

FIRST NATIONS DEVELOPMENT INSTITUTE

Educating Grassroots Practitioners – Advocating Systemic Change – Capitalizing Native Communities

DEVELOPMENT IN NATIVE COMMUNITIES

Native American Community Development Financial Institutions

C D F I

An Evaluation Report to the
FB Heron Foundation of
First Nations Development Institute's
Grantmaking to New and Emerging CDFIs
LITTLE EAGLE STAFF FUND

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NATIVE ASSETS RESEARCH CENTER
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COMMUNITIES

I. Introduction

This report is an addendum to our previous report to the F. B. Heron Foundation, and provides additional information on five Native CDFIs recently funded by First Nations through their Little Eagle Staff Fund. Through the Little Eagle Staff Fund, with the generous support of the F.B. Heron Foundation, First Nations Development Institute has worked in concert with First Nations Oweesta Corporation to provide funding and technical assistance to new and emerging Native CDFI organizations. During fiscal year 2003-2004 the Little Eagle Staff Fund of First Nations funded 4 new CDFI organizations to provide start up grant capital, loan loss reserve funds and complementary technical assistance to new and emerging Native CDFIs to help them progress toward self-sufficiency. This report includes data on these four grantees, and also includes assessment and progress of the Heritage Capital Fund, which was a grantee from the first round of the initiative. The Heritage Capital Fund did not have data available for the last grantmaking evaluation report, so it is included in this report.

Since 2002, 11 Native CDFIs have been supported by the Little Eagle Staff Fund. This includes state-wide outreach efforts to 11 Native nations in nine states. The total number of grantees and some basic information about them is provided in Tables 1 & 2. First Nations Development Institute has funded organizations at differing levels of development and type. Throughout the grantmaking process, First Nations has collected a range of data from grantees in order to track change from a baseline of activity. We collected data in required baseline reports, progress reports, and final reports completed by the grantee. We also conducted phone interviews with grantees (when available) at six months and at the end of their grant period. The data collected include information on organizational characteristics, loan portfolios, loan activities, and technical assistance and training activities. We also collected information on the communities being served, and the types of impacts the organizations are having in their communities. We have a complete dataset from all grantees for FY 2004. An overview of each organization can be found in Appendix B.

The goal of this evaluation report is to provide information about the progress made by each grantee during the grant period, and to document both successes and areas for improvement. This evaluation report will also document promising practices and lessons learned to better inform our work with future Native communities to demonstrate the challenges of Native CDFIs in approaching complex social and community financial development. Most importantly, this report will attempt to provide information on the community impact of each of these grants, and will provide illustrations of the ways in which the grantees have made a difference in their local communities from the grantee perspective, by providing access to credit and other financial services in low-income Native American communities.

II. Native Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. CDFIs can provide a wide range of financial products and services, including mortgage financing for first-time homebuyers, commercial loans and investments to start or expand small businesses, and financial services needed by low-income households and local businesses. In addition, these institutions provide services that help ensure that credit is used effectively, such as providing technical assistance to small businesses and financial education and credit counseling to consumers. CDFIs include community development banks, credit unions, loan funds, and microenterprise loan funds.¹

First Nations' work in Native communities over the last 25 years has documented that lack of access to and lack of control of financial capital in reservation economies is a critical factor hindering economic development in Native communities. Native American communities, which suffer from a chronic lack of access to capital due to geographic isolation, historical discrimination and redlining by mainstream financial institutions, and a lack of locally owned and operated financial institutions, can benefit greatly from CDFI-like organizations. The development of such organizations reflects the need for tribes and Native communities to develop their own institutions (whether local or regional) and build their own capacity to manage and direct their financial assets in a way that supports local asset-based development. In the last 30 years, tribes have moved toward great self-determination and self-governance after a century of outside domination and control by the federal government. Economies that were once centrally planned and primarily controlled by the federal government sector are now moving toward a more mixed economy, with the development of private and nonprofit sectors. To support the development of these emerging economies, various types of capital financing are required. More and more reservation communities are developing local financial institutions guided by the CDFI model, and are working to find locally defined solutions to local problems. The goal of the F.B. Heron Foundation-funded Little Eagle Staff Fund Native CDFI initiative is to help these Native communities develop local financial institutions and find locally defined solutions to local problems.

As of April 2004, there were 48 certified Native American-owned and managed CDFIs across the nation, up from two just five years ago. Of the Native CDFIs there were 36 in 2002, 44 in 2003, and 48 in 2004. There are many more new and emerging organizations that have applied for funding from the U. S. Department of the Treasury's CDFI Fund over the past few years.² In 2004 the CDFI Fund for the first time offered Native specific

¹ Nationwide, there are over 800 CDFI-like organizations, and the U.S. Treasury as of April 30, 2003 certified 678 of them. Certification by the U.S. Treasury is an advantage because it allows these CDFIs to receive directed technical assistance and funding from the U.S. Department of Treasury CDFI Fund. However, a CDFI does not have to be certified to provide services in a local community.

² The CDFI Fund was authorized by the Riegle Community Development and Regulatory Improvement Act of 1994, as a bipartisan initiative. The CDFI Fund was created to expand the availability of credit,

funding to assist “sponsoring entities” to start a Native CDFI; funds were also available to support emerging and certified Native CDFIs. The CDFI Fund of the Department of Treasury 2004 round of awardees hosted 41 recipients of Native American-targeted grants through the Native American Initiative of the Department of Treasury.³ Awards were dispersed throughout 19 states and totaled \$6,713,983 in funding which was only a portion of the \$23.5 million requested by organizations⁴.

After many years of work in Native community development, First Nations Oweesta Corporation has given consideration to the varied compositions of community development financial institutions and community ‘like’ financial institutions that are serving Native populations across the country. The CDFI paradigm gave cause for Oweesta to view the contingency of CDFIs serving surrounding Native communities and corporations that establish subsidiaries to manage administrative financial lending operations. In 2004, a CDFI definition reference was adopted by Oweesta’s Board of Directors to further articulate what constitutes a Native CDFI according to the CDFI Fund of the Department of Treasury and First Nations Little Eagle Staff Fund CDFI initiative. See Appendix E for the Oweesta Native Financial Institution Definitions currently used by Oweesta to designate target financial institutions.

investment capital, and financial services in distressed urban and rural communities, and provides financial resources for new and emerging CDFI programs to develop their lending portfolio and technical assistance programs.

³ The CDFI Fund has several grant programs targeted toward Native Americans. These programs are Native American Technical Assistance (NATA) and a new program titled Native American Community Development (NACD) that provides technical assistance funding to organizations that are emerging and seek to begin a CDFI in the Native community.

⁴ CDFI Fund. 2004. CDFI Fund Highlights of the FY 2004 Native Initiatives. Press Release. www.cdfifund.gov.

Table 1: Organizations Funded by Little Eagle Staff Fund

FY 2003-2004			
Organization	Type of Organization	Grant Date	Amount Funded
Citizen Potowatomi Community Development Corporation	Community development loan fund	7/29/2004	\$30,000
Ho-Chunk Community Development Corporation	Community development loan fund	6/30/2004	\$37,200
Lumbee Revitalization & Community Development Corporation	Community development loan fund	10/22/2003	\$15,500
Oglala Sioux Tribe Partnership for Housing Inc.	Community housing development mortgage loan fund	4/25/2003	\$20,000
TOTAL YEAR FUNDING			\$102,700
FY 2002			
American Indian Chamber of Commerce	Statewide American Indian chamber of commerce	7/26/02	\$15,000
Four Bands Community Fund	Community development loan fund	1/31/02	\$15,000
Four Directions Community Fund	Community development loan fund	3/28/02	\$15,000
Heritage Capital Fund	Community development loan fund	1/8/03	\$15,000
Lac Courte Oreilles Federal Credit Union	Community development credit union	3/28/02	\$14,694
Valley Credit Association	Member owned credit association	1/31/02	\$12,000
Wind River Development Fund	Community development loan fund	2/27/02	\$15,000
TOTAL YEAR FUNDING			\$101,694
TOTAL NATIVE CDFI FUNDING			\$204,394

Table 2: Communities Served by LESF-Funded Organizations

Organization	State	Community served
Current Grantees		
Citizen Potowatomi Community Development Corporation	OK	Members of Oklahoma tribes statewide and tribal members who live out of state.
Ho-Chunk Community Development Corporation	NE	Native American population of Thurston County in Nebraska and Native American communities throughout the state.
Lumbee Revitalization & Community Development Corporation	NC	Native Americans residing in Cumberland, Hoke, Scotland, and Robeson Counties in North Carolina.
Oglala Sioux Tribe Partnership for Housing Inc.	SD	Residents of the Pine Ridge Reservation, South Dakota
Past Grantees		
American Indian Chamber of Commerce	WI	The Native American population in the state of Wisconsin.
Four Bands Community Fund	SD	Residents of the Cheyenne River Reservation. The Cheyenne River Indian Reservation is home to four of the seven bands of the Tetonwan (Dwellers on the Prairie) Lakota Nation.
Four Directions Community Fund	ME	Native American population in Maine, including members of the Micmac, Maliseet, Passamaquoddy, and Penobscot tribes.
Heritage Capital Fund	MT	The community on and near the Fort Peck Indian Reservation (including members of the Assiniboine and Sioux tribes).
Lac Courte Oreilles Federal Credit Union	WI	Residents of the Lac Courte Oreilles reservation (including members of the Ojibwe tribe).
Valley Credit Association	NV	Residents of the Duck Valley reservation (including members of the Duck Valley Shoshone-Paiute tribe).
Wind River Development Fund	WY	Residents of the Wind River Indian Reservation (including members of the Eastern Shoshone tribe).

