez  
Ranking Member Steve Chabot  
Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-0315

Dear Chairwoman Velazquez, Ranking Member Chabot and Honorable Members,

Good morning and thank you for the opportunity to speak before you on behalf of LiftFund and the CDFI community in support of the 7a Community Advantage program. My name is Janie Barrera; I am the founding President and CEO of LiftFund, a CDFI nonprofit mission lender founded in San Antonio, Texas in 1994.

I am presently serve as a member of the National Advisory Committee for the FDIC, the National Advisory Committee of Bank of America and of BBVA. And I am on the National Association of Latino Community Asset Builders Board of Directors. I recently finished my term as a member of the Federal Reserve Board, San Antonio Branch.

This year marks our 25<sup>th</sup> anniversary in fulfilling our vision of opening doors, leveling the financial playing field and building a community of shared success through entrepreneurship. Since 1994, we have provided 20,000 resilient yet underbanked entrepreneurs with over \$300 million in capital, allowing them to build assets and create and retain jobs in their communities. Our loans range from \$500 to \$500,000. The average loan size is under \$25,000. The average FICO score of our borrower is 590 and we have a 96% repayment rate. We have learned how to mitigate risk. Since we are not a bank and do not have depositors, we have partnered with over 78 banks and credit unions, government loan programs, foundations and impact investors to access the funds we need to lend in the community.

We started in Texas 25 years ago and now our organization serves 13 diverse states in the Southeast part of our country from New Mexico to Florida and the states along the Mississippi River. We provide capital in some of the most economically segregated communities in our country, including the Mississippi Delta and the colonias along the Texas border. We serve urban cores like New Orleans Dallas and Houston along with areas that have been devastated by natural disasters.

Since the early 2000s, LiftFund has worked closely with the U.S. Small Business Administration. First, we started with the SBA microloan program in 2007, we then expanded with the SBA 504 program in 2008. We operate two SBA Women Business Centers and in 2011 became part of the SBA Pilot program for the 7a community advantage program. The SBA has allowed us to diversify our products in meeting an array of entrepreneurs – both startups and established.

Our approach is simple yet impactful– coupling mission-driven capital with business and financial education, or technical assistance, to help business owners succeed.

Of the \$300 million dollars disbursed, 10% of our lending is through the community advantage pilot program. There is no way we could have served an additional 260 entrepreneurs \$33.5 million without the community advantage program. In October 2011 we made one SBA 7a community advantage loan totaling \$210,000; last year we made 65 loans totaling \$8 million. Because these loans are SBA guaranteed, we are able to sell them to the secondary market; allowing LiftFund to have the liquidity to make more loans to minority, rural, and veteran business owners.

LiftFund was one of the first recipients of the 7a program in 2011. Since then, we have provided over 260 loans resulting in over \$33.5 million in the hands of diverse and deserving entrepreneurs like Shelenia and Rico Nelson, a veteran minority couple in Round Rock who wanted to open their own donut shop to provide a meaningful career path for their disabled son. As a startup, the Nelsons were not able to receive funding from their bank and were referred to LiftFund for support. We provided the Nelsons a \$70,000 SBA 7a loan to do the buildout and open Krack of Dawn Donuts, now on its 3<sup>rd</sup> year in business.

Through the 7a community advantage lending program, our clients like Shelenia and Rico, find opportunity to start or grow their businesses and contribute to their community by creating jobs. Our SBA 7a borrowers have collectively created 1,250 jobs and retained another 1,444 jobs in their communities.

The SBA 7a community advantage loans allows LiftFund to reach business owners who are diverse and determined: 58% of our CA clients are minorities, 35% are women, 18% are veterans or veteran spouses, and 31% identify themselves as low- to- moderate income individuals. Our support goes beyond the urban core, last year 10% of our lending volume for the CA program was to businesses in rural communities.

The community advantage program is an important asset to CDFIs like ours. It allows us to provide more capital to our clients who are seeking it with a guarantee. Without the guarantee, we wouldn't be able to lend more to deserving small business.

