

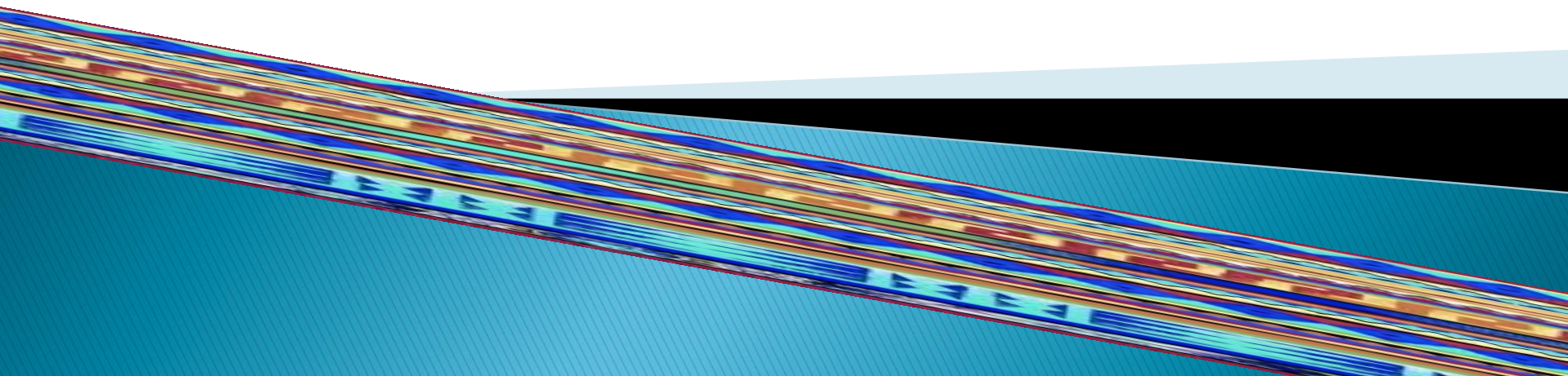
# **YOUR BASKET, YOUR EGGS**

## **Native-Owned Financial Institutions**

**Asset Building: A Pathway to Economic Self-Determination IV**

**September 17-18, 2019**

**Senaca Niagara Resort, Niagara Falls, N.Y.**

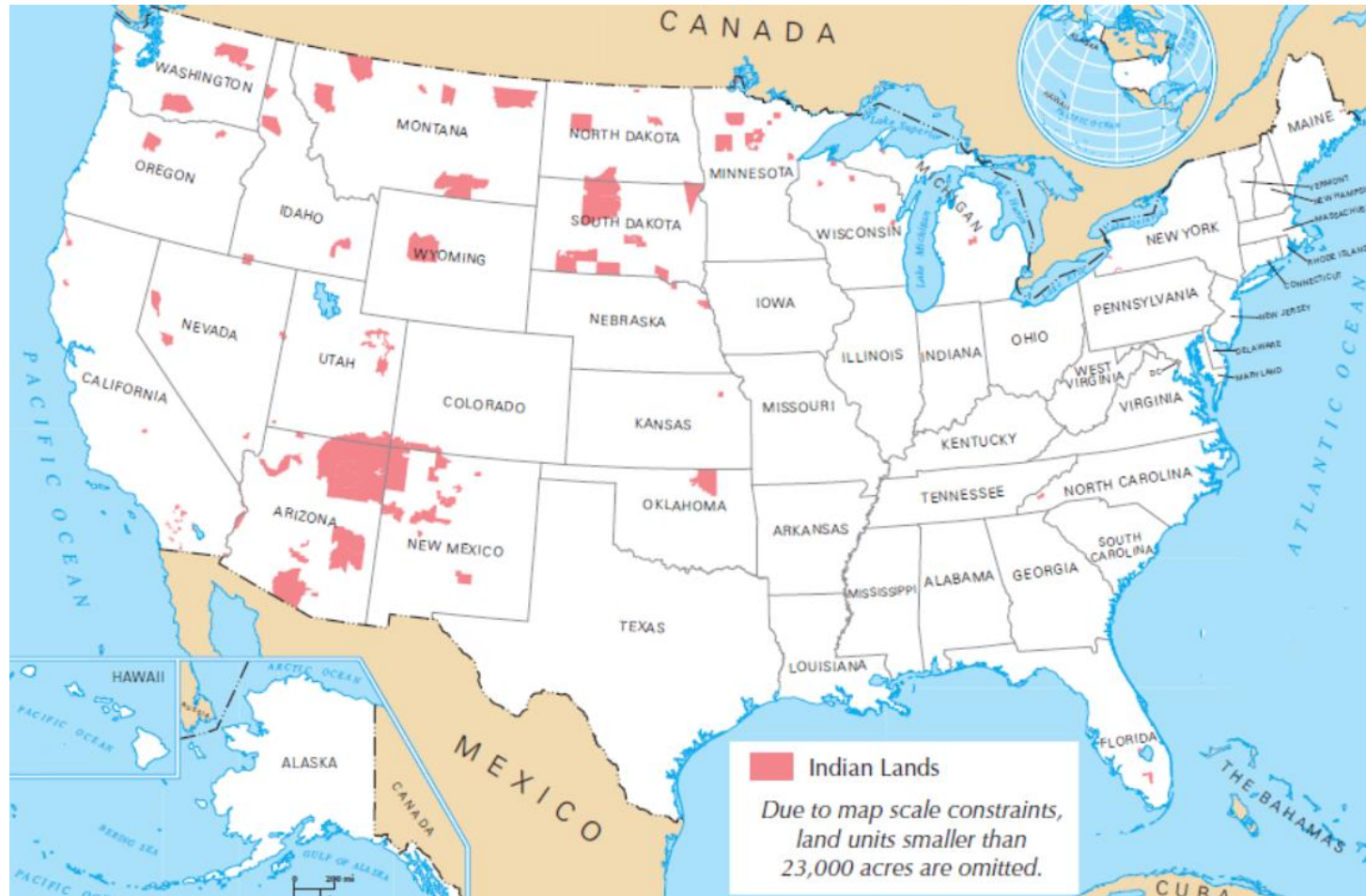


# SETTING THE STAGE

# Indian Country

- ▶ Indian Country is a legal term which includes:
  - All land within the limits of an Indian reservation under the jurisdiction of the United States government
  - All dependent Indian communities, such as the New Mexico Pueblos; and
  - All Indian allotments still in trust, whether they are located within reservations or not.

# Indian Country Reservations



# Income in Indian Country

- ▶ Ten of the twelve poorest counties in the U.S. are associated with reservations
- ▶ 1 in 4 Indians live in poverty
- ▶ Unemployment almost twice the national rate
- ▶ The median income of Indian households is 25% below that of households nationally

# Barriers in Indian Country

- ▶ Sovereign Immunity
- ▶ Limited legal infrastructure
- ▶ Complexity of pledging trust / restricted land
- ▶ Destabilizing short-term tribal leadership
- ▶ Independence of tribal business enterprises
- ▶ Over-reliance on federal dollars

# DEFINITIONS & SESSION GOALS

# Definition of MDI

- ▶ MDIs are Federally insured depository institutions where:
  1. Fifty one percent (51%) or more of the voting stock is owned by minority individuals; or
  2. A majority of the Board of Directors of the institution are minorities *and* the community that the institution serves is predominantly minority.

# Definition of CDFI

- ▶ CDFIs are mission-driven financial institutions that help create economic opportunity for individuals and small businesses, quality affordable housing, and essential community services throughout the United States.
- ▶ CDFIs can be banks, credit unions, loan funds, microloan funds, or venture capital providers
- ▶ Some, but not all, CDFIs are certified by the CDFI Fund