III. A Snapshot View: Grantee Progress

In order to conceptually organize the data collected from our grantees to measure organizational change and development, First Nations has identified five phases a Native CDFI must complete before it has achieved organizational self-sufficiency. Table 3 provides an illustration of this conceptual model of the steps a new and emerging CDFI must go through to become fully functional and self-sufficient.

As can be seen in Table 3, in **Phase I**, the CDFI is in the “Start-Up” phase. Community members come together to get approval from the community (including in some cases the tribal government), conduct market research, and if they decide to move ahead, develop the articles of incorporation and bylaws. A mission statement should also be developed, start up funding should be secured, and key staff should be hired. In the current round of

grantees three had accomplished all or most of the steps in Phase I by the start of the grant period.

In **Phase II**, the organization is “Emerging” and works to gain 501(c)(3) status and begins to formulate its operating policies, including its personnel policies and its loan policies. At this phase training may be required for staff to help them develop the capacity to make loans effectively. The organization should also design and successfully implement a fundraising strategy, and begin to bring additional revenue to the organization to support staff salaries and capitalize the loan fund. In addition, the organization should begin to plan technical assistance activities, and may begin to develop an investment strategy for any revenue they may generate. Outreach into the community should be conducted to develop an interest and a market for the organization’s financial products.

Phase III is a significant jump forward for the emerging CDFI. In the “Growth” phase, the organization staff has reached the point where they can make their first loan, and they begin to implement their technical assistance and training programs. At the same time, the organization needs to have funding secured, but also must continue to successfully implement the fundraising strategy to attract more funds to the organization. This phase is both a giant leap forward for the organization, but is also a learning phase. Additional training may be required for staff as they consider lending options. Usually an organization spends a long time at Phase III, and generates many lessons learned about fundraising, capitalization of the loan fund, and developing loan policies, among other things, at this point in its development.

Phase IV is achieved when the organization has reached a level of professionalism that can only come from years of experience and learning. An organization that has reached the “Established” phase usually has a few years of experience providing loans, and has reviewed their loan policy and technical assistance policies and made any necessary adjustments. An organization in Phase IV generally has a good revenue stream and has funds to capitalize their loan pool, but it is also looking into other revenue generation activities as well, including new loan products and other financial products. Typically, an organization in Phase IV is ready to apply for certification from the CDFI Fund at the U.S. Department of the Treasury. As mentioned above, while certification is not necessary to function as a CDFI, certification is an advantage because it allows these CDFIs to receive directed technical assistance and more funding from the CDFI Fund. While reaching Phase IV is an accomplishment for any organization, many organizations still need a great deal of support and technical assistance at this phase, and still benefit from both education and training.

Finally, **Phase V** is accomplished when the organization has reached “Maturity” and has developed additional revenue streams, has a sizeable and stable loan portfolio, and is generating enough revenue to be self-sufficient. An organization only reaches this point when it has been in operation for some time, has successfully analyzed its market and developed products to effectively serve that market, and is guided by an effective business strategy that supports adequate revenue generation. There may still be

dependence upon grants and loans, but it is important for the CDFI to make the best use of these grants and loans to support its operation. The goal is for all Native CDFIs to reach this point. It is challenging for many Native CDFIs to reach this point partially because of their location in low population density, rural locations, and partially because they service a niche market with a low profit margin. Many of the grantees face similar barriers and set backs along their path towards self-sufficiency. The work conducted by the Native CDFIs reflects the resilient cadre of organizations who despite minimal resources in distressed Native communities overcome situations to continue their progress with support from the initiative.














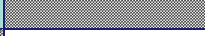






Table 3: Phases of Native CDFI Development

Phase	Activities
Phase I Start-up	<ul style="list-style-type: none"> • Conduct a community needs assessment/market research • Form an advisory committee with community members and key institutions represented • Create a board of directors • Develop articles of incorporation/charter • Develop bylaws • Develop mission statement • Identify initial funding • Hire staff
Phase II Emerging	<ul style="list-style-type: none"> • Receive 501(c)(3) status • Develop lending/financing policies • Identify loan committee • Provide training for board of directors, loan committee (training on underwriting, how to process loans, investment, and financial literacy) and other committees • Develop personnel policies and procedures • Design initial technical assistance and training program • Write a CDFI Fund TA grant (or something comparable) • Design and successfully implement fundraising strategy and receive initial funding • Conduct outreach in community • Conduct thorough market analysis
Phase III Growth	<ul style="list-style-type: none"> • Complete nonprofit business plan • Begin making loans • Begin implementing technical assistance and training program • Continue to successfully implement fundraising strategy and secure additional funding for operations and loan capitalization • Put a loan/portfolio tracking system of some sophistication in place • Provide additional training to staff as need arises (training on liens, for example)
Phase IV Established	<ul style="list-style-type: none"> • Get certified from CDFI Fund • Review loan policy and make necessary adjustments (possibly offer new loan products) • Explore other financial products and services • Review technical assistance and training plan and make necessary adjustments • Review investment strategy and make any necessary adjustments • Explore other revenue generation activities
Phase V Maturity	<ul style="list-style-type: none"> • Fully developed additional revenue streams • Lending pool has reached critical momentum • Loan portfolio is stabilized and consistently monitored • Generate enough financial resources to become financially self-sufficient.

Table 3 provides a general heuristic for understanding the phases a Native CDFI goes through as it moves towards being an effective, self-sufficient organization. The CDFI moves through the Phases throughout its progress towards stability, one step links to the next, though not always in a smooth or simple process. In the case of Lumbee Revitalization Community Development Corporation, they concentrated their efforts in applying for and meeting operating entity criteria but were denied CDFI certification in their initial application. The Lumbee Corporation since has continued through the phases having almost completed all steps through Phase IV and part of Phase V. Ho-Chunk Community Development Corporation obtained funds to offer micro-enterprise loans, however, no loans could be offered due to the overwhelming and underestimated need for basic financial literacy education in the Ho-Chunk community. While challenges occurred, the step-by-step process involved has equipped the CDFIs to assess problem areas without losing stability in other areas. Most organizations progress along this continuum, and their activities and accomplishments over the last year can be graphed according to this table. All the organizations we funded had already developed articles of incorporation, secured start-up funds, created a board of directors, hired staff, and were starting to do work in the community. Our goal was to help these organizations move along the continuum towards becoming effective, self-sufficient organizations. A summary table of the grantees activities at baseline and activities accomplished during the reporting period can be found below in Table 4.

Table 4

 Grantee Status at Beginning of Funding Period  Grantee Status at End of Funding Period

	Citizen Potawatomi Community Development Corporation	Ho-Chunk Community Development Corporation	Lumbee Revitalization & Community Development Corporation	Oglala Sioux Tribe Partnership for Housing Inc.
Phase I				
Phase II				
Phase III				
Phase IV				
Phase V				

In Table 4 progress is shown across the grantees making headway towards outgrowth in partnering with local education/training and financial agencies to create further accessible services. Detailed activities were recorded on the progress of each grantee and are provided in Table 5. For two of the CDFIs, hiring staff was a top priority and key to obtaining administrative and grant writing support. Operations within a couple of the CDFIs were also changed through increased Board membership and a review committee that was assembled for policy and procedure quality control. Other programs wrote and revised policies to expand loan portfolios, and implement formal financial education courses. The Ho-Chunk Community Development Corporation hired a grant writer to research external loan fund opportunities with national foundations and in the same sense the Lumbee Revitalization Community Development Corporation used funds to partially support a loan officer position. There, the loan officer assessed financial assistance

resources that were being offered for home loan construction and matched the resource to the needs and in turn worked with the larger Lumbee organization to link construction with the financial administration services. The Oglala Sioux Tribal Partnership for Housing Inc. lost one board member and elected two more local community members that were experienced financial professionals. The Lumbee Revitalization Community Development Corporation was diligent in finding experts for their loan review committee, which now consists of bank representatives, an accountant, and a local business owner. As well, they developed a small business course curriculum based on needs associated with the market research analysis findings. The Citizen Potawatomi Community Development Corporation referred clients through a nurtured relationship to the Gordon Cooper Technology Center to attend formalized training courses called the Native American Business Development Workshop series. A more detailed analysis of the progress made by each of these grantees can be found in Appendix A.