Take Anamia Martinez Ortiz for example, a small business owner in McAllen, Texas. Anamia came to LiftFund in 2014 with less than a year under her belt as a business owner. She had approached several banks and was turned down. Banks are regulated and she did not fit their criteria. LiftFund is able to accept requests from start-ups and those with lower credit scores. Our underwriting looks at capacity and will they have the cash flow to repay the loan. Anamia received a \$25,000 microloan from us to hire an employee, and buy more fixtures and inventory for her cellphone and accessories business: Jackson Wireless. A few years later, LiftFund was there to help Anamia sustain her business growth through an SBA 7a for \$85,000 to hire additional employees, purchase inventory and expand the business. Today, Anamia has grown Jackson wireless to over 10 locations throughout the Rio Grande Valley.

Anamia exemplifies our mission – to help deserving and committed individuals reach economic prosperity through entrepreneurship.

While our clients may have challenges, our repayment rate has continuously remained at or above 96% for our full portfolio.

I am proud of the entrepreneurial culture we have developed at LiftFund. We are responsible stewards of our lending funds, constantly improving our processes and evolving to meet our clients' needs. We created our own risk assessment model and underwriting criteria, and to this date continue to make adjustments based on our data. We complement our internal controls with SBA CA tools as well, like the Small Business Service Score provided by SBA and the packaging platform provided.

At LiftFund we take great pride in portfolio quality. Despite our clients' challenges, their repayment rate for the 7A community advantage at LiftFund is 97%. In 2017, we increased our internal minimum SBA score for 7a loans from 120 to 140. We did this a full year before the SBA made the same decision.

We propose that legislation focused on portfolio quality take into consideration the expertise of CDFIs, like LiftFund. We know how to mitigate risk and maintain quality portfolio performance; should CA providers have portfolio quality challenges there should be policy that is fair and incorporates corrective action if portfolio quality is not consistently met.

This will allow us, as experts, to continue serving underserved populations through the program.

We urge Congress to make the SBA 7a program permanent and increase the loan amount from \$250,000 to \$350,000. It is essential to reach those often left behind: minorities, women, and rural communities – and provide a pathway to prosperity for deserving and committed entrepreneurs like Anamia, Shelenia and Rico.

I want to personally thank Chairwomen Velazquez, Ranking Member Chabot and all Honorable Members of this important committee for your dedication to ensure a stronger economy.

Thank you for your time and consideration.

Sincerely,



Janie Barrera  
President and CEO  
LiftFund

#### ATTACHMENTS

1. LiftFund's 7a Community Advantage Impact Sheet
2. LiftFund's Fact Sheet as of 2019 Quarter 1
3. 25<sup>th</sup> Anniversary Milestone Release
4. Small Business Success Story: Jackson Wireless

### SBA 7a Community Advantage Loan Program

LiftFund transforms lives by opening doors, leveling the financial playing field through entrepreneurship and building a community of shared success. We provide capital, tools and resources to entrepreneurs who do not have access to loans from commercial sources.

Since 2011, LiftFund is proud to partner with the U.S. Small Business Administration to support small business owners with the 7a Community Advantage Loan program. Through this program, underserved small business owners are able to access loans up to \$250,000 to start or grow their businesses.



Shelenia and her husband, Rico, used to dream of making a better future for their family — especially their son, Cory, whose disability prevented him from working a meaningful job. The couple, who are proud U.S. Air Force veterans, decided to open a doughnut shop, a business that would allow their son to work beyond what they ever dreamed and creating economic opportunity for the family.

As a startup, the Nelsons were unable to secure funding to open their business and were referred to LiftFund. With support from LiftFund and backing of the SBA, the Nelsons received a Community Advantage loan, which they used for kitchen equipment and building out the cafe.

Today, the Nelson family has expanded their shop to offer over 40 doughnut varieties and Southern dishes, and expect to continue empowering individuals in their community. “If it wasn’t for LiftFund, we wouldn’t be where we are now,” Shelenia said. “We are here to change lives and grow.”

