



Community Assets for People (CAfP) client Alec Linde at work in his mobile food truck. (See his story on inside cover.)



CAP Services'
Community Assets for People (CAfP)

2014 Lending Report

On the Cover!

Tortuga Express of Custer, WI



Alec Linde, owner

Alec Linde is an entrepreneur who has always been passionate about food and festivals. Alec particularly enjoys cooking and serving interesting ethnic foods including fish tacos served on homemade tortillas, southwestern foods, unique soups, Middle Eastern dishes and various flatbreads.

In 2014, Alec launched his mobile food truck business, Tortuga Express. During warm weather months, he can be found on Friday evenings at Central Waters Brewery in Amherst, WI, or on Thursday afternoons outside the Farmshed Greenhouse Project in Stevens Point, WI.

Tortuga's core menu includes fish tacos, cheese quesadillas, Wisco Pop (a craft brew soda made in Viroqua, WI) and horchata, a traditional Mexican rice drink. Alec also has one or two special items on his menu depending on local seasonal ingredients, and event type and location.

He sells at special events including area music festivals, art shows and specialty fairs like the MREA Energy Fair held in his hometown of Custer each year. He also caters for weddings, reunions, business gatherings and other private events.

Alec uses his website and social media to advertise the truck's location as he continues developing the business's customer base.

Tortuga Express operates from April through November. During the winter months Alec develops and tests new menu items and researches additional festivals.

Alec first met with CAP Services staff in April 2014 to begin work on his business plan and financial projections. In June 2014, Tortuga Express received a startup loan as well as a small grant that helped cover some startup costs.



See additional client stories on pages 4 and 5.

Introduction

Community Assets for People (CAfP) provides low-cost capital to households and businesses owned by, or providing significant benefit to, low-income and moderate-income individuals.

In the 1980s, CAP Services, Inc. recognized that economic distress in the region could be addressed through improving access to personal and business capital. To meet that goal, revolving loan funds were created to support business creation and growth and to offer homeownership opportunities. CAP Services created Community Assets for People (CAfP) as its lending arm in 1991 with the sole mission of providing low-cost capital to households and businesses owned by – or providing significant benefit to – low-income individuals. In partnership with CAP, CAfP provides business loans, home mortgage loans and consumer loans (auto) in six central Wisconsin counties: Marquette, Portage, Outagamie, Waupaca, Waushara and Wood.

CAP Services staff work closely with CAfP loan clients to provide development services and customized business technical assistance services. Each strive to bring new living-wage jobs and value-added businesses into the community through responsible investment of capital.

Together the organizations provided 89 new loans in 2014 (54 housing, 20 business and 20 auto) and facilitated the creation of 14 new businesses and owner jobs, and 15 other jobs. Ten of those new businesses were started by women. The loan portfolio – valued at over \$16.1 million as of December 31, 2014 – included 1,049 housing, 109 business and 67 auto loans.

Community Assets for People, LLC maintains certification as a Community Development Financial Institution (CDFI) by the U.S. Treasury and has received capital investments from the CDFI Fund for use in business lending. The portfolio is further capitalized by loan fund investments from the USDA and other private sources. U.S. Department of Agriculture-funded capital helps meet borrower needs in rural Central Wisconsin.

To better serve borrowers in more urban markets, CAP Services, Inc. successfully qualified as a Small Business Administration (SBA) Microlender in 2013.

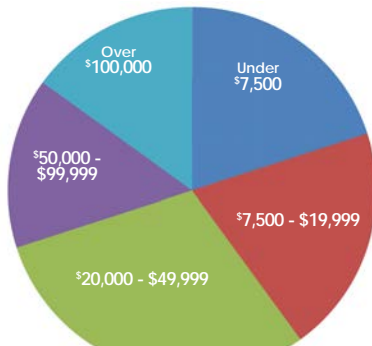


Business Lending

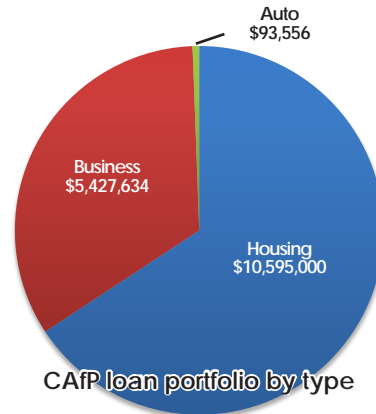
Almost without exception, start-ups face difficulty accessing financing, simply because they lack the financial track record most lenders require. When business financing is needed, staff works with clients to identify sources that might include CAfP, local economic development corporations and/or local banks. CAfP also provides gap financing to ensure thriving businesses are able to expand when those businesses already have a bank relationship.

Staff underwrite loans just as a bank might but, by design, may take on riskier deals to ensure opportunity for low-income business owners or to facilitate job creation for low-income individuals. Rates and terms are determined by the business and need but generally fall in a 4% – 8% range.

Business lending includes both micro-lending for business starts, and lending for expansions. In 2014, the organization deployed 20 loans to 19 borrowers. Borrowers included 11 men and 8 women and were geographically diverse.



Number of 2014 loans by size



CAfP loan portfolio by type

Business Technical Assistance

CAP Services' Business Development staff provides technical assistance services to business start-ups and expansions that can include business plan development, market/feasibility assessment and understanding business financials (both pre- and post-loan). In 2014, 988 hours of one-on-one, customized business technical assistance services were provided to low- and moderate-income entrepreneurs and 941 hours of customized assistance were provided to expanding businesses.