The biggest challenges reported by Little Eagle Staff Fund grantees were similar to the challenges from the first round of CDFI grantees. Raising funds to capitalize their loan pool to meet the demand was a challenge for all CDFIs with exception of the Citizen Potawatomi that was successful in receiving essential loan capital funding. Another similarity to last round of grantees was related to basic financial literacy and eligibility among the community clientele. Limited loan funding has restricted lending to only those clients and individuals who meet regulatory criteria based on non-local structures for assets, collateral, and credit. This constraint forces CDFIs to reduce the number of loans offered and grant fewer entrepreneurial and micro-enterprise opportunities. Ho-Chunk Community Development Corporation, Heritage Capital Fund, and Citizen Potawatomi revised their financial education components to meet the varied levels of knowledge of their customers. Realizing the drastic differences in customer knowledge and need for multiple levels in training, they redesigned the intake process to get more information from the client at the start of the loan process. Other activities included one-on-one TA to provide personalized engagement and a learning center approach that was integrated into the educational component for on the job training, and hands-on practical demonstration. Much of the funds raised throughout the grant period have been raised solely by the strategic prowess of project managers and staff, however complete security has not been achieved for some grantees. A total of \$3,832,397 has been raised for both operations and loan fund capitalization at the time of the evaluation, which means the initial investment of \$95,500 including Heritage Capital Fund, has leveraged \$3,736,897. An additional \$526,000 in funds has been applied for, and \$20,000 in-kind support has been procured (see Appendix C for leveraging charts for more details).

Table 5: Progress of Grantees over Grant Term

 Baseline conditions when grantee funded

 Progress accomplished during grant term

Phase	Activities	Citizen Potawatomi	Ho-Chunk	Lumbee Revitalization	Oglala Sioux
Phase I Start-up	Conduct a community needs assessment/market research				
	Form an advisory committee with community members and key institutions represented				
	Create a board of directors				
	Develop articles of incorporation/charter				
	Develop bylaws				
	Develop mission statement				
	Identify initial funding				
	Hire staff				
Phase II Emerging	Receive 501(c)(3) status	(Not going to do)			
	Identify loan committee				
	Provide training for board of directors, loan committee (training on underwriting, how to process loans, investment, and financial literacy) and other committees				
	Develop personnel policies and procedures				
	Design initial technical assistance and training program				
	Develop lending/financing policies				
	Write a CDFI Fund TA grant (or something comparable)				
	Design and successfully implement fundraising strategy and receive initial funding				
	Conduct outreach in community				
Conduct thorough market analysis					
Phase III Growth	Complete nonprofit business plan				
	Begin making loans				
	Begin implementing technical assistance and training program				
	Continue to successfully implement fundraising strategy				
	Put a loan/portfolio tracking system of some sophistication in place				
	Provide additional training to staff as need arises (training on liens, for example)				
	Get certified from CDFI Fund	(Prepared and applied)			
Phase IV Established	Review loan policy and make necessary adjustments (possibly offer new loan products)				
	Explore other financial products and services				
	Review technical assistance and training plan and make necessary adjustments				
	Review investment strategy and make any necessary adjustments				
	Explore other revenue generation activities				
	Fully developed additional revenue streams	(Trially centralized)			
Phase V Maturity	Lending pool has reached critical momentum				
	Loan portfolio is stabilized and consistently monitored				
	Generate enough financial resources to become financially self-sufficient.				

As mentioned above, not all organizations progress neatly along this continuum. However, it is possible to track progress toward self-sufficiency by mapping grantee activity over the last year. Most grantees show steady progress. The Citizen Potawatomi Community Development Corporation is in its mid-year point reporting period which began with many aspects of the CDFI lending and organizational structure in place. The chart does not reflect all the work being done towards financial literacy outreach and partnerships development with other Native and non-Native organizations. This kind of activity involves more community members to create a larger client pool. Most other organizations have made significant progress along the continuum over the last 12 months.

Table 6 provides a summary of which organizations have received certification and have raised funds from the CDFI Fund, and provides a summary of total funds raised (a more detailed discussion of grantee fundraising can be found in Appendix C).

Table 6: CDFI Status of Grantees and Funds Raised

Organization	Type of Organization	Received CDFI status?	Received funding from CDFI Fund?	Total Funds Raised?
Citizen Potawatomi Community Development Corporation	Community development loan fund	Yes. Received CDFI status September 2004.	Yes. NACTA \$45,000	\$45,000
Ho-Chunk Community Development Corporation	Community development loan fund	No.	Yes. CDFI Technical Assistance \$76,000	\$76,000
Lumbee Revitalization & Community Development Corporation	Community development loan fund	No. Applied Nov. 2004 and denied. Appeal in process.	No. Applied for CDFI Technical Assistance March 2005 and denied. Appeal in process.	\$0
Oglala Sioux Tribe Partnership for Housing Inc.	Community housing development mortgage loan fund	*Yes. Received CDFI status September 2004.	Yes. NACTA \$79,100.	\$79,100
**Heritage Capital Fund	Community development loan fund	Yes. Received CDFI status January 2003.	NATA \$62,000.	\$62,000
TOTAL FUNDS RAISED				\$262,100

**Oglala Sioux Tribe Partnership For Housing Inc. set-up a stand-alone affiliate, Mazaska Owecaso Otipi Financial, Inc., which was certified by the U.S. Treasury Dept. as a CDFI. See Grantee Snapshot Progress page 14.*

***Heritage Capital is added to the reporting here due to timing of final report that was not included in previous report.*

While it is clear that the majority of the Native CDFI-like organizations funded by the Little Eagle Staff Fund have made progress toward self-sufficiency and have experienced organizational growth, it is also important to document the community impact of the organizations over the past 6 and 12 months of the grant term. The next section provides an overview of the impact of the grants, and the impacts each organization has had in its respective community.

IV. The Impact of the Little Eagle Staff Fund Grantees in the Community

As mentioned above, the Little Eagle Staff Fund grantees represent four CDFI-like organizations in four states, five including Heritage Capital Fund. The Little Eagle Staff Fund grantees provide a range of products, including housing related loans, small business loans and microenterprise loans (see Table 7).

Table 7: Loan Products Provided by Little Eagle Staff Fund Grantees

Organization	Individual consumer loans	Housing loans	Small business loans	Micro-enterprise loans	Ranching or agricultural loans	Other
Citizen Potawatomi Community Development Corporation						Loan packaging assistance.
Ho-Chunk Community Development Corporation						
Lumbee Revitalization & Community Development Corporation						Rehabilitation housing loans.
Oglala Sioux Tribe Partnership for Housing Inc.						
*Heritage Capital Fund						

**Heritage Capital is added to the reporting here due to timing of final report that was not included in previous report.*

These Little Eagle Staff Fund grantees have provided a total of 32 loans totaling \$1,404,136 over the past 12 months, in many cases serving low-income, Native American, or female clients who may not have been able to access credit elsewhere. Loans were provided for home construction, home purchases and rehabilitation, microenterprise start-up, and small business start-up (see Table 8).

