



Organization Background

Capital Good Fund is a nonprofit, U.S. Treasury-certified Community Development Financial Institution. Our mission is to create pathways out of poverty and advance a green economy through inclusive financial services. Since 2009, we have financed over 9,100 small-dollar personal loans totalling \$19.5 million (with a 95% repayment rate) and graduated more than 1,800 Financial Coaching clients. As a social justice organization, we believe in the vision of Dr. Muhammad Yunus, the 2006 Nobel Peace Prize Winner: to "put poverty into museums" through microfinance.

Andy Posner founded Good Fund in 2009 after completing his M.A. in Environmental Studies at Brown University. Headquartered in Rhode Island, our 42-person staff serves families throughout the states of Rhode Island, Florida, Massachusetts, Delaware, Illinois, Colorado, Texas, and most recently, Connecticut and New Jersey. We're an alternative to the \$200 billion predatory financial industry consisting of payday lenders, pawnshops, auto-title lenders, and more; in TX, payday lenders do nearly \$6 billion in volume, with average interest rates over 600%. Our clients are low-income; predominantly of color and female; and shut out of the financial mainstream due to issues related to income, race, gender, credit, immigration status, and language barriers. We strive to empower vulnerable families to save, build credit, invest in themselves, avoid high-interest debt, and achieve their goals, while also forcing predatory lenders to lower their rates--or close up shop.

We're one of the few nonprofit CDFIs nationwide--or in Texas--that specializes in small-dollar personal loans. Our loans range from \$300-\$60,000 and are used for a variety of purposes, including immigration expenses; repairing a vehicle; emergencies and crisis relief; security deposits; and renewable energy and energy-efficiency upgrades for homeowners unable to access credit from traditional lenders. Our nationally-recognized Financial & Health Coaching program includes sessions on banking, budgeting, credit, debt, savings, and health. Taken together, our products and services play an important role in the Credit as An Asset Movement, which recognizes that access to equitable financial services is crucial to the resiliency of low-income families, empowering them to reduce the stress of financial instability and begin to move into the financial mainstream.

Capital Good Fund continues to receive tremendous local and national press coverage from publications such as the Wall Street Journal, Fortune Magazine, Forbes Magazine, NPR, CNBC, Dallas Business Journal, and KERA News, among other print, radio, and TV outlets. We have also been a proud member of the Opportunity Finance Network since 2013. Lastly, we would like to highlight that we have received over 350 Google Reviews with a 4.7 out of 5 rating, demonstrating our commitment to our clients.



Crisis Relief Loans: Lifesaving Liquidity for Texas Families

Program Overview

Capital Good Fund is requesting a \$60,000 grant from the ██████████ Foundation to support our lifesaving Crisis Relief Loan program in Texas. Funding will enable us to finance 120 Crisis Relief Loans to low- to moderate-income families throughout the state of Texas during the one-year grant period.

The Need

Two years into the pandemic and COVID-19 continues to impact the health and finances of Texas families, particularly among communities of color, veterans, immigrants, persons with disabilities, and the “working poor”: people living paycheck-to-paycheck, working multiple jobs to get by, and lacking liquidity in the form of savings, home equity, social capital, or access to affordable credit. The financial devastation wrought by the pandemic in Texas is clear: according to the U.S. Census Bureau's Household Pulse Survey, 41% of families that are not current on their rent or mortgage feel that eviction is likely in the next month; 20% are behind on their utility bills; 12% report not having enough food to eat; and nearly 36% report difficulty paying for usual monthly household expenses. The Episcopal Health Foundation found that 49% of Texas families report that the pandemic has caused financial hardship for them, including 16% who said it caused severe financial suffering. The study found that BIPOC families were more likely to report financial hardship, including 59% of Hispanic/Latinx and 45% African-American/Black households in Texas, compared to 42% of white households. Hispanic/Latinx families born outside of the United States were the hardest hit, with over 71% reporting financial hardship.

These alarming statistics demonstrate that economically vulnerable Texas families, including BIPOC families, female-headed households, and immigrants, need access to capital to smooth over temporary cash-flow issues and address pressing needs, yet the inability to secure equitable credit has left them with few options; often, they turn to high-interest debt such as payday loans, which carry over a 600% APR in Texas. Our Crisis Relief Loan program is an equitable solution that provides transparent, credit-building capital liquidity to families who have been historically shut out of financial opportunity because of generations of systemic racism to cover critical expenses, address the lingering impacts of COVID-19, and enter the financial mainstream.

The Crisis Relief Loan

In early April 2020, we launched the Crisis Relief Loan (“CRL”) in response to the COVID-19 pandemic. Crisis Relief Loans range from \$300 - \$1,500 at just 5% APR (fixed) and feature a 15-month term, the first three of which are a deferment period. CRLs are used for key needs such as catching up on past-due rent or utilities; nutritious food; vehicle repair; technology purchases; medical and dental costs; paying off high-interest predatory debt; critical monthly bills; and other purchases to keep them afloat as the pandemic continues.