# Session Goals

- ▶ Share examples of the products & programs of Native-Owned MDIs & CDFIs & their impact in Indian Country (hereafter MDIs & CDFIs)
- ▶ Highlight current MDI & CDFI statistics
- ▶ Identify the resources that support the creation and growth of MDIs & CDFIs

# IMPACT IN INDIAN COUNTRY

# Session Goals

- ▶ **Share examples of the products & programs of Native-Owned MDIs & CDFIs & their impact in Indian Country (hereafter MDIs & CDFIs)**
- ▶ Highlight current MDI & CDFI statistics
- ▶ Identify the resources that support the creation and growth of MDIs & CDFIs

# Why Native Matters

“Know what you want to do, hold the thought firmly, and do every day what should be done, and every sunset will see you that much nearer your goal.”

~ Elbert Hubbard

“If you don’t know where you’re going, you will probably end up somewhere else.”

~Lawrence Peter

# Family Business / Second Job



# Micro Loans & Start Ups

- ▶ Setting the scene:
  - In the early '80s, there are two Native-owned businesses on the Pine Ridge Reservation
  - 85% percent of residents have never had a checking or savings account
  - 75% percent have never had a loan; and
  - 95% percent have no business experience.
- ▶ 1986, Lakota Fund is certified
- ▶ Funding from Oglala Lakota College & First Nations Institute
- ▶ First loans are \$500 or less



# Technology



## CAVITATOR

The Cavitator® brand mud gas extractor

[MORE INFO](#)



## BLOODHOUND

The Bloodhound® brand natural gas detector and chromatograph system

[MORE INFO](#)



## ACCESSORIES

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**iBall Instruments LLC**

# Commercial Loans on Trust Land



Indian Loan Guaranty Webinar - March 2016

Indian Loan Guaranty Webinar - Questions & Answers 2019

# Affordable Housing for Seniors

The Lumbee Tribe of North Carolina approached Native American Bank for a commercial loan to build Pembroke Senior Housing, 50 housing units to the Tribes demand for housing for its elders.