Table 8: All Loans Provided by Little Eagle Staff Fund Grantees in Last Year

Organization	# of Loans	Amount of Loans	What were loans used for?
Citizen Potawatomi Community Development Corporation	15	\$895,909	Microenterprise loans that assisted starting a statewide asphalt paving company, and helped to create 2 other businesses. Small Business loans were granted to 2 other new businesses.
Ho-Chunk Community Development Corporation	0	\$0	
Lumbee Revitalization & Community Development Corporation	2	\$20,000	All loans were for the rehabilitation of homes that were going to be resold.
Oglala Sioux Tribe Partnership for Housing Inc.	13	\$66,790	12 loans were for housing that were transferred from OSTPH and accepted as written. 1 housing loan was originated by the CDFI.
*Heritage Capital Fund	6	\$152,128	There were 2 short-term loans made to a Native owned business and corporation. 1 other loan was used for the purchase of a café/grocery business. 4 loans were dedicated to provide down payment assistance for the purchase of houses.
TOTAL	32	\$1,134,827	

**Heritage Capital is added to the reporting here due to timing of final report that was not included in previous report.*

Small Business and Microenterprise Loans

A total of 18 small business or microenterprise loans were granted by Little Eagle Staff Fund grantees over the last year, totaling \$1,044,037. Small businesses such as an asphalt paving business that has expanded services beyond its region and a café grocery store on the reservation have been supported among others (see Table 9). Although the Ho-Chunk Community Development Corporation has not given out small business loans, clients that have come into the office for TA to qualify for a small business loan included a food business, services related businesses such as providing transportation for elders and health care to remote individuals, and for arts and goods production. Many other loan applications for small businesses are pending (see Appendix B). In Oklahoma, Citizen Potawatomi Community Development Corporation received 9 loan applications and gave out 5 loans of which 3 Native owned businesses were created in the region. No defaults have occurred and no loans were declared non-recoverable by these businesses, a sign of effective loan follow-up and technical assistance. The Heritage Capital Fund approved and gave out 2 low interest short-term loans to local Native American owned corporations to pay off material costs to complete a contract that has supported further business in the area. The café and grocery store purchase created jobs and stopped the closing of the business. The CDFI established a \$147,800 economic investment in the business community and kept open the only café and rural grocery store in the area. Micro enterprise loans were made in Oklahoma with 19 applications received, resulting in 10 accepted for loan approval. Eight micro businesses were provided supplemental funding to increase business capacity and two new businesses were created. The Lumbee Revitalization & Community Development Corporation and Oglala Sioux Tribe Partnership for Housing Inc. do not offer small business or micro business loans.

**Table 9: Small Business/Micro Enterprise Loans Provided by Little Eagle Staff Fund
Grantees in Last Year**

Organization	Number of Small Business/Micro Enterprise Loans	Amount of Small Business/Micro Enterprise Loans	Examples of Businesses Supported
Citizen Potawatomi Community Development Corporation	10/5	\$792,903 / \$103,006	Micro enterprise loan that assisted in starting a statewide asphalt paving company. 2 had already started a business and 3 new businesses were started.
*Heritage Capital Fund	3	\$148,128	3 New businesses were started as a result of funding and 1 was used for the purchase of a café/grocery business with 2 others for operations.
TOTAL	18	\$1,044,037	

Increased Homeownership

The Little Eagle Staff Fund is also helping empower, prepare, and support interested homebuyers in grantee Native American communities. In three of the communities, homeownership has assisted in meeting critical housing needs for couples and families with down-payment costs and initial development costs to repair dilapidated homes. The Heritage Capital Fund gave out 2 down-payment assistance loans that resulted in the purchase of two homes, a permanent structure and mobile home. One loan has been paid in full since the start of the granting period in 2002 and another loan approved in 2003 to follow. A total of \$152,128 was granted in housing support for the Fort Peck Indian Reservation with pending applications to continue this progress. The Lumbee Revitalization Community Development Corporation has obtained funding through their parent Lumbee Regional Development Association (LRDA) from the Native American Housing Assistance and Self Determination Act (NAHASDA). This funding accounted for 2 of the housing projects which were pre-sold homes built by the Development Corporation. In turn the homeowners had the option to resell for further collateral and credit, a form of incentive that balances the outcomes for both the lender and customer. The Oglala Sioux Partnership for Housing (OSTPH) CDFI acquisitioned 13 transferred and written mortgage loans. OSTPH is the larger corporation of the CDFI, which transferred its loan portfolio at the start of the CDFI. These loans gave borrowers with credit problems a chance to acquire assistance that was not available to them under government and conventional credit standards. The mortgages resulted in the purchase of 13 new homes on the Pine Ridge reservation from 13 applications that were all approved through the vision of OSTPH CDFI, which states:

The lending philosophy of the CDFI is to provide buyers with a portal to homeownership and then with the skills to secure financing from a conventional source. The benefits of the community include increasing the number of home-owning families,

increasing the housing stock, increasing the rate of financial literacy and helping families create wealth.

Increased Access to Personal Credit

Access to credit in Native American communities presents barriers for financial institutions to qualify and substantiate loan recipient credit histories and financial assets. Lack of capital and alternative means of income make-up a limited economic base Native CDFIs deal with and ascribe local ways to evaluate clients to afford them a chance to change their financial futures. The Citizen Potawatomi Community Development Corporation has provided access to financial training through technical assistance designed and implemented by knowledgeable community representatives. This contributed to \$994,881 in credit made available to many of the financial training graduates. The Lumbee Corporation provided a housing loan to a client and the client with support has done well in the repayment. The approach that was taken to expand indirect opportunities for individual credit development through housing was successful by working with a construction company from the larger corporation and making available the finance for home construction. This helped families get into a home and build collateral for increased credit. 8 low-income clients and 5 clients with poor credit were able to receive support from the Heritage Capital Fund after having attempted to get financing from other conventional resources with no success.

Increasing Access to Capital

Many of the Little Eagle Staff Fund grantees provide access to credit to a population that could not access credit elsewhere or could only gain access to credit with high interest rates or fees. A good example of this was reported by the Citizen Potawatomi Community Development Corporation, which reported serving 118 individuals from the community, with 80 of these individuals also receiving technical assistance, training or a loan. In FY 2003-2004 a total of 16 loans were originated by the CDFI totaling \$994,881 in loan money to the community. In addition the CDFI received a \$750,000 loan from the USDA IRP for more capital to be used by the community. Also successful in providing access to capital was the Oglala Sioux Tribal Partnership for Housing which served 13 Native American clients and lent 12 loans to low-income borrowers. The Partnership also received a \$250,000 HUD Resident Opportunities and Self-Sufficiency (ROSS) grant that will be administered by the CDFI to help rejuvenate the local residential area. Ho-Chunk Community Development Corporation received loan capital to offer loans for micro-business enterprises. Due to the low rate of individual credit and financial education among first time customers from the local market, the CDFI was not able to offer any loans. It was reported that the tendency for many Native customers is to withdraw from the loan process if they were asked to complete personal and lengthy applications that included providing business plans and budgets. This aspect of developing a micro-business or enterprise requires some training. Realistically, the technology to devise simple spreadsheets and standard budget formats may not be accessible in remote and rural communities. Shown in Tables 10, 11, and 12, the Little Eagle Fund grantees have

provided distinct target populations within the Native community, such as the low-income and female populations, with opportunities to build their credit. In addition, many loan recipients were female with two of the corporations reported as much as 35% and 23% of the clients served as being female. All loans made by Little Eagle Staff Fund grantees went directly to Native American clients, of whom 19% were female, and 39% were low income.

Table 10: Loans Provided by Little Eagle Staff Fund Grantees to Native American Clients

Organization	Number of loans made in last year	Number of loans made to Native American clients	Percent Native American clients
Citizen Potawatomi Community Development Corporation	15	15	100%
Ho-Chunk Community Development Corporation	0	0	0%
Lumbee Revitalization & Community Development Corporation	2	2	100%
Oglala Sioux Tribe Partnership for Housing Inc.	13	13	100%
Heritage Capital Fund	6	6	100%
TOTAL	36	36	100%

Table 11: Loans Provided by Little Eagle Staff Fund Grantees to Female Clients

Organization	Number of loans made in last year	Number of loans made to female clients	Percent female clients
Citizen Potawatomi Community Development Corporation	15	Not collected	Not collected
Ho-Chunk Community Development Corporation	0	0	0%
Lumbee Revitalization & Community Development Corporation	2	*2	100%
Oglala Sioux Tribe Partnership for Housing Inc.	13	5	38%
Heritage Capital Fund	6	Not collected	Not collected
TOTAL	36	7	19%

* The female clients applied with spouse as a couple.

Table 12: Loans Provided by Little Eagle Staff Fund Grantees to Low-Income Clients

Organization	Number of loans made in last year	Number of loans made to low income clients	Percent low-income clients
Citizen Potawatomi Community Development Corporation	15	Not collected	Not collected
Ho-Chunk Community Development Corporation	0	0	0%
Lumbee Revitalization & Community Development Corporation	2	2	100%
Oglala Sioux Tribe Partnership for Housing Inc.	13	12	92%
Heritage Capital Fund	6	Not collected	Not collected
TOTAL	36	14	39%

Technical Assistance

Every Little Eagle Staff Fund grantee provides some form of technical assistance to their clients, such as business planning or financial literacy training. As previously mentioned it was acknowledged by several of the grantees that financial education is the number one attribute linked to poor financial credit and management. Technical assistance was fervently addressed in communities like in the Ho-Chunk community where the level of financial skills found in the community was under estimated. In response, the CDFI set-up a rigorous one-on-one TA to intercept background information to better meet the needs of each client from the start. The trainer was then more informed of individual needs, whether it was basic financial skills or business plan training, this enhancement streamlined the TA process. One such client was greatly affected by the access to training in the community. A Native female community member with a young daughter received TANF support and attended the financial assistance classes and technical assistance courses the Ho-Chunk Corporation offered. Upon completing the courses the young woman was inspired to further her education by attending the tribal college, with just barely a GED, and prepare herself for studies in business development. The Community Development Corporation has also obtained funding from HHS-Office of Community Services to begin a Native American gallery and learning center to make the technical assistance effort three-fold. It is planned that the learning center will house a retail outlet and on the job training that will take the client through every aspect of the business training, such as marketing, management and financial accounting. In addition finance seminars and business development courses are expected to be a part of the learning center.