Our program offers many consumer-first features, including flexible underwriting based on a holistic review of the applicant's financial picture; no application, prepayment, or late penalties or fees; no minimum income or FICO score requirement; available to families regardless of immigration status; and reported to the three main credit bureaus. Crisis Relief Loan applications can be accessed 24/7 via our convenient online portal. Crucially, all client-facing staff, including our Dallas-based Loan Officer, are fluent in Spanish and our website, loan application, and closing documents are available in both English and native-translated Spanish.

Since launching the program, we have financed over [REDACTED] Crisis Relief Loans for more than \$ [REDACTED] million across our footprint. Texas represents nearly [REDACTED]% of our CRL portfolio, where we have closed over [REDACTED] loans for more than \$ [REDACTED]. With many more applications currently under review, we continue to see a significant need for the CRL program in Texas.

Target Population

Our clients are lower-income and/or low-wealth, predominantly of color, and female, with a significant percent being immigrants. Those we serve are traditionally shut out of the financial mainstream due to issues related to income, race, gender, credit, disability, immigration status, language, and mistrust of the financial system. Nearly [REDACTED]% of our Texas CRL clients identify as female; [REDACTED]; [REDACTED]; [REDACTED]% were extremely low-income (less than 30% of Area Median Income); [REDACTED]% very low-income (49-30% AMI); and [REDACTED]% low-income (79-50% AMI). The majority of the remaining [REDACTED]% were “Asset-Limited, Income-Constrained, and Employed” (ALICE): those above the poverty line but living paycheck-to-paycheck. While we will serve all of Texas with this funding, the majority of our existing Texas clients reside in Houston, Dallas, San Antonio, Bryan, and El Paso. We anticipate serving clients with similar demographics during this grant period.

Goals and Objectives

Our goal is to help families navigate the financial challenges the pandemic has presented by providing affordable capital to those who need it most: low- to moderate-income Texas families trying to build pathways toward a stable financial future, whether that be a loan to catch up on rent or past-due utilities, food, monthly bills, and as we have seen increasingly, security deposits for domestic violence victims in need of safe housing.

At less than \$34 in interest for a \$1,000 loan, the CRL’s 5% APR puts cost-saving capital directly into the pockets of low-income Texas families with poor or no credit—a population that struggles to access financial services from mainstream lenders. Not only does the CRL replace predatory products like payday loans, they also decrease reliance on credit cards, which currently average an APR of over 20%.

To maximize the credit-building component of the CRL, [REDACTED]

[REDACTED] Since we report to the major credit bureaus, on-time payments have significant impacts on credit health, thus setting a foundation for financial stability while addressing immediate needs.



Major Events and Project Activities

Major events and activities for this grant period will include:

- Continue performing outreach to agencies throughout Texas to grow our network of community partners.
- Process inquiries and applications for Crisis Relief Loans via phone, email, and online website chats and finance CRLs on a rolling basis as applications are reviewed and approved.
- Provide wraparound support for Texas families as needed, including providing resources, financial coaching, and referrals to our community partners.
- Schedule client check-ins at 6- and 12-months post-intake to measure social impact outcomes for all clients served. Because clients are enrolled for the program on a rolling basis as applications are received, the timing for scheduling the remaining check-ins is dependent on the clients' intake dates.

Outcomes and Measures of Success

As a mission-driven organization, measuring our impact is critical to ensuring we meet our goals and identifying ways to further our mission. As part of our iterative process, we administer client surveys that measure progress across a multitude of domains, such as income, banking status, predatory financial service usage, budgeting, financial well-being, and physical and mental well-being. These surveys, which include validated survey instruments such as the Consumer Financial Protection Bureau's Financial Wellness Scale and the U.S. Household Food Security Survey Module, are administered at two weeks following loan closing to establish a baseline for each client. Borrowers will also be asked to complete these surveys at six months and twelve months following loan closing to track changes in their overall wellbeing. During the intake process, we collect information on the prospective loan purpose to measure the use and impact of our loans.

We will also conduct soft credit pulls at twelve months post-closing as well as at the end of the loan term to track changes in FICO score. We will measure savings in interest and fees over a predatory lender through comparative analysis of predatory financial products of the same size. Furthermore, because our programs are shaped by client feedback, we will monitor customer satisfaction, particularly through Google Review ratings. We currently hold a 4.7 out of 5-star rating with nearly 360 reviews. We will track the following outcomes for the 120 clients served during this grant period:

- **Savings:** clients will save an average of \$700 versus a comparable predatory loan product such as a payday loan, for a cumulative total of \$84,000, as measured through a comparative analysis of predatory financial products of the same size.
- **Credit:** clients will see an average FICO credit score increase of 75 points by the end of their loan terms.
- **Relieve significant financial stress:** absent our program, it is possible that our clients will face hunger, eviction, harmed credit, utility shutoffs, or worse. The CRL's three month deferment period also gives families breathing room to start to recover before making any payments.