The loan was underwritten and approved with a BIA Loan Guarantee Program.



# Mortgage Loans On Trust Land

- ▶ HUD Section 184 loans
  - Guaranteed 100% by the Office of Loan Guarantee within HUD's Office of Native American Programs" (ONAP)
  - Homes and property can be in any area participating tribes have determined to be eligible. Loan may be used to purchase a home, construct a stick built or modular home, purchase a new manufactured home, refinance an existing home or rehab an existing home
- ▶ Eligible borrowers include Native Americans and Alaskan Natives enrolled in a federally recognized tribe, Indian housing authorities (IHA), Tribally Designated Housing Entities (TDHE) & Tribes
- ▶ Homes may be on fee, restricted or trust lands

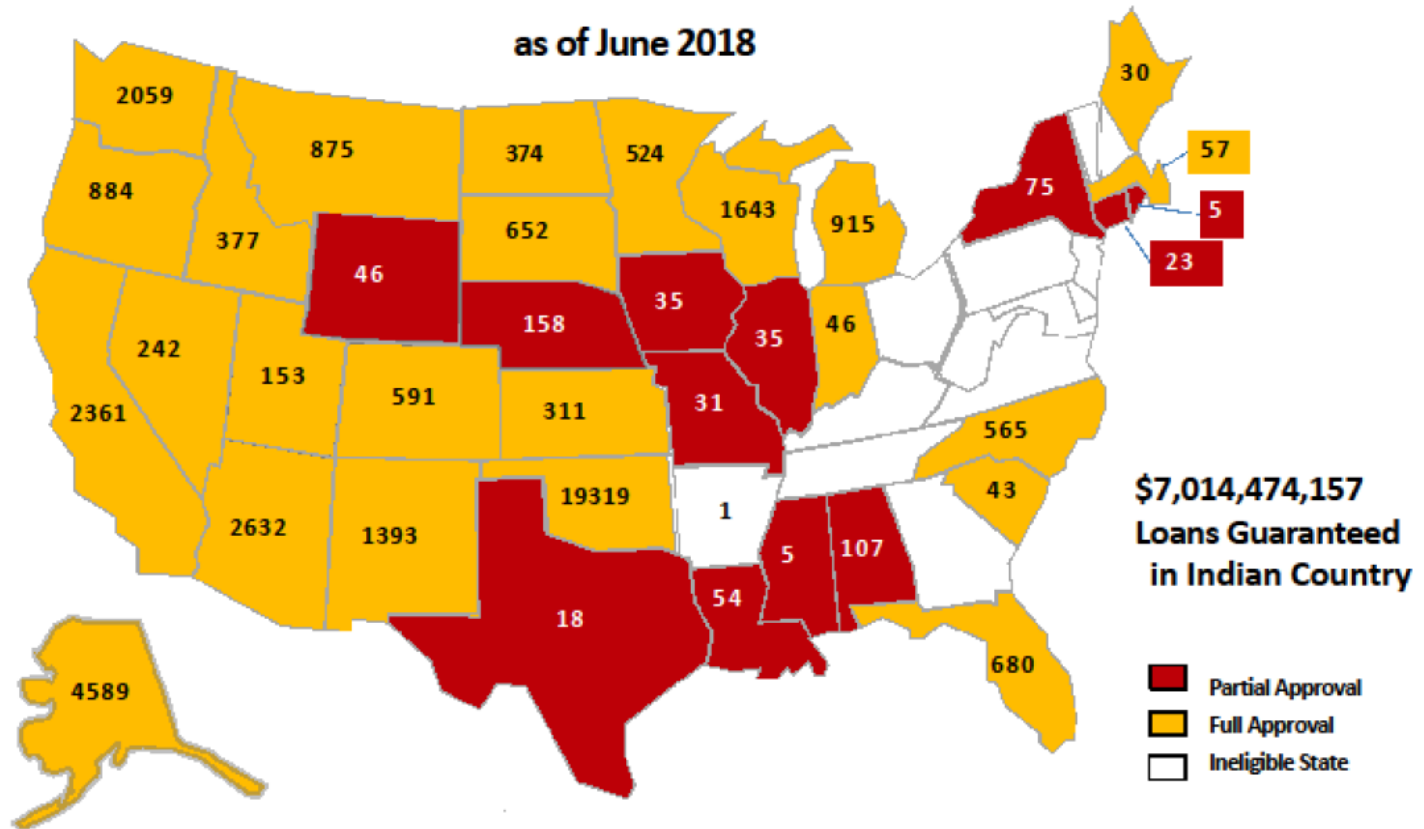


# HUD 184 Approved States

## Loans Guaranteed with Section 184

41,908 Guaranteed Loans

as of June 2018



# Small Business Loans



**Wide Awake and Truckin Co.**  
Long-Haul Trucking



**Gustango Gold**  
Traditional White Corn Farming



**SB Grilla's**  
Restaurant



**Bigfoot**  
Gas station & Convenience Store



**Seneca Radiant Technology**  
Residential/Commercial Heating Systems

# Consumer Financial Resilience

- ▶ Hawaii Pot of Gold Consumer Loan: 50% of loan proceeds, remainder into a savings account for emergencies
- ▶ Leech Lake Financial Services Credit Builder Loan Program: helps consumers build or rebuild credit
- ▶ Native Community Finance: offers credit builder & consolidation loans to Tribal communities in New Mexico



# MDI & CDFI STATISTICS

# Session Goals

- ▶ Share examples of the products & programs of Native-Owned MDIs & CDFIs & their impact in Indian Country (hereafter MDIs & CDFIs)
- ▶ **Highlight current MDI & CDFI statistics**
- ▶ Identify the resources that support the creation and growth of MDIs & CDFIs