In the Citizen Potawatomi Community Development Corporation progress report, they report that the ongoing need for technical assistance was critical to the success of the businesses. They forged a very successful partnership with the local education center, the Gordon Cooper Technology Center. This partnership allowed Citizen Potawatomi clients access to effective formalized classes and one-on-one assistance with loan packaging, business plan development, and the development of projections. In fact, the augmented training led to a well-received Native American Business Development Workshop Series with 31 clients having already received specialized training. The Heritage Capital Fund found that the lack of financial management was a priority for staff efforts to provide assistance to clients in various phases of the credit process, with an average of 5 hours dedicated to each client. This type of training that occurs during the lending process is unique to Native CDFIs in that clients are worked with before the actual loan is approved and shows that the financial institute is more than a lender to clients, but is also an educational resource.

Technical assistance was also provided to CDFI staff and board members across the Heritage Capital Fund (HCF), Citizen Potawatomi Community Development Corporation (CPCDC), and Oglala Sioux Tribal Partnership for Housing (OSTPH) grantees. HCF staff attended HUD's section 184 loan guarantee training and the Montana Home

Ownership Seminar for preparation in lending for housing. The staff has also participated in on-line courses to use Micro-Soft Office applications such as Excel and Access for CDFI operations. The CPCDC had its staff participate in a virtual learning center training session provided by the National Community Capital Association. Lastly, OSTPH board and staff members attended a three-part training offered by First Nations Oweesta Corporation and the National Community Capital Association for further assistance in developing core training in community development.

First Nations Oweesta Corporation through its Financial Capacity Building component has worked with many of the grantees to date. Their technical assistance mission is to enhance through training and materials development the capacity of tribes, Native organizations and individuals to better manage their financial assets. As evidenced by the number of Native CDFI organizations that Oweesta has worked with in this round of grantees and the previous round, additional guidance has assisted in the acquisition of funding from the Department of Treasury's Native CDFI initiatives and other resources. See Appendix E for a national list of the CDFI Funds' Native American CDFI program awards. As noted earlier, according to Oweesta's definition, there are 32 Native American CDFIs in the Nation that are serving Native American clients.

Table 13: Technical Assistance Provided by Grantees

Organization	Is TA or training offered?	What are the major training and technical assistance needs of clients?
Citizen Potawatomi Community Development Corporation	[A partnership has been built with the Gordon Cooper Technical Training Center that is close by that is an easily accessible resource for clients. The ongoing need for technical assistance is critical to the success of the business. Post loan assistance is also important to get through the day-to-day ups and downs.
Ho-Chunk Community Development Corporation	[A learning center approach that has on-the-job training, personal finance and business curriculum to help the client gain practical knowledge and tools to complete a business plan has helped to meet the needs of clients.
Lumbee Revitalization & Community Development Corporation	[According to the marketing analysis completed by the University of Carolina at Pembroke and the LRCDC, community members requested assistance to improve credit history, loan consolidation, budgeting, basic financial literacy and the need for start-up business training. Some training and assistance should come from current business owners in the community.
Oglala Sioux Tribe Partnership for Housing Inc.	[In order to achieve financial competency a lending strategy to assist clients and buyers to qualify for a conventional or government loans through a shorter 5 year mortgage loan that amortizes over 30-33 years will allow more focus on training.
Heritage Capital Fund	[Financial literacy remains the number one need of Native people on the reservation. Extremes in training needs are apparent with some having no knowledge about managing financial matters with other requests to learn how to prepare business plans. A focus to address the credit process and the various stages has been put into place.

Business Development and Job Creation

The impact of the services provided by the Little Eagle Staff Fund grantees, including small and micro business training, and technical assistance, have had a significant impact on local communities and community tribal members. The Lumbee Revitalization Community Development Corporation has made impact on the business community through the development and dissemination of their “Small Business Financial Literacy Course.” This course has been completed or attended by 3 clients who received technical assistance by the Tribal Housing Director, and Financial Officer. Both the Tribal Housing Director and the Financial Officer researched and selected the core components of the training and are local qualified staff who can train emerging business owners. The formalized training course offered eleven, four and two week classes that give in-depth instruction and practical exercises on developing personal business plans; learning exercises on credit use, management and repair; saving techniques on interest and finance charges; avoiding predatory lenders; home buying practices and how to get the lowest interest rates; and how to understand closing costs. Although the initial success of the courses was met by tough competition by local colleges, the CDFI plans on offering the courses continually in the coming months. During the grant period the LRCDC has interviewed small business development clients and expect to qualify the business loans in the near future. Also in the Lumbee community as previously mentioned, LRDA the

parent organization started a construction company that has prospered from the home improvement/construction lending that has taken place.

The Citizen Potawatomi Community Development Corporation received 19 small business loan applications during the grant period and made 10 loans to approved clients. 8 of these loan recipients had an existing business, and 2 businesses were started. One client struggled to make loan payments due to a severe motorcycle accident and lost his right leg at the knee. CPCDC worked with the client in his compromised situation and loan status. So without applying for disability or forbearance on the loan, the client put himself through vocational education and shortly after started an asphalt business. The paving company now has contracts with state, local and tribal governments throughout Oklahoma and has created 11 jobs. CPCDC also saw one other business created which supported 3 more new jobs in the community.

Technology in local CDFIs varied from larger organizations to start up companies. Financial data tracking is usually comprised of server networks and advanced application-acceleration methods across financial institution networks that secure database information. For two of the CDFIs this direction for information technology capacity expansion has begun. The Oglala Sioux Tribal Partnership for Housing (OSTPH) did initial research to find a software program for financial servicing that would suite their service needs and was affordable. Unsuccessful in finding the right software for the size of their company, OSTPH called upon its in-house experts to develop a computer-based application and data management system. The system that was developed tracks loan payments and provides automated principal, interest, and insurance disbursement breakdowns that are directly entered into the system for reporting. In Oklahoma the Citizen Potawatomi Community Development Corporation brought technology to its staff through a virtual learning center. The training was provided by National Community Capital Association and offered sessions on rural entrepreneurs, projections, and underwriting. The Ho-Chunk Community Development Corporation has accumulated contact information on local artisans and created an entrepreneurial database that tracks current and potential business loan clients assisting the referral process across county service areas. A listserv was also generated to announce other trainings in the Ho-Chunk community, Winnebago, and Omaha reservation areas.

Community Impact of Grant – From the Grantee Perspective

In conducting the evaluation of the Little Eagle Staff Fund grantees, we asked them to tell First Nations, in their own words, what they believed the impact of the grant was in their community. Grantees revealed the level of need each community demonstrated from expanding loan portfolios to meet local businesses, to seeing how a client base that has the motivation needs training and education to stimulate lending as a resource – the responses varied greatly. A summary of their comments is provided below in Table 14.

Table 14: What Was the Community Impact of the Grant?