# Historical SBA 7a CA Lending & Impact (2011-2018)

<b>Total Loan Amount</b>	<b>\$33.5 million</b>
<b>Number of Loans</b>	<b>262</b>
<b>Average Loan Size</b>	<b>\$127,700</b>
<b>Number of Jobs Created</b>	<b>1,253</b>

**97%** repayment rate over the last 5 years

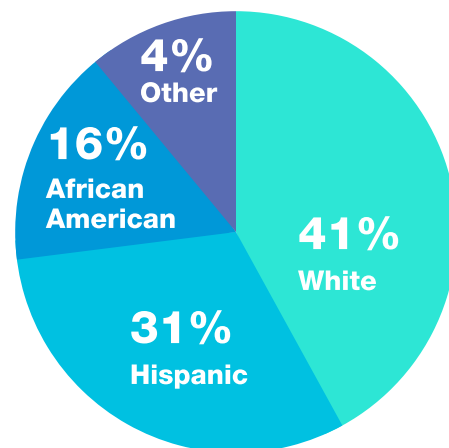
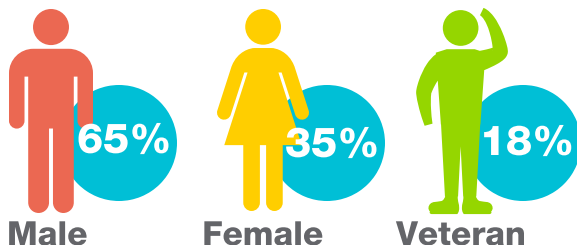
## 2018 SBA 7a Lending & Impact

<b>Total Loan Amount</b>	<b>\$8 million</b>
<b>Number of Loans</b>	<b>65</b>
<b>Average Loan Size</b>	<b>\$123,700</b>
<b>Number of Jobs Created</b>	<b>262</b>

**10%** rural businesses

**48%** LMI business owners

### Client Profile



### Contact Us

Call: 888.215.2373

Email: [info@LiftFund.com](mailto:info@LiftFund.com)

Visit: [www.LiftFund.com](http://www.LiftFund.com)



**LiftFund**

DREAM IT. FUND IT.

## Mission Statement

The mission of LiftFund is to provide credit and services to small businesses and entrepreneurs who do not have access to loans from commercial sources and to provide leadership and innovation to the microlending industry.

### Financial Profile

Total Number of Loans: 21,038  
Total Dollars Disbursed: \$307,423\*\*  
Active Portfolio: \$47,336,489  
Total Loans Under Management: \$64,024,051 \*  
Average Loan Balance: \$18,651  
Loan Range: \$500 - \$1 million (Up to \$5.5 million in TX and NM through the SBA 504 program)

\*Includes LiftFund and Servicing Portfolio as of December 31, 2018

### Organizational Profile

Number of Offices: 10  
Number of Employees: 100  
Number of Active Clients: 2626\*

President & CEO: Janie Barrera

\*Includes LiftFund & Servicing Portfolio



### History

LiftFund is a nonprofit, multi-state small business lender based in San Antonio that helps new and existing entrepreneurs successfully grow their businesses. We began lending in San Antonio in 1994 and later developed and implemented an innovative "blueprint" for establishing microlending and small business programs in new areas. We now lend in thirteen states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee and Texas. In 2007, we began providing underwriting and loan services to other lending institutions nationwide through our Microloan Management Services®.

### Client Profile

- LiftFund lends to a variety of small businesses across diverse industries in our service area. Most clients use loans for working capital or equipment purchases. Many of our clients have received more than one loan from us.
- More than 55% percent of clients identify themselves as Hispanic, 23% as African-American and 17% as White. Women comprise 38% of borrowers. In 2018, 65% of our borrowers were classified with low-to-moderate income levels. LiftFund continuously remains at a 95% repayment success rate.
- In the first quarter of 2019, LiftFund provided 1,210 technical assistance hours to borrowers and non-borrowers who utilized our services. In 2018, LiftFund borrowers and non-borrowers received over 5,351 technical assistance hours.

### Economic Impact

- In the first quarter of 2019, our borrowers created 506 jobs and retained 487. In 2018, our small business owners created 2,414 jobs and retained 3,287 jobs.
- A study analyzing LiftFund loans in Texas from 2010-2016 reports that the \$127.7 million disbursed in small business loans during that time resulted in \$1.8 billion in total output.
- The study also reports that over the seven years, these small businesses created 13,614 new jobs which generated \$656.1 million in income.
- Every dollar loaned to small businesses produced \$13.91 in economic activity.
- In 2018, LiftFund received its ninth consecutive designation as a four-star nonprofit organization by Charity Navigator – America's premier charity evaluator that rates organizations on such criteria as accountability, transparency and financial reporting.

