

CAP Services
Community Assets for People (CAfP)

2015 Lending Report

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Kingdom Cuts | Appleton, WI



Jessica Netzel earned a bachelor's degree in social work but her plan to pursue a master's degree was sidelined by a pregnancy. When her husband later became abusive and the marriage ended, she retrained in cosmetology. Another CAP business client, Lynda Tesch, both taught and mentored her, and saw the drive and motivation in Jessica to make it on her own.

That drive became even clearer when the salon Jessica was working at closed. Jessica decided to open her own salon, and specialize in children's haircuts, and party packages for both girls and boys, things she found she truly enjoyed. After a start-up loan from CAP, Jessica's business continues to grow and she hopes to add staff soon.

Ruby Coffee Roasters | Nelsonville, WI



Wisconsin native Jared Linzmeier had a humble beginning in the world of coffee, starting as a dishwasher at Intelligentsia Coffee in Silver Lake, CA. He became a barista at the Coffee Pavilion in San Francisco, and kept moving on and moving up in the coffee industry. At a 2011 "Let's Talk Coffee" TED conference in Medellin, Columbia, Jared sat on a panel talking about his industry experience. Shortly after the conference, he was named Director of Coffee and green buyer for Seattle's Cafe Ladro.

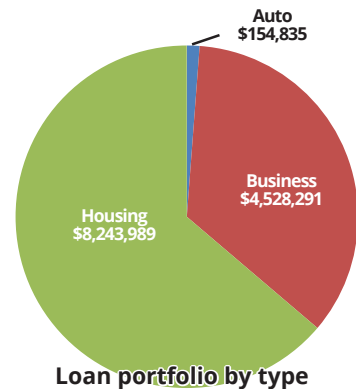
In 2013 Jared and his family decided to move back to central Wisconsin to pursue his dream of owning his own coffee roasting company. Ruby Coffee Roasters focuses on presenting "Colorful Coffees," representing the array of unique flavors that can come from different beans and roasting methods.

Ruby Coffee Roasters has grown quickly. Its 2015 sales were more than double its first year sales, supported in part by a loan from CAP Services to replace outdated equipment. This increased production efficiency by 35% and allowed Ruby to increase its workforce by one.

Community Assets for People (CAfP) Year in Review

CAP Services created CAfP in 1991 to bring low-cost capital to under-served markets, especially those providing significant benefit to low- and moderate-income people. CAfP provides business, housing and consumer (auto) loans in six central Wisconsin counties: Marquette, Portage, Outagamie, Waupaca, Waushara and Wood.

CAP and CAfP provided 116 new loans in 2015 (59 housing, 24 business and 33 auto). Loans outstanding total just over \$12.9 million and include: 1,049 housing loans valued at \$8,243,989; 109 business loans valued at \$4,528,291; and, 67 auto loans of \$154,835, \$12.9 million lent.



Community Assets for People, LLC (CAfP) maintains certification as a Community Development Financial Institution (CDFI) by the U.S. Treasury and has received capital investments from the CDFI Fund.



In 2015, CAfP collaborated with three other CDFIs to form *Invest in Wisconsin*. The group was awarded a \$2.86 million grant as part of JPMorgan Chase & Co.'s PRO Neighborhoods (Partnerships for Raising Opportunity in Neighborhoods) initiative.

PRO Neighborhoods is designed to give CDFIs flexibility to work together on community challenges in their city or region and develop innovative financing options for projects that are unable to qualify for traditional loans.

In addition to providing capital to invest in businesses and nonprofits in the target areas, the grant will help grow the capacity of the individual member CDFIs, and provide resources that will enable them to collaborate more effectively in order to achieve greater community impact.

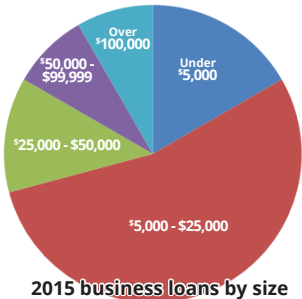


Business services & lending

Business services focus on low-income individuals or the businesses that hire them. Staff provides a variety of services to both start-ups and expansions that include business plan development, marketing/feasibility analyses, and building and understanding business financials (both pre- and post-loan).

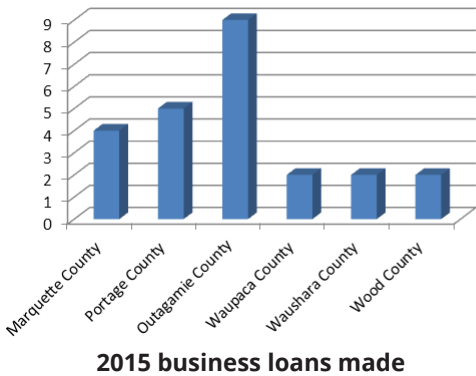
Those interested in entrepreneurship might be referred by banks, credit unions, chambers of commerce, economic development corporations, the Division of Vocational Rehabilitation, local government, human service agencies and current or former business clients. Others learn about us through our website or other media.

The first step typically taken is to contact one of the business development staff who will provide the groundwork for development of a business plan. If feasible, a business may start or move to expand. In 2015, 1,024 hours of business technical assistance services were provided that resulted in 15 new businesses starts. Each created an owner job and 6 more jobs were created (and several more retained).