Organization	What was the community impact of the grant?
Citizen Potawatomi Community Development Corporation	<p>The CPCDC serves all Native Americans in Oklahoma, representing 39 tribes and Oklahoma tribal members throughout the nation. Included is the Citizen Potawatomi Nation that has almost 25,000 enrolled members and is the ninth largest Tribe in the US. Through a concentrated financial effort that affords access for the diverse and intermingled OK tribal population CPCDC has generated partnerships that link resources. The partnerships with small business development centers, other tribal nations, and the American Indian Chamber of Commerce created a web of entry points, which are accessed by the communities' most financially vulnerable. Each of these entities aligned together establishes a financial stronghold that can meet the many low-income, educational, and portfolio needs of community members. The financial education that is offered by the CPCDC assesses the level of skill and capacity of the potential loan recipient to focus lending to meet needs of the little to no collateral individuals to the emerging business entrepreneurs.</p> <p>CPCDC has filled gaps in the lending system as a referral resource for Native Americans of the Cherokee Nation that do not have the means to utilize distant financial providers or do not qualify due to jurisdictional boundaries.</p> <p>CPCDC has been able to expand its loan portfolio since FY 2003 to current financial support in January 2005 to \$1,165,218. The fund has gradually accumulated and was partially financed by a \$750,000 capital loan from USDA-Intermediary Relending Program for rural areas.</p>
Ho-Chunk Community Development Corporation	<p>HCCDC has impacted the multi-tribal communities of the Winnebago and Omaha reservations in Nebraska, and have made impacts through outreach to the Santee Sioux tribe. Community impact was measured according to:</p> <ul style="list-style-type: none"> • The organization's capacity to market its financial products and services to Native American clients; • Increase in the level of financial skills of Native American clients; and • The organizational sustainability enhanced commercial business lending and development capacity leading to increased access to financial services and products for Native American clients, and opportunity for commercial and business development for Native American communities. <p>HCCDC in their first 6 months has designed a brochure using a local Native American web design and brochure company. This type of outreach will help inform the community on services not previously readily available to interested community members. HCCDC has provided an outreach component that addresses business-motivated topics such as "Building a Business Plan," and has made attempts to reach its constituency at cultural venues.</p> <p>The financial skills building outcomes gave community impact through contact to 19 community members with 9 completing or continuing their financial skills education. The training focused on writing for a business plan, business description, marketing research and strategy, capitalization requirements, financial analysis and pro forma projections as well as constructing an executive summary letter, and has built skills for small and first time Native business owners on these reservations. The loan fund and loan loss reserve has not yet had an impact as the concentration to getting basic financial skills training was completed first.</p> <p>HCCDC was able to hire a new grant writer position that has been successful in expanding the services of HCCDC within the community through a grant from the Department of Health and Human Services, Office of Community Services. This grant will allow the organization to house a retail outlet, offer on the job training, and educational component to artisans wanting to or own their own business. The Native American Galleria and Learning Center created by this funding will have great impact in the community that heightens the prospect for more exposure for all of the products in the retail outlet as well as create a centralized access area for products of Native artisans. The FNDI CDFI funding has given leverage in the application for IRP USDA funding with success that has made the first step towards long term sustainability in providing credit to the local community for small business development.</p>
Lumbee Revitalization & Community Development Corporation	<p>LRDCDC has impacted four counties in North Carolina that have a concentrated population of Lumbees and have made impacts in financial literacy and partnership building measured by:</p> <ul style="list-style-type: none"> • Refined and updated lending policies with information gained from making the initial loans for both housing and small business development; • A curriculum for small business management and an operations instructional course that will be required of all recipients of business loans; • Developed policy manual for small business lending to augment lending policies that are specific to business loans that can be used to market the CDFI's Financial & Development Services; • In-house loan management system used by trained staff; and • Begin implementation of a capitalization strategy to increase loan pool. <p>LRDCDC has created a five-member loan committee consisting of two bank representatives, a CPA, a business owner, and representative of the client community. This has given the organization a broader</p>

	<p>perspective from the inside out based on the consensus of the loan committee regarding community issues. Marketing for LRCDC has been developed to improve on its technological response to community members who access the web for information. The fundraising prospectus featured on the website, www.lrcdc.com, has given the loan pool capital access to outside markets. Based on the findings from a market research analysis conducted by the University of North Carolina gave further development for curriculum based courses using financial literacy as a key component. Customizing the courses for the Native community will help the retention and interest based on actual needs of the community.</p> <p>The initiative to partner with the Lumbee Tribe has been underway and can begin the step toward a more united effort for a larger area of the population.</p>
<p>Oglala Sioux Tribe Partnership for Housing Inc.</p>	<p>OSTPH presence has impacted the Pine Ridge tribal community in South Dakota through the creation of a CDFI that concentrates on financial administration of the business created by the larger development corporation. Its focus is to look at decreasing cost of housing on the reservation through homeownership and increase number of homes owned by tribal members. Community impact was measured according to:</p> <ul style="list-style-type: none"> • Acquired loan-servicing technology; • Developed /strengthened mortgage underwriting guidelines, and loan policies/procedures; • Optimal legal structure researched for the CDFI by separating the lending from development components of the parent organization; • Developed secondary market strategy; • Implementation of a capitalization/fundraising strategy; • Training for staff and board; and • Staffing arrangement (patterns) for organization. <p>More specifically, the technical assistance of First Nations Oweesta Corporation helped to give a scope of work for the new CDFI to better impact the community based on these goals:</p> <ol style="list-style-type: none"> 1. Decrease the cost of housing: In originating loans directly, the CDFI will be able to decrease the cost of housing by an average of \$5,000 per home. While third party lenders require costly construction elements, the new CDFI will focus on approving mortgages for quality homes without added frills. 2. Increase the number of homes owned: The CDFI will originate at least 15 mortgages each year, assisting at least 15 families each year in purchasing their own homes. 3. Reduce the number of substandard units: By originating 15 mortgages and assisting at least 15 families each year in purchasing new, quality homes, the CDFI will reduce the number of substandard units. 4. Increase the number of credit-worthy tribal members: The CDFI Consumer Credit Counselor will assist at least 20 tribal members each year in improving their credit histories, and repairing credit issues. <p>The lending philosophy of the CDFI was to provide buyers with a portal to homeownership and then with the skills to secure financing from a conventional source. This in turn benefited the community through increased number of home-owning families, increased the housing stock, and increased the rate of financial literacy helping families create wealth. The First Nations grant helped set this in motion.</p> <p>OSTPH was able to study how best to provide mortgage-lending services to the tribal community, to train staff and board members and to begin the process of organizing the CDFI that will have long-term outcomes not yet fully scene. In addition creating a viable interest from outside lenders or off-Reservation donors and investors to promote their outreach to businesses on the reservation.</p> <p>Workforce labor was facilitated by subcontracted jobs to build the houses OSTPH funded through the CDFI. Of these subcontracts 95% were reservation based.</p>
<p>Heritage Capital Fund</p>	<p>The Heritage Capital Fund gave impact to the communities of the Fort Peck Indian reservation by offering credit opportunities to those who may not otherwise have such access. Impact to the community were measured by:</p> <ul style="list-style-type: none"> • Development of a markets needs assessment and analysis; • Taking advantage of staff and board training opportunities; • Development of a home loan program; • Continued development of the strategic plan; • Obtainment of additional operating and capital funds; and • Development of a mortgage market system. <p>Even with the limitations of loan capital, the Fund was able to impact the local community through the use of funds available. The Fund was able to provide capital for businesses, which in turn created employment opportunities for the Native American population. The HCF served 31 clients in 2003. Six of</p>

these clients received a loan, 14 received TA, and 6 of these clients received both a loan a TA. There were eight low-income clients served, 13 Native American clients, and 7 women. There were no first-time borrowers, while 5 of the borrowers exhibited poor credit. Many of the clients who were unable to get financing at conventional sources has little or no collateral and/or poor credit histories.
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V. Lessons Learned from Little Eagle Staff Fund Grantees

The complex area of tribal community development and the evaluation of this round of grantee outcomes has revealed several barriers faced by CDFIs providing financial resources to barren markets in remote and rural areas. One finding that was reported by the Heritage Capital Fund and Lumbee Revitalization Community Development Corporation related to applying to the Department of Treasury's CDFIs funding. The Heritage organization found that a "catch 22" exists in demonstrating sustainability in the start-up phase of the CDFI and the purpose of the funding that initiates start-up Native American CDFIs. The Heritage Capital Fund also came to a realization that the excess of "demand" for existing "supply" was short of meeting the needs of the community. The Lumbee Revitalization Community Development also experienced a challenge of not having enough funding. They worked with the community to outreach to qualifying clients. When word got out that there was funding that might be available from the federal government, much of the community expected a large amount of loan fund applications to be accepted. In reality, capital funds were dispersed almost as soon as money came in, and because of the long process that it takes to receive federal funding under other CDFI fund programs, people were frustrated by the lack of loan funds. Also in the Lumbee community an important lesson was learned about working with the larger entity to create a more significant force when it came to CDFI lending and in this case the tribal entity. It was recommended by a local economist knowledgeable of the situation the CDFI was in concerning the organizations' tribal status as a state recognized tribe and stated, "the goal to unite with the larger Lumbee Tribe would ultimately expand a cooperative initiative that allow both entities to maintain equal partnership in the community without one organization being subservient to the other."

Important to note in a comparison with the first round of grantees was that lending on reservation trust lands presented unique problems to the CDFIs regarding tribal codes and regulations. The Oglala Sioux Tribal Partnership for Housing provided financing for 13 mortgages, of these 3 loans are awaiting a resolution of a disagreement between the US Department of Interior, BIA, and the Department of Agriculture, Rural Development, concerning a common problem about land rights issues on the reservation and lease language for allotted land. This has hampered these individuals from being able to build their assets and with support from the Native CDFI, further assistance will be dedicated to regulating prompt responses on land resolutions. In determining the best approach for CDFIs to build prosperous, sustainable and progressive economies the initiative of the developing community leadership has been successful in making the process work, despite setbacks beyond the CDFIs control.