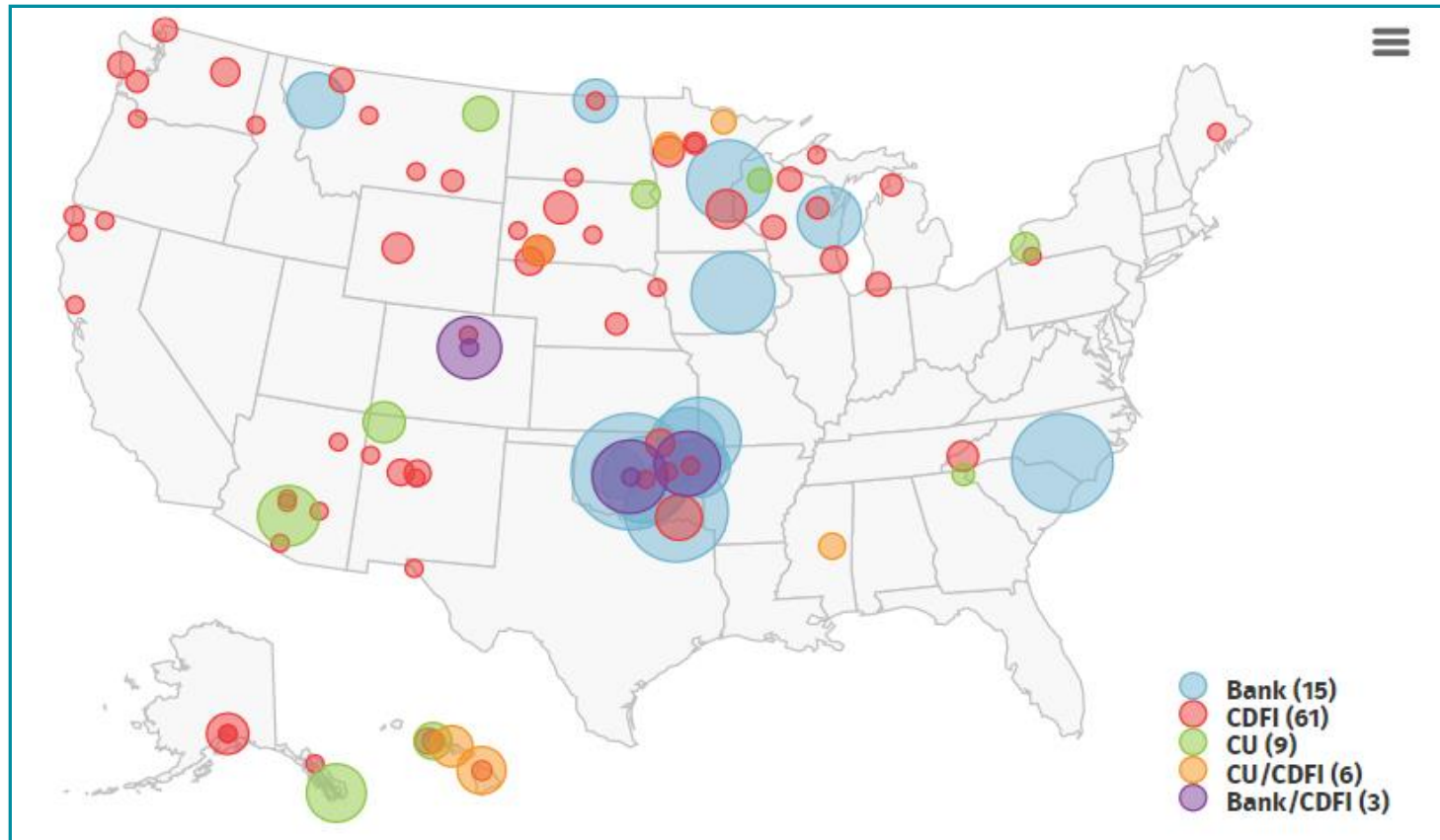
# Native MDI Statistics Fall 2019

- ▶ 148 MDIs serve markets in 30 states, the District of Columbia, Guam & Puerto Rico
- ▶ 18 of the 148 are designated Native American
- ▶ 10 of the 18 are in Oklahoma
- ▶ 1 Native MDI in each of the following:  
Colorado, Iowa, Minnesota, Missouri,  
Montana, North Carolina, North Dakota &  
Wisconsin

