



MINNESOTA

CDFI COALITION

Twin Cities
**Builds
Credit**

Minnesota CDFI Coalition Conference





Presented by

Minnesota CDFI Coalition Conference



Neighborhood Development Alliance, Inc.

NeDA empowers families and strengthens communities through affordable housing, homeownership, and financial wellness —paving the way to long-term prosperity.



María Steffel
Executive Director





MINNESOTA

CDFI COALITION

If you could go back in time, what financial advice would you give your younger self?

Minnesota CDFI Coalition Conference



Agenda

- Intros
- Why we are here?
- The challenge
- Cost vs. Value
- Our Solutions
- Ecosystem
- Your Role in this Work
- Co-Design
- Join the Network





1989

○ Founded

1990

○ Pioneer Transformation of abandoned lots and vacant properties into homes

1995

○ Home Buyer Education in Spanish

2000

○ Rehabilitated apartments and housing units

2008

○ Partnered with Lutheran Social Service
Financial Literacy in Spanish

2010

○ Grounds secured for two of our
Developments

2018

○ Became a Community Development
Financial Institution (CDFI)

Today

○ Latino-led



Why we are here?



Create. Build. Expand.

- Create pathways to financial opportunities
- Build assets and wealth for low-income households
- Expand community impact in Minnesota



The Challenge...

1 in 5 Minnesotans are credit invisible. Locking them out of mainstream financial products before they ever apply.

This challenge disproportionately affects communities of color and first-time borrowers.



Cost vs. Value



- Limited access to financial products
- Higher fees and interest rates
- Barriers to housing and opportunity



- Access to financial products
- Lower fees and favorable interest rates
- More affordable borrowing options

Without access to credit, families pay more, settle for less, and face greater barriers to prosperity.



Small Loans. Big Impact.

Affordable, accessible, risk-free lending

 \$120	 \$10	 12 months	 0%	 3
LOAN AMOUNT	MONTHLY PAYMENT	LOAN TERM	INTEREST RATE	CREDIT BUREAUS
A small loan to help clients get started	Borrower- Friendly Repayment Options	Consistent payments	No interest. No hidden fees. No risk.	Experian. Equifax. TransUnion.

Also available: \$240 Loan, \$10/month for 24 months
500+ loans originated
\$80K loans totaling



Exodus Lending works with Minnesotans to advance economic justice through consumer lending, community organizing, and advocacy.



Anne Leland
Executive Director (she/her)

Exodus Lending Loan Products

Predatory Debt Refinancing Loan

- Eligibility: Any MN resident with a “loan” with APR greater than 36%
- Loan amount: up to \$2,500
- Underwriting: 4 – 8% PTI (net)
- Loan term: 12 – 36 months
- Interest rate: 0%

Resiliency Loan

- Eligibility: Must be a MN resident referred by a participating community partner
- Loan amount: up to \$1,200
- Underwriting: 4 – 8% PTI + 50% DTI
- Loan term: 6 – 24 months
- Interest rate: 0%

Predatory Debt Refinancing Loan

ELIGIBILITY

ANY MN
RESIDENT WITH
A “LOAN” WITH
APR GREATER
THAN 36%

LOAN AMOUNT

 up to
\$2,500

LOAN TERM

 12-36
months

UNDERWRITING

4 – 8%
PTI (NET)

INTEREST RATE

 0%



Types of predatory loans to look out for



Rent-a-Bank Lending – Uses out-of-state banks to bypass state rate caps.

❓ **Tribal Lending** – Operates under tribal partnerships to avoid certain state regulations.



Pawn Loans – Secured by personal property held as collateral.



Auto Title Loans – Uses vehicle titles as collateral; risk of repossession.



Early Wage Access Apps – Cash advances with fees, tips, or subscriptions.



Payday Loans – Short-term, high-cost loans due on the next payday (*illegal in MN*).



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LENDING

Credit building through loan servicing

- **Loan repayment methods** Debit card, ACH, money order, cash flow needs
- **Incentives** to reward on-time repayment & financial counseling
- **Communications** Servicing team introductions and timely payment reminders.
- **Credit reporting** that gives grace to make a payment (e.g. 30 days)
- **Loan Modifications**
 - Adjust your payments temporarily, reducing the amount due or deferring payment up to three months.
 - Modify your loan terms permanently with a lower monthly payment and an extended repayment timeline.
 - Internal refinance to close the delinquent loan and roll the balance into a new “fresh start” loan.



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Build Wealth MN: Family Stabilization Plan

A comprehensive social-financial capability and economic mobility model designed to help individuals and families create a plan:

- Maximize Social Wealth
- Accumulate assets.
- Manage their wealth.
- Protect their wealth.
- Pass down their wealth.



Jeffery Robinson
Build Wealth MN
Senior Program Director



THE FAMILY STABILIZATION PLAN (FSP)

- Financial Stabilization Plan Online Curriculum
 - Self-paced social-financial capability training centered around growing wealth through relationships.
- Group Coaching
 - Activated at targeted stages of your progress to help participants **take action now** towards reaching their goals.
- Holistic approach to help you understand financial matters.
- Measuring the effects past behaviors have caused.
- Understanding where your family is culturally in the scheme of things.
- Preparing families to focus on future generations.



FINANCIALLY CAPABLE CLIENTS MULTIPLIER

CDFI

- **Credit Enhancement**
 - Increase pool of credit-worthy applicants.
- **Risk Mitigation**
 - Lower credit default rates increases loan pool value.
- **Attracts New Buyers.**
 - High value loan pools increase secondary market buyers.
- **Greater Lending Capacity**
 - Committed Secondary Market Partner(s) increases CDFI capacity to lend more and create better financial products to meet the credit needs of the community.



Ecosystem

Government

Policy, funding, and inclusion programs that set the foundation

Community

Build habits, engage with programs, and drive their own progress



Nonprofits

Education, coaching, and on-the-ground access support

Lenders

Responsible credit products and consistent bureau reporting

Realtors and Housing

Rent reporting and connecting residents to resources



YOUR ROLE IN THIS WORK

1

Identify and Engage

Spot clients who could benefit from credit-building support.

2

Start the Conversation

Normalize discussions about credit and financial health during client interactions.

3

Educate and Empower

Help clients understand how credit works and the steps they can take to build or improve it

4

Connect to Resources

Refer clients to trusted partners, programs, and safe financial products.

5

Reinforce Progress

Celebrate consistency, on-time payments, and other positive financial habits.



CO-DESIGN



- **Website:** Create a centralized website featuring trusted network partners, services, and credit building resources
- **Opportunities for Collaboration:** Build warm referral pathways to connect clients to trusted credit-building products and services
- **Short-term goals:** Develop simple, client-friendly credit education materials, tools, and conversation guides
- **Long-term growth:** Build a sustainable, network-wide credit-building infrastructure that empowers clients and support partners over time
- **Risk mitigation:** Implement strategies that reduces financial risk, expand access to affordable financial products, and achieve long-term financial stability.





JOIN THE NETWORK



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TOGETHER, WE CAN EXPAND ACCESS AND MAKE A LASTING DIFFERENCE IN OUR COMMUNITIES.