In Table 15 the CDFIs have developed a strong foundation to expand their lending practices requiring standard criteria to be in place. The work involved for the Ho-Chunk Community Development Corporation took place beginning in 2000 when the board of directors passed the International Building Codes and since are now creating and reviewing UCC codes for financial lending. They have also put a UBC code in place while foreclosure and mortgage codes have brought together the efforts of Ho-Chunk Community Development Corporation, a joint zoning board with the Ho-Chunk tribal council, and a small tribal lending provider.

Table 15: Tribal Codes to Facilitate Lending and Debt Collection

Organization	Does tribe have UCC code?	Mortgage and foreclosure codes?	Land use of zoning ordinances?	Tribal court?	Debt collection codes?
Citizen Potawatomi Community Development Corporation	[[[[[
Ho-Chunk Community Development Corporation	Under Development	[[[
Lumbee Revitalization & Community Development Corporation	[[[[[
Oglala Sioux Tribe Partnership for Housing Inc.		[
Heritage Capital Fund	Not reported	Not reported	Not reported	Not reported	Not reported

When asked about problems with predatory lending, Little Eagle Staff Fund grantees gave insight to the dichotomy of getting immediate financial help with high interest versus the longer timely approach to work through financial credit building that may not guarantee approval for a loan. Each grantee acknowledged that qualified financial institutions offset targeted predatory advertising and the misrepresentation often used to get customers into a lending situation that further depresses their economic credit capital. Table 16 provides a review of the responses we received from our grantees.

Table 16: Is Predatory Lending a Problem in Your Community?

Organization	Problems with predatory lending?
Citizen Potawatomi Community Development Corporation	Yes. The partnerships and marketing outreach conducted by CPCDC has been very successful. CPCDC is the only legitimate financial outreach that targets Native people in Indian country for OK, and are the only resource in the area that provides loaning financial opportunities.
Ho-Chunk Community Development Corporation	Predatory lending is a problem in the community. The Winnebago reservation doesn't have a bank and that is why people have to go to South Sioux City or Sioux City to get access to financial resources and needed items such as cars and appliances. The "Rent-A-Centers" have primarily been the most damaging, as well as automobile dealers that sell cars with high interest rates to desperate buyers. With the opening of a used car dealership in the Ho-Chunk community that is owned and operated by a community member, the enterprise has been able to offset some of the need to go to predatory car sales lots through financing cars more affordably.

Lumbee Revitalization & Community Development Corporation	The Board of Directors made strategic efforts to outreach to the local financial institutions and targeted the local credit union. A presentation was made to the credit union for funding. After observation by the LRCDC staff the Self Help Credit Union advertised as a self-help program for homeowners of the Lumbee community when in reality it came to be known in the community and by other financial resource personnel as a predatory lender. The loans offered by the credit union to homeowners' have higher interest rates than the going market. The requested funding was dropped.
Oglala Sioux Tribe Partnership for Housing Inc.	We have watched this closely—the houses sold by OSTPH are heavily subsidized, creating significant equity at the time of sale. We are not aware of equity lenders making too much of this yet, but it is a tempting target. In general terms, many people on the Reservation pay higher interest rates on consumer loans than they should. Buyers that go through our counseling programs are taught how to negotiate better interest rates and avoid abusive credit situations.
The Heritage Capital Fund	With the apparent overwhelming need for loans by Native and non-native community members this easily creates a targeted market for predatory lenders and low-income housing lenders.

Finally, we asked grantees to provide an overview of the biggest lessons learned over the past 12 months. Table 17 provides a review of their responses. Some themes have emerged from grantees that include the following:

● THE LEVEL OF SMALL BUSINESS READINESS AND FINANCIAL LITERACY AMONG COMMUNITY

MEMBERS IS LOW.

The level of financial education among the Native American communities was underestimated in the Citizen Potawatomi and the Ho-Chunk communities where they have shown need for services at extreme levels from basic literacy to the more complex. According to Citizen Potawatomi, there are generally two (2) kinds of customers that are being served 1) customer is highly educated and has a quality project that comes through the doors and 2) lacks financial literacy and little collateral to offer. This represents the extremities that are in the community but are the likely customers that inquire. However, most clients need a great deal of business training and training on personal finance.

● BUSINESS EDUCATION IS IMPORTANT.

Business education and post education was a demonstrated need in the Citizen Potawatomi and Ho-Chunk communities. In order to lend to the small business owner there must a certain level of financial accountability that is learned through small business or entrepreneur training. Ho-Chunk has worked more intensely with the artisan community to develop their business education.

● IT IS DIFFICULT TO ACQUIRE CAPITAL FUNDS AS A START-UP CDFI ORGANIZATION.

The Heritage Capital Fund and the Lumbee Revitalization & Community Development Corporation have been challenged by the limitations funders place on CDFIs in low-income communities. The criteria used to qualify loans and approve individual credit is strict compared to the financial equity and capacity of reservations and rural Native community members. Applying for capital funds as a Native CDFI

can be daunting since the consumer base must change to have a CDFI supported by investment from the community.

FINANCIAL ORGANIZATIONS MUST PURSUE MULTIPLE RESOURCES FOR FUNDING.

Each grantee has made efforts to support or expand loan and education services through multiple funders. Federal funding sources have made changes to the application and criteria for CDFIs to obtain funding from various programs. Building relationships with other financial organizations has helped to leverage the lending products but require constant fundraising. The Heritage Capital Fund has hired a part time grant writer to offset the staff time and actively pursue funding support.

Table 17: What Were Lessons Learned?

Organization	What were the most important lessons learned?
Citizen Potawatomi Community Development Corporation	The on-going need for technical assistance is critical to the success of the business. Post loan assistance seems to be more important in assisting the business through the day-to day ups and downs of owning a business and more needed in the way of mitigating loan losses for the CPCDC. There are generally two (2) kinds of customers that are being served 1) customer is highly educated and has a quality project that comes through the doors and 2) lacks financial literacy and little collateral to offer. This represents the extremities that are in the community but are the likely customers that inquire.
Ho-Chunk Community Development Corporation	There was a misconception of the level of small business readiness or capacity among community members to conduct their own financial planning. The community has extremities within the financial skills knowledge base from the basic training track to the business plan assessment and one-on-one counseling. Doing small business lending that supports core program needs were needed more than anything else.
Lumbee Revitalization & Community Development Corporation	The Lumbee Revitalization and Community Development Corporation believes that the CDFI Fund has over sold the program in its initial outreach to Native communities. A misconception of the amount of funding available was promoted and the effects of this were in the number of Native CDFIs that applied (over 25) and the actual amount of funding for Native funding that was not nearly enough at \$8 Million. Tribes that are state recognized often have difficulty applying for federal funding. The LRCDC will work closely with the larger Lumbee Tribal organization to gain support and partnership.
Oglala Sioux Tribe Partnership for Housing Inc.	The two most important factors for successful lending seem to be (1) solid, repeated homebuyer trainings, and (2) the maintenance of close personal relationships with customers.
The Heritage Capital Fund	Financial literacy remains the number one need of Native Americans on the reservation, as many may have no knowledge about managing financial matters. The demonstrated challenge of excessive "demand" (applicants) for the existing "supply" (loan funds) has made the Fund seem short of funds. HRC has loaned out its total capital funding relatively without advertisement in a short period of time. Native CDFIs can find themselves in a "catch 22" at the start-up phase without the ability to demonstrate sustainability and less accessibility to loan capital.