# Native CDFI Statistics Fall 2019

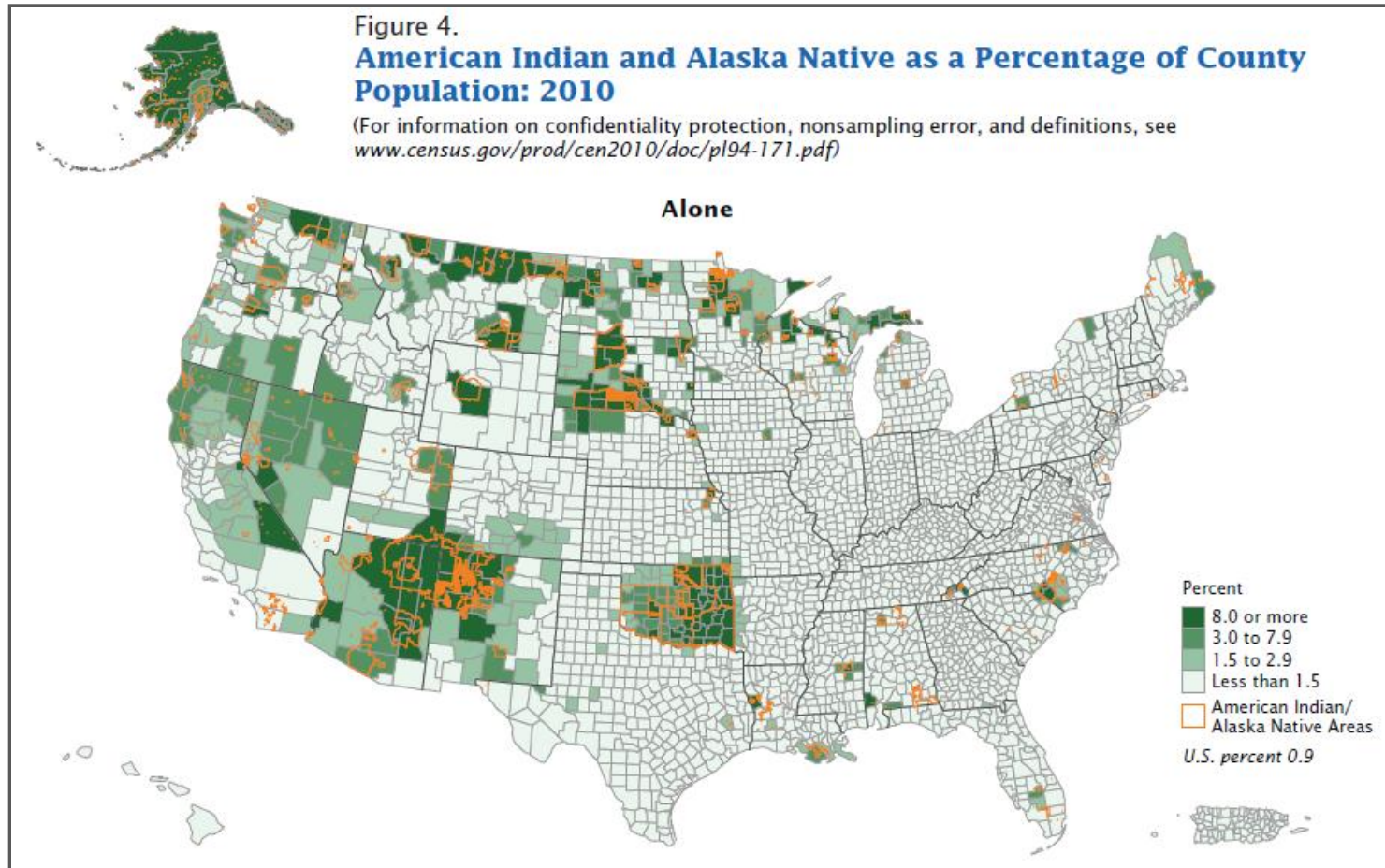
- ▶ 1,076 CDFIs serve markets in all 50 states, the District of Columbia, Guam, Puerto Rico & Canada
- ▶ 139 are banks, 285 are credit unions, 95 are holding companies, 542 are loan funds & 15 are venture capital funds
- ▶ 65 of the 1,076 are designated Native American & serve markets in 23 states

