

**WEBINAR: A Conversation on For-profit Microlenders in the U.S.**  
**Tuesday, June 21, 2011**  
**Chat Dialog**

Sender	Recipient	Message
Chairperson	Everyone	Welcome everyone, we will be starting in approximately 15 minutes. Thank you for joining us today.
Chairperson	Everyone	We will be getting started in about 5 minutes
Chairperson	Everyone	We are going to get started in about 1 minute
Chairperson	Everyone	Thank you everyone for joining us this afternoon.
Chairperson	Everyone	And we encourage you to pose your questions via the Chat window.
Chairperson	Everyone	We are recording today's webinar and will be posting it online later today.
Nikita Mitchell	Presenters	Will you be providing attendees with the PowerPoint presentation as well?
Chairperson	Everyone	Also available after today's webinar will be a copy of the powerpoint presentation.
Chairperson	Everyone	FYI -- Kickstarter is a donation -- not a loan. The donor cannot receive a financial return from their donation.
Herve Billiet	Presenters	How many people are on the call?
Chairperson	Everyone	We have 60 participants on the call today.
Herve Billiet	Presenters	Thanks
Chairperson	Everyone	We had approximately 28 respondents to the first poll
Stephen Marro	Presenters	Do you have any idea how many agencies you are surveying today?
Chairperson	Everyone	25 responded
Stephen Marro	Presenters	Thank you
Chairperson	Everyone	22 responded to this final poll
Luz Gomez	Everyone	Please send us comments or questions via the chat.
Jean Slachetka	Presenters	Yes
eric loewe	Presenters	yes
Herve Billiet	Presenters	YES
Charles Jones	Presenters	No, not a significant impact.
Luis O DeLaHoz	Presenters	no
Jon Gaines	Presenters	Yes.
Marsha Bailey	Presenters	No
Mickey Beach	Presenters	yes
John Almanza	Presenters	Yes
Emily Gasner	Presenters	It depends on what the mission of the nonprofit is and how important self sufficiency ratios are to the nonprofit versus making a product affordable for low-income entrepreneurs.
Jose Luis Rojas	Presenters	Yes
DeJuan Woods	Presenters	No
Kelsey Quam	Presenters	higher interest rates can be used to fund expansion
Herve Billiet	Presenters	I answer the question: Do prices currently charged by nonprofits..."
Corinne Bronfman	Presenters	Yes - social goals for the smaller institutions are sustainability and expansion.
Amy Feldman	Presenters	5-15% -- For start ups and 15%-20% -- for small businesses that seek to grow
Emily Gasner	Presenters	Some of our programs have loan fund investor requirements that set our pricing. For example SBA microloan programs.
Mickey Beach	Presenters	overhead plus a small return, and that the return is allowable by the source providing the funds.
tom waddell	Presenters	8-12%
Charles Jones	Presenters	8-12% is a suitable range. Factors that influence are the business seasonality, type of business / risky-non-risky.
eric loewe	Presenters	Your mission. Amount of subsidy needed. Market prices.
DeJuan Woods	Presenters	8-10% interest rate and the most important factor is affordability for low income and sustainability for the organization

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Jean Slachetka	Presenters	Micro-borrowers deserve the same opportunities as less risky larger businesses
Stephen Marro	Presenters	Our pricing is based on a formula of credit scoring and cost to do the loan.
Jose Luis Rojas	Presenters	Benchmark business credit card rates
Corinne Bronfman	Presenters	Risk rating, size of loan, collateral, ability of the lending institution to monitor (labor intensive).
Rohan Mathew	Presenters	Perception is the biggest factor. Clients are often the least price-sensitive, but partners, funders, and government who lack context can get sticker shock.
Marsha Bailey	Presenters	We try to be competitive with unsecured credit card rates. We charge between 7.5 and 12%
tom waddell	Presenters	gross income based on historical stability vs projections
Stephen Marro	Presenters	I'll answer both by saying that the lender needs to recognize the ability of the borrower to pay and not break them. At the same time, there are always issues of sustainability for MF
tom waddell	Presenters	entrepreneur must decide what is too high, but must have absolute transparency in order to make their decision
Jose Luis Rojas	Presenters	An interest rate that would inhibit the borrower's ability to run an efficient business
eric loewe	Presenters	Anywhere near the predatory lenders. Yes, as long as everyone is reasonably sure the entrepreneur can repay and prosper.
DeJuan Woods	Presenters	20% is borders on usury
Luis O DeLaHoz	Presenters	if the entrepreneur don't have access to any financial resources I don't think that is a price to high
Charles Jones	Presenters	18% (1.5% per month) is a ceiling in terms of non-profits but there should also be some cap on fees as well. Borrowers don't always understand price vs consequences so it must be carefully detailed regardless of rates.
Mickey Beach	Presenters	The latter is probably right, however ensuring the borrower's understanding of impact of cost is crucial
Corinne