\*\*The financial information is unaudited

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Updated 4/1/2019  
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Twitter: @LiftFundUS

**Historical Loan Production and Socio Economic Data**  
Cumulative Statewide Program Impact to Date

<b>LiftFund Site</b>	<b>Total Loans</b>	<b>Total Amount Disbursed</b>
Alabama ( <i>established 2012</i> )	260	\$3,407,119
Alexandria ( <i>established 2009</i> )	83	\$1,403,648
Arkansas ( <i>established 2011</i> )	113	\$1,767,667
Austin ( <i>established 1999</i> )	1,103	\$16,662,103
Baton Rouge ( <i>established 2010</i> )	227	\$2,886,885
Corpus Christi ( <i>established 2004</i> )	950	\$15,402,867
Dallas ( <i>established 1999</i> )	2,730	\$38,849,284
El Paso ( <i>established 1996</i> )	2,780	\$38,143,125
Florida	31	\$1,277,418
Fort Worth/Arlington	358	\$5,959,596
Georgia	80	\$1,536,858
Houston ( <i>established 1998</i> )	2,919	\$52,705,018
Kentucky	12	\$179,310
Laredo ( <i>established 2005</i> )	776	\$12,145,612
Mississippi	58	\$730,540
Missouri ( <i>established 2011</i> )	29	\$566,722
New Mexico ( <i>established 2015</i> )	11	\$175,095
New Orleans ( <i>established 2009</i> )	612	\$8,285,520
Oklahoma	7	\$359,777
San Antonio ( <i>established 1994</i> )	4,539	\$64,079,031
McAllen ( <i>established 1998</i> )	2,065	\$25,722,494
Brownsville/Harlingen, ( <i>established 1998</i> )	1,029	\$11,170,854
Shreveport ( <i>established 2010</i> )	99	\$1,616,041
Tennessee ( <i>established 2012</i> )	167	\$2,390,235
<b>Total as of March 31, 2018</b>	<b>21,038</b>	<b>\$307,422,820 **</b>

**Cumulative Client Ethnicity & Gender**

<b>LiftFund Site</b>	<b>African American</b>	<b>Hispanic</b>	<b>White</b>	<b>Other</b>	<b>Male</b>	<b>Female</b>
Alabama	63%	5%	29%	3%	53%	47%
Alexandria	57%	4%	39%	0%	46%	54%
Arkansas	70%	4%	23%	4%	65%	35%
Arlington	27%	35%	38%	0%	65%	35%
Austin	17%	37%	41%	5%	63%	37%
Baton Rouge	74%	2%	21%	3%	52%	48%
Brownsville/Harlingen	0.2%	95%	3%	1.8%	65%	35%
Corpus Christi	4%	65%	26%	5%	54%	46%
Dallas	25%	50%	19%	7%	59%	41%
El Paso	3%	91%	5%	1%	68%	32%
Florida	19%	32%	42%	6%	71%	29%
Fort Worth	37%	36%	23%	3%	64%	36%
Georgia	81%	5%	11%	3%	51%	49%
Houston	44%	28%	20%	8%	59%	41%
Kentucky	8%	8%	83%	0%	67%	33%
Laredo	0%	96%	2%	2%	69%	31%
McAllen	1%	94%	3%	2%	73%	27%
Mississippi	73%	7%	20%	0%	54%	46%
Missouri	37%	4%	52%	7%	59%	41%
New Mexico	0%	91%	9%	0%	73%	27%
New Orleans	53%	22%	21%	4%	58%	42%
Oklahoma	43%	0%	57%	0%	86%	14%
San Antonio	13%	63%	20%	3%	63%	37%
Shreveport	77%	3%	16%	4%	60%	40%
Tennessee	62%	7%	29%	2%	55%	45%
<b>Total Across LiftFund</b>	<b>23%</b>	<b>56%</b>	<b>17%</b>	<b>4%</b>	<b>62%</b>	<b>38%</b>