# Native MDI & CDFI Locations



Source: Center for Indian Country Development  
[https://www.minneapolisfed.org/indiancountry/  
resources/mapping-native-banks](https://www.minneapolisfed.org/indiancountry/resources/mapping-native-banks)

# Indian Country



# Opportunity & Room for Growth

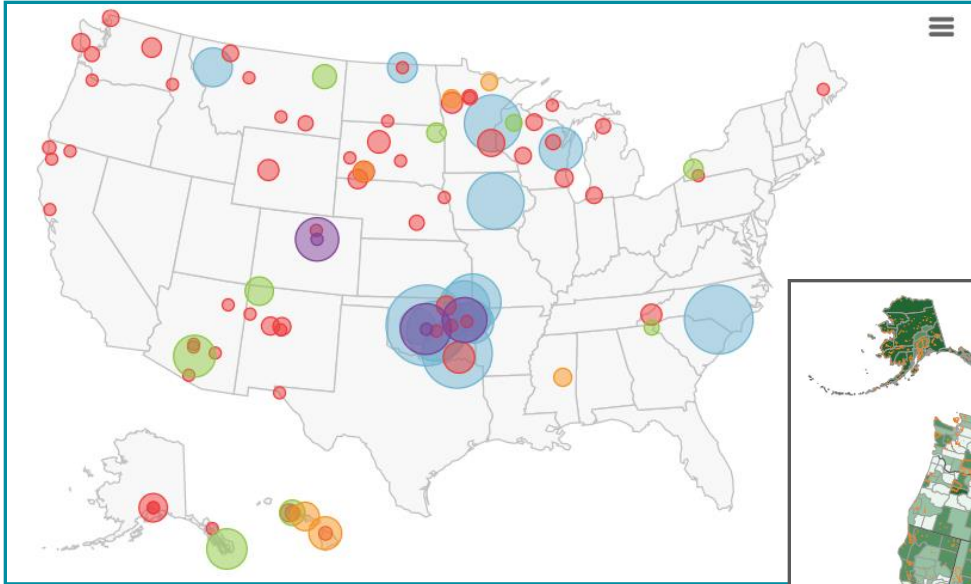
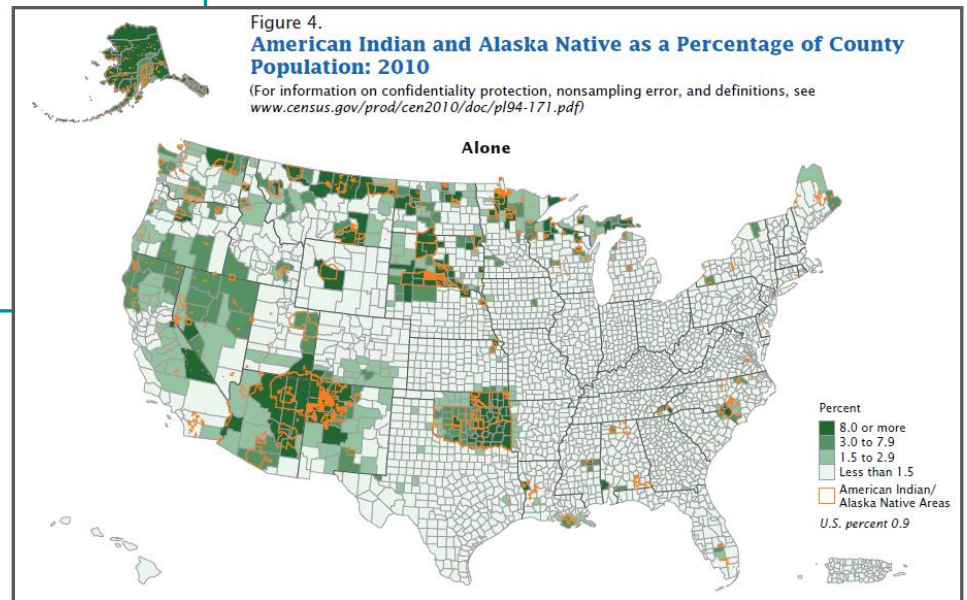