VI. Conclusion

The four new grantees and one previous grantee reported in this evaluation actualized various levels of community wide development on reservations and surrounding areas as a result of Little Eagle Staff Funding. Their growth was measured by the individual successes of each organization and heightened by the contributing programmatic and lending success of the Native CDFIs. Through the combination of financial education; strategic lending structure implementation; and from dedicated resources within the communities, grantees wholly impacted the communities they represent by implementing tribal economic investment in community and developing financial institutions. These impacts stemmed from grantees who aggressively sought out federal funding from US Department of Treasury's Native CDFI fund initiatives and from the localized partnerships that garnered in-kind support to link financial assistance in education and development guidance. First Nations Development Institutes' grantmaking through the Little Eagle Staff Fund Initiative together with First Nations Oweesta Corporation have empowered these emerging financial institutions to pursue asset development in Native communities that meets the rigor of standard capital corporations. The First Nations CDFI initiative has supplied just a fraction of the needed funding in Native communities, which has stretched a long way to serve guidance and nurturing for these institutions. The result was expanded opportunities for tribal communities that will continue making investments that lead to improved credit and welfare. All of the grantees reported that the funding has greatly impacted their communities, if even to support small organizational staff positions or to offer learning approaches to build board member skills to better serve the tribal community. In addition, the funds provided loan security through a loan loss reserve fund. The postulate examined by the CDFIs is that the barriers that exist in Native American communities such as the low economic base, little to no access to credit and suitable collateral, and business entrepreneurship that lacks sufficient knowledge in business development, can be improved by supporting a community based initiative that is designed from the collective resources of the community. The Little Eagle Staff Fund round two grantees facilitated capital and credit using distinct networks to centralize their asset building efforts. This has led to policy enhancements and a degree of common intent among community-based financial catalysts and has contributed to leveraged resources totaling \$4,138,049. Moreover, these leveraged funds directly benefited CDFI operations and technical assistance activities that engaged local experts with community members to ensure successful follow-up and repayment outcomes and an additional \$20,000 in-kind resource. Currently these five Native communities have access to loan investment funds amounting to \$2,861,627 dedicated loan capital financing with potentially \$293,000 to be added from pending applications and commitments.

Through improved loan processing the CDFIs approved 32 loans, actualizing \$1,134,827 in financial support of Native owned businesses, homeownership and the construction/rehabilitation of homes in the grantee Native communities. The loans assisted Native entrepreneurs in starting 6 new businesses and supported 2 other businesses in operating funding. Ten micro business loans supplanted the need to use "payday" loans in the community and offered a better means for these business enterprises to build on their talents and artistry.

Financial credit building has been an uphill struggle for many of these Native communities, but major steps to increase financial education and skills to manage funds have begun. In order to address the varied levels of education needed, collaborative efforts and community outreach linked the educational component of the CDFIs to community learning centers to provide formalized class settings.

Presented here are both economic and social outcomes that have given further information on the effectiveness of CDFIs as change agents. Versatile in reaching their communities, the significance of these pillars of financial property for Native Americans can be measured in both quantitative and qualitative terms. The impacts of F.B. Heron Foundation's funding of Native CDFIs through the Little Eagle Staff Fund for this round of grantees is obvious from the reporting and CDFI investment totals. Transparent are the benefits from controlling the assets reclaimed by community members that now own houses, have new businesses and additional employees, and have secured funding that will help in the start up of business planning. The work conducted by the CDFIs staff, board members, and its community resources signify the resiliency of Native communities to assist others that strengthens the axis of financial independence and economic sustainability.



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APPENDIX A: GRANTEE PROGRESS DURING GRANT PERIOD

Native American Community Development Financial Institutions

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APPENDIX B: PROFILES OF LITTLE EAGLE STAFF FUND GRANTEES

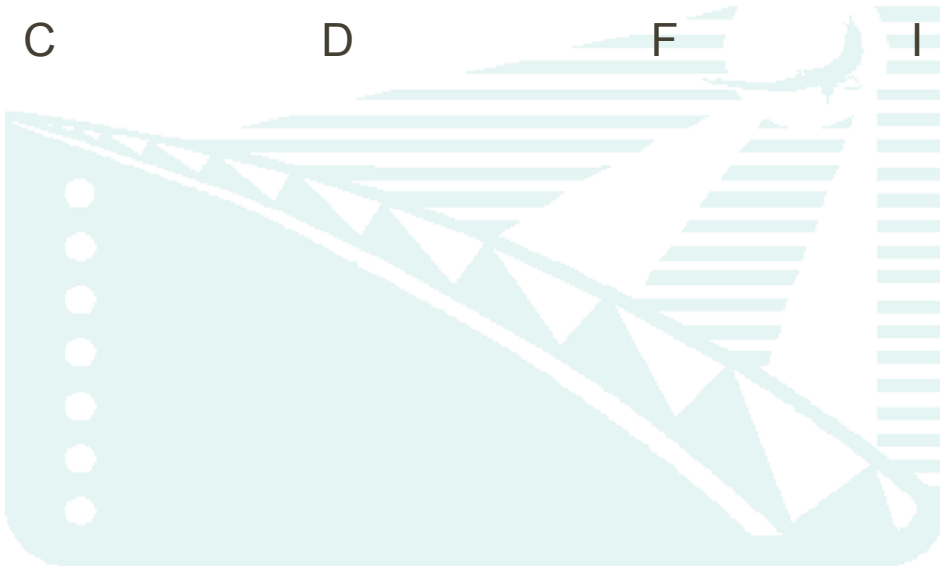
Native American Community Development Financial Institutions

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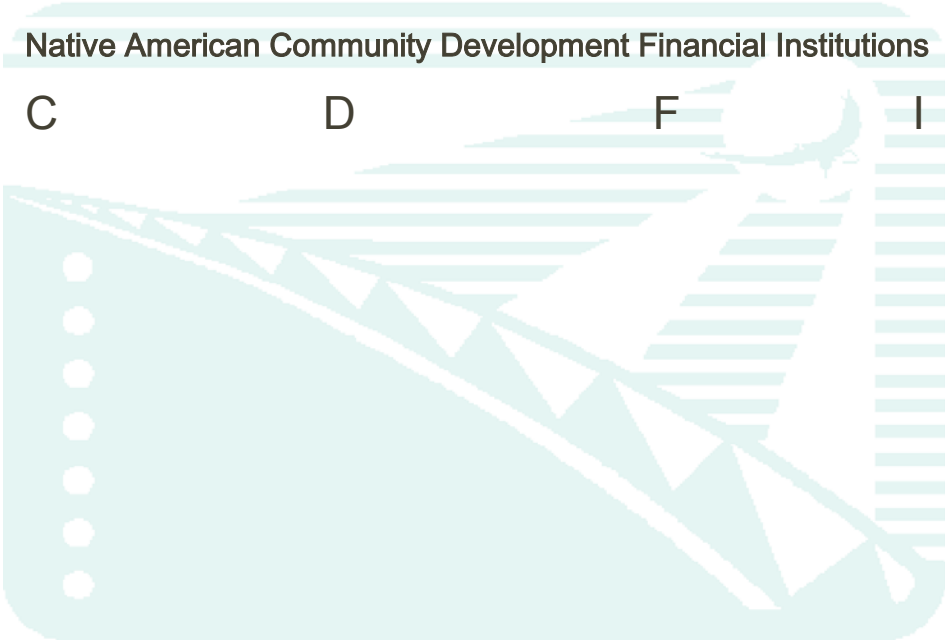
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APPENDIX C: LEVERAGING OF FUNDS

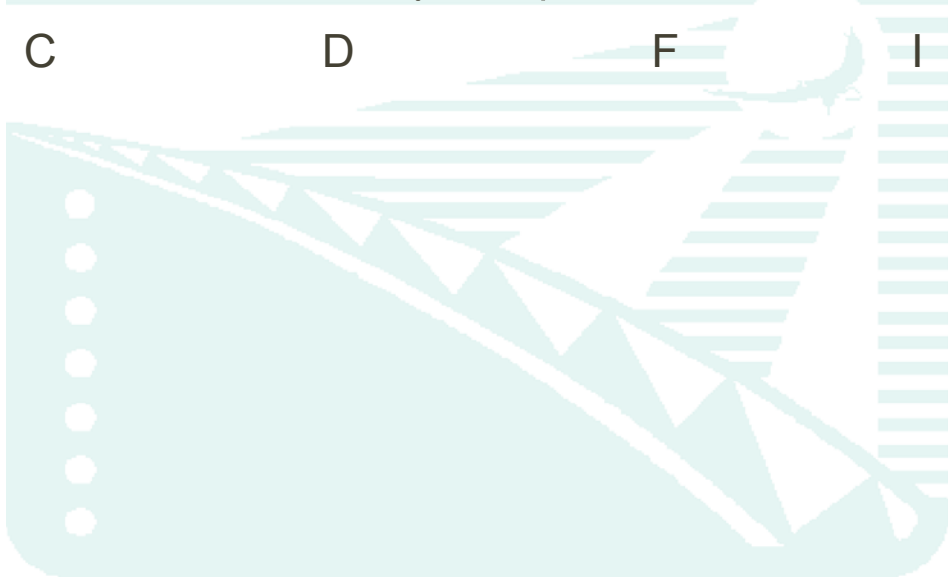


Note: Funds leveraged include both operating funds and loan pool funds (often low interest loans to the organization). Both are listed in the following sheets.

APPENDIX D: CDFI WEBSITE PAGES

Native American Community Development Financial Institutions

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APPENDIX E:

NATIVE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

Native American Community Development Financial Institutions

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