Almost without exception, start-ups face difficulty accessing financing. Businesses wishing to expand may or may not have a banking partner. Staff works with prospective borrowers to identify the financial products that may best meet their needs. This could result in a bank as the senior lender and CAP/CAfP bringing in gap financing.

CAP/CAfP underwrites loan as would any other lending institution but may finance tighter deals to ensure opportunity for low-income owners. Rates and terms are determined by need, collateral and level of job creation, to name a few. In 2015, 24 business loans were deployed. Borrowers included 11 men, 9 women and 1 corporation (some borrowers had more than one loan during the year).



Your Town Florist & Gifts | Montello, WI

Small towns like Montello often see the loss of small shops, either to larger stores or to internet sales. Montello, though, is lucky to have Your Town Florist and Gifts in the area. Known for its artful floral arrangements, it's a local gem.

Owner Annette St. Onge more firmly committed to the community when she decided to stop renting and made a site adjacent to her home the permanent location for the business. A loan from CAP allowed her to increase inventory, and add a new compressor for the cooler and further establish herself as part of the Montello community!



Malliet Travel One Stop Travel Shop | New London, WI

Like a lot of entrepreneurs, Michelle Malliet began her career in providing travel services for an established company, but the time came when she wished to go out on her own.

She purchased a Cruise Planners/American Express Travel franchise and opened Malliet Travel in the fall of 2013. When she later wished to take her business to the next level, Michelle secured loans from CAP/CAfP in both 2014 and 2015. Financing allowed her to increase her marketing and advertising efforts, secure more training in the field and upgrade her storefront and signage. She hopes to add staff with the next growth stage of her business.



Freshour Precision Welding & Fabrication | Hortonville, WI

Willie Freshour had 14 years of welding and metal fabrication experience when he decided to open his own shop in 2011.

Freshour Precision Welding & Fabrication offers a variety of metal fabricating services targeted at local needs and hobbies.

The business's rapid growth created a need for additional equipment, materials, and working capital to hire permanent full-time employees. CAP helped with the business expansion plan and financing including three equipment loans in 2015.

During the business expansion, Freshour has hired additional full-time welder fabricators, an office manager and a truck/delivery driver.



Auto lending

CAP started its auto purchase program, Work-n-Wheels, 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 (i.e., \$39,060 for a family of three). Thirty-three households accessed CAP's 0% interest auto loans in 2015, bringing the total loans since the program started to 167. Because loans are made up to \$5,000, cars purchased may be modest but still provide increased dependability for those who need a vehicle to keep their jobs.

The Burke Family | Stevens Point, WI



Faced with a high-risk pregnancy, Ally Burke had been unable to work during the late spring and early summer months of 2015. As the primary wage earner for her family, this required rigorous financial management. Morgan, her husband, was working part time and also enrolled in school, pursuing a certified nursing assistance degree with the hope of eventually obtaining a degree as a registered nurse.

In the fall of 2015, when the family's 2003 Mazda broke down, the family had few financial options to overcome their transportation issues.

Their mechanic told them the car was not worth fixing and recommended selling it for scrap. They did in the hopes that the scrap money would be enough to offset the costs of buying a different car. The family struggled during this period as Ally and Morgan both needed to get to work, and Morgan also needed to get to school. In addition, they needed safe and reliable transportation for their two children.

Ally contacted CAP Services' Work-n-Wheels program, which was able to help them finance their vehicle purchase. The family found a vehicle just before the Wisconsin winter kicked into high gear. Now Ally is back at work, Morgan continues to work and go to school, and the family is able to get to where they need to go!

Housing lending

Access to affordable and decent housing is one of CAP's priorities. This can take different forms including offering home ownership and home improvement financing and increasing access to affordable rental housing units.

Both homebuyer and home rehabilitation financing is limited to households at or below 80% of the County Median Income as calculated by the US Department of Housing and Urban Development (HUD). In 2015, 29 households obtained mortgage financing (most subordinated) at 2.25% simple interest, deferred up to 30 years (or sooner if the home is sold or no longer serves as the primary residence). Additionally, 30 more households secured financing that allowed them to make improvement in their home to meet national housing quality standards. Loans were geographically diverse.

Brillion Apartments | Brillion, WI

Small towns in particular are often faced with limited affordable housing options. As a result, seniors, in particular, are forced to leave the communities in which they lived their lives when they can no longer manage the demands of home ownership.

As one of Wisconsin's most successful, nonprofit developers, CAP Services has established a track record of responding to this need, not only for seniors, but for families as well. A great example is Brillion Apartments in Brillion, WI. Now leasing up, this 24 unit senior and family housing project is located on the city's north side, near many of the services and commerce people need. Units have attached garages, dedicated parking, private outside entrances, appliances and in-unit laundries. All utilities, except for electricity, are included.



To keep the rents affordable in the project, CAP secured a financing structure that included equity from tax credit investors, conventional lending and competitive affordable housing funds. The obligations with some of this financing will keep the rents affordable for years to come.

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
JPMorgan CHASE Foundation
Opportunity Finance Network
Packer Apartment Corporation
School Sisters of Notre Dame
The Congregation of the Sisters of St. Agnes
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



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Transforming People and Communities

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