Figure 4.  
**American Indian and Alaska Native as a Percentage of County Population: 2010**

(For information on confidentiality protection, nonsampling error, and definitions, see [www.census.gov/prod/cen2010/doc/pl94-171.pdf](http://www.census.gov/prod/cen2010/doc/pl94-171.pdf))



# **SUPPORT FOR MDIS & CDFIS**

# Session Goals

- ▶ Share examples of the products & programs of Native-Owned MDIs & CDFIs & their impact in Indian Country (hereafter MDIs & CDFIs)
- ▶ Highlight current MDI & CDFI statistics
- ▶ **Identify resources that support the creation and growth of MDIs & CDFIs**

# FDIC Statement of Policy

“Minority depository institutions often promote the economic vitality of minority and underserved communities. The FDIC has long recognized the importance of minority depository institutions and has historically taken steps to preserve and encourage minority ownership of insured depository institutions.”

By order of the FDIC Board of Directors, April 9, 2002

*Source: 67 Federal Register 18620, April 16, 2002*

# FDIC Chairman McWilliams

“I have challenged the FDIC to increase our efforts to promote and preserve the nation's MDIs...Our oversight must reflect their critical role in our financial system. The vitality of these banks is critical given their role in the economic well-being of the minority and traditionally underserved communities many MDIs serve.”



Testimony before the House Financial Services Committee - May 2019

# Interagency MDI Conference



Betty Rudolph, FDIC National Director for Minority & Community Development Banking, welcomes attendees to the 2019 Interagency MDI / CDFI Bank Conference.

- ▶ Every two years, the FDIC, the OCC & the Federal Reserve, host a two-day, interagency conference for FDIC-insured MDIs & CDFI banks to foster collaboration in support of the continued vibrancy of MDIs and their communities
- ▶ The 2019 event drew over 80 MDI & CDFI individuals representing 61 banks
- ▶ Attending were CEOs, board members, managers, and staff; representatives of trade associations; Congressional staff; speakers; and federal agency staff.

# Federal MDI Support Services

- ▶ FDIC Minority Depository Institutions Program  
<https://www.fdic.gov/regulations/resources/minority>
- ▶ OCC Minority Depository Institution Advisory Committee  
<https://www.occ.treas.gov/topics/supervision-and-examination/bank-management/minority-depository-institutions/minority-depository-institutions-advisory-committee.html>

# Federal MDI Support Services Cont'd.

- ▶ The Federal Reserve System's Partnership for Progress <https://fedpartnership.gov/>

# CDFI Certification

- ▶ Certification as CDFI allows an organization to apply for awards under the CDFI Fund's competitive programs
- ▶ Native American CDFI Assistance Program (NACA)
  - Funding to build the community development capacity of Certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities
  - Funding for Technical Assistance &/or Financial Assistance

# Eligibility for CDFI Certification

- ▶ To be eligible for CDFI Certification, an organization must:
  - Have a primary mission of promoting community development
  - Provide both financial and educational services
  - Serve and maintain accountability to one or more defined target markets
  - Be a legal, non-governmental entity at the time of application (with the exception of Tribal governmental entities)
- ▶ Applications taken year round – no application fee at [www.cdfifund.gov/cdficert](http://www.cdfifund.gov/cdficert)

# CDFI Fund Native Initiatives

- ▶ The CDFI Fund created **Native Initiatives** to further support the creation and expansion of Native CDFIs. Native CDFIs help Native Communities thrive and grow by increasing their access to credit, capital, and financial services. The Native Initiatives program uses a combination of financial, technical assistance, and training to build the capacity of CDFIs serving Native Communities.

[Access to Capital & Credit in Native Communities Report](#)

# CDFI Fund - Capital Magnet Fund

- ▶ The Capital Magnet Fund was created to spur investment in affordable housing, related economic development efforts & community service facilities, with the objective of attracting private capital to economically distressed communities, including underserved rural areas.
- ▶ Certified CDFIs & nonprofits with a principal purpose of developing or managing affordable housing solutions are eligible to apply
- ▶ Most recent NOFA closed August 26, 2019

# Native American CDFI Assistance



- ▶ **First Nations Oweesta** offers loans to provide financing capital for Native CDFIs and other tribal nonprofit loan funds. Borrowers must be Native-controlled and have a primary mission of serving Native communities. Oweesta does not offer loans directly to individuals or businesses.