\*\*The financial information is unaudited

Updated 4/1/2019

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Twitter: @LiftFundUS



**PRESS RELEASE**  
**FOR IMMEDIATE RELEASE**  
February 20, 2019

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## **LiftFund Hits Major Milestone in Community Lending & Celebrates its 25<sup>th</sup> Anniversary**

*LiftFund breaks \$300 million in small business loans as it celebrates its 25<sup>th</sup> anniversary*

**San Antonio** — As LiftFund gears up to celebrate its 25th Anniversary, it also reached a major milestone in micro and small business lending by providing over \$300 million to over 20,000 small businesses.

The organization will have a tribute luncheon on Tuesday, March 5th, at 11:00 am at the Tobin Center for the Performing Arts.

In 1994, LiftFund was founded as Accion Texas with a focus in microlending; as the economy and small business evolved, the organization rebranded itself as LiftFund in 2015 to be inclusive and sensitive to its expanded client base.

The luncheon will honor how LiftFund, a community development financial institution (CDFI), works with banks to close the financial and economic gap of budding and diverse entrepreneurs. The event will also recognize Janie Barrera, the founding President and CEO for her contributions over the last 25 years.

Since inception, the organization under her leadership has provided over \$300 million in business loans to over 20,000 small businesses across its thirteen state footprint. LiftFund's portfolio is diverse, 56% are Hispanic entrepreneurs, 23% are black business owners, 38% women-owned businesses and 9% are veterans.

A study conducted by the SABER Institute, led by Steve Nivin, PHD, found for every dollar LiftFund lends, small business owners generate \$14 in positive economic growth.

"In 1994, LiftFund started with a small team of three and a big mission, to level the financial playing field in entrepreneurship. Twenty five years later, we are proud to have built a community that champions entrepreneurship and propels small business dreams that contribute to the economic prosperity of our communities," says Janie Barrera, President & CEO LiftFund.



LiftFund is more than a business lender; the organization was founded to invest in people that are often left outside of the financial mainstream by providing guidance and consultation with capital. With ongoing support, entrepreneurs are provided with mentorship, financial guidance and business education to guide them in their business lifecycle. Most of LiftFund's clients (67%) have been in business less than 5 years and 32% are startups with less than 1 year in business.

"Liftfund gave me the opportunity to make my dream a reality. They helped me with the funds to close on my first brick and mortar and also equipped me to be a better leader and hire my first employee through their amazing Women's Business Accelerator program, thank you Liftfund," says Marcela Freeman, Creator & Founder of Burn It In 30.

For more information on LiftFund and client testimonials visit <https://sanantonio.liftfund.com/>.

### **About LiftFund**

Established in 1994 in San Antonio, LiftFund is a financial and business-support service organization that helps entrepreneurs strengthen their businesses, stabilize and increase their incomes, create employment and contribute to the economic revitalization of their communities. LiftFund has the nation's largest microlender portfolio and is committed to providing capital to entrepreneurs who do not have access to loans from commercial sources. Since its inception, LiftFund has made nearly 21,000 loans totaling more than \$300 million. LiftFund operates in 13 states – Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee and Texas. Stay connected by following us on Facebook and Instagram.



## Small Business Success Story: Jackson Wireless

**Owner Name:** Anamia Martinez Ortiz

**Community:** McAllen, Texas

**Loans:** \$25,000 microloan for working capital | \$50,000 microloan for inventory  
\$85,000 SBA 7a loan to sustain growth, hire more employees and expand



Anamia used to dream about being her own boss, setting her own hours, and doing things as she chose. She achieved her dream and opened her own business two years ago after managing several cell phone retail locations. “As a first time business owner, no one would give us a chance until we found LiftFund,” said Anamia. “LiftFund has been there for us when we most had a need for capital, and through the City of McAllen Buy Down program we received capital at a zero interest.” She received one loan to start the business and a second to obtain inventory. As her business continued to grow, LiftFund was there to help Anamia sustain her business growth through an SBA 7a Community Advantage loan to hire additional employees, purchase inventory and expand the business. Today, Anamia has grown Jackson wireless to over 10 locations throughout the Rio Grande Valley.