CAP believes that intensive technical assistance services provided to business loan clients helps to ensure business sustainability and also contributes to lower loss ratios for the business loan portfolio. The recent loss ratios for CAfP's portfolio are as follows (losses compared to the total loan portfolio): 5.3% in 2014, 1.2% in 2013, 4.1% in 2012; 9.7% in 2011, and 1.9% in 2010.

Other Lending

In addition to business lending, loans are also available that support housing and transportation needs.

Housing

All housing lending (homebuyer down payment assistance and housing rehabilitation) is directed at low-income households (up to 80% County Median Income). Fifteen households accessed CAP's Homebuyer Assistance Program in 2014. Loans were made throughout the service area: 11 in Portage County, 2 in Waupaca County, 1 in Waushara County, and 1 in Marquette County.

Subordinated mortgages were made at 2.25% simple interest with payments deferred for up to 30 years (or sooner if the home is sold or is no longer the primary residence of the buyer). Additionally, 37 more households secured financing that allowed them to make improvements in their homes to meet the U.S. Department of Housing and Urban Development's Housing Quality Standards.



Auto

CAP's auto purchase program, Work N Wheels, started in 2009 in response to growing needs of low-income, working households for reliable transportation.

Eligibility for the program limits household income to 200% of the federal poverty guideline (e.g., \$39,580 for a family of three in 2014). Eleven households accessed CAP's 0% interest auto loans in 2014, bringing the total loans made since the program started to 134. Loans are made up to \$5,000. Cars purchased through the program may be modest but still provide increased dependability for those who need a reliable vehicle to keep their jobs. In addition, nine repair loans were made in 2014.



Culton's WaterWell & Pump Services, LLC of Amherst, WI



Richard Culton, owner

Richard (Rick) Culton has been a licensed Pump Installer in the State of Wisconsin for 26 years and has 12 years' experience as a contractor. His experience includes well drilling and installation and service of pumps.

At the beginning of 2014, Rick was approached by his employer and asked if he would like to purchase the plumbing, heating and well drilling business. After much thought and consideration, Rick decided he would rather start his own business that would focus solely on well drilling and pump installation and service.

Rick enrolled in the Small Business Development Center's Entrepreneurial Training Program at UW-Stevens Point in the spring of 2014 and completed a business plan. Rick met with CAP Services staff in October 2014 to review his business plan with a business start loan following in November.

Sanchez Specialties LLC of Almond, WI



Susan Sanchez, owner

Twelve years ago Susan Sanchez tweaked an old family recipe for salsa to reflect the perfect combination of sweet and heat, as reflected in the products tag line "First you taste the sweet, and then you feel the heat". After years of sharing her salsa with family and friends, Susan started Sanchez Specialties LLC and began selling her salsa in retail locations around the state. Today three distributors carry Susan's salsa and the product can be found in approximately 100 stores across Wisconsin.

In October 2013, Susan attended the Wisconsin Grocers Convention where she learned more about the Wisconsin Food Hub Cooperative (WFHC). The organization acts as an intermediary between suppliers and purchasers of Wisconsin food products, assisting with marketing, sales, aggregation and logistics. The WFHC's goal is to approach nearly 200 stores with all of its products. In November 2013, Susan Sanchez met with CAP Services staff to revise her original business plan to address the WFHC opportunity and determine expansion costs. An expansion loan followed in April of 2014.

Our Chop Shop Barber Shop, LLC of Plover, WI

Amie Budimlija had nine years of experience in the hair care services industry when she approached CAP Services for assistance to start her own business. She hoped to specialize in barbering services and straight razor shaves for men.

Amie met with CAP Services staff in January 2014 and together they began developing a comprehensive business plan and financial projections.

In July 2014, Our Chop Shop Barber Shop, LLC received a loan for startup costs and equipment, followed by the business opening in August as a full-service barber shop for men and boys of all ages.



Amie Budimlija, owner

Subway of Pittsville, WI

For many years, the Stainbrooks wanted to establish a quality eatery with healthy fast food in their small rural community. They also wanted to add jobs and boost the economy in the Pittsville area. A franchise agreement with Subway was the strategy they pursued.

After delays when initial financing plans fell through, a new local lender was found. The lender required a junior lender for approximately 25% of the project. Referred by the Village of Pittsville, the Stainbrooks worked with CAP to close a loan to supplement the bank financing.

The Subway opened in December 2014 and employs five full-time and four part-time staff.



Arlynn & Patricia Stainbrook, owners

Loan Fund Investors:

BMO Harris Bank, NA
Community Foundation of Central Wisconsin
Delta Dental Plan of Wisconsin
Federal Home Loan Bank of Chicago – MPFE
Incourage Community Foundation
Opportunity Finance Network
Packer Apartment Corporation
School Sisters of Notre Dame
The Congregation of the Sisters of St. Agnes
The Sisters of the Sorrowful Mother International Finance, Inc.
The Sisters of St. Dominic – Racine
USDA - Rural Micro-enterprise Assistance Program (RMAP)
USDA - Intermediary Relending Program (IRP)
USDA - Rural Business Economic Grant Program (RBEG)
US Bank
US Treasury – CDFI Fund
Wisconsin Energy Corporation Foundation
Wisconsin Council on Churches
Wisconsin Department of Transportation
Wisconsin Division of Housing



CAP Services

Transforming People and Communities

Community Assets for People CAP Services, Inc.

5499 Hwy 10 E.
Stevens Point, WI 54482
Telephone: 715-343-7141
cafp.capservices.org



A member of the **OPPORTUNITYFINANCE** NETWORK 