<https://www.oweesta.org/>



- ▶ The **Native CDFI Network** encourages Native CDFIs and affiliated organizations to take action towards informing policy that supports economic growth and development in Native communities. <https://nativecdfi.net/>

# Native Nations Institute

- ▶ The **Native Nations Institute for Leadership, Management, and Policy** (NNI) was founded in 2001 by The University of Arizona & the Udall Foundation
- ▶ NNI assists in building Native nations that can effectively pursue and ultimately realize their own political, economic, and community development objectives
- ▶ NNI is an outgrowth of the research programs of the Harvard Project on American Indian Economic Development

# Federal Agency Native American Offices, Programs & Resources

## ► Department of Agriculture (USDA)

- Office of Tribal Relations - This office serves as the USDA's primary contact point for Tribal issues, and is responsible for government-to-government relations, Tribal consultation, Alaska Native Claims Settlements Act, and other related issues.
- Rural Development - This office supports economic development in American Indian and Alaska Native communities through a variety of financial programs and technical assistance.

# Federal Agency Native American Offices, Programs & Resources

## ► Housing and Urban Development (HUD)

- Office of Native American Programs - promotes safe and affordable housing for low-income Native Americans.
- Assessment of American Indian, Alaska Native and Native Hawaiian Housing Needs
- Section 184 Indian Home Loan Guarantee Program - is a home mortgage federal loan guarantee for enrolled members of federally recognized tribes or for Tribally Designated Housing Entities.
- Title VI Loan Guarantee Program – Authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAH ASDA), the program was designed to facilitate financing for affordable housing in native communities.

# Federal Agency Native American Offices, Programs & Resources

## ► Department of the Interior (DOI)

- Office of Indian Energy & Economic Development (IEED) operates the Indian Loan Guarantee Program that banks, CDFIs, and other lenders may use to further economic development activity in Indian Country. The program guarantees up to 90% of a loan made to an Indian-owned business.
- Federal Loan Programs for Economic and Community Development throughout Indian Country and Alaska - This matrix provides useful information on loan and grant programs available from federal agencies.

# Federal Agency Native American Offices, Programs & Resources

## ► U.S. Treasury CDFI Fund

- [Native Initiative Programs, Community Development Financial Institutions \(CDFI\)](#) (PDF) - The CDFI Fund's Native Initiatives are designed to increase the access to credit, capital and financial services in Native Communities through the creation & expansion of Native CDFIs.
- [Access to Capital and Credit in Native Communities Report](#) - commissioned by the CDFI (2016), examines successes in the effort to improve access to capital and credit in Native Communities as well as what can be done to build on that success.
- [Minority Bank Deposit Program \(MBDP\), Financial Management Service](#) - The MBDP is a voluntary program designed to encourage federal agencies, state and local governments, and the private sector to use MBDP participants as depositaries and financial agents.

# Federal Agency Native American Offices, Programs & Resources

## ▶ **Small Business Administration (SBA)**

- Office for Native American Affairs – This office seeks to ensure that American Indians, Native Alaskans and Native Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the Agency's entrepreneurial development, lending and procurement programs.

# Federal Agency Native American Offices, Programs & Resources

## ▶ USDA Office of Tribal Relations

- Serves as a single point of contact for Tribal issues
- Works to refine the consultation process to ensure strong partnerships that will preserve Tribal sovereignty and is responsible for:
  - Government-to-government relations between USDA and tribal governments;
  - Tribal Consultation;
  - Alaska Native Claims Settlement Act (ANCSA);
  - Issues impacting Tribal members; and
  - Working cooperatively and collaboratively across USDA to build an integrated approach to issues, programs, and services addressing the needs of American Indians and Alaskan Natives.

# Federal Agency Native American Offices, Programs & Resources

- ▶ Center for Indian Country Development was founded by the Minneapolis Fed to help self-governing communities of American Indians attain their economic development goals. Its vision is to become a thought leader and principal point of contact for Indian Country matters, a nationally recognized clearinghouse for resources and initiatives concerning tribal economic development, and a respected contributor to the research critical to emerging economic issues that are of vital interest to Indian Country constituents and the Bank's mission.

# FDIC Community Affairs NY Region

Assignment	Point of Contact	Contact Information
New York Region	Valerie Williams, Regional Manager	917-320-2621
Boston Regional Office	Tim DeLessio, Area Manager	781-794-5632
PA	Lee Ann Antol, Community Affairs Specialist	724-742-7866 ext.8333
D.C., MD	Cynthia Durant, Community Affairs Specialist	410-872-9024
DE, NY, PR	Robert Francis, Community Affairs Specialist	917-320-2606
MA, RI, VT	Paul Horwitz, Community Affairs Specialist	781-794-5635
MA, CT, NH, ME	Jeff Manning, Community Affairs Specialist	781-794-5636
NJ	Darnell Sutton, Community Affairs Specialist	917-320-2753

# Questions?



# Thank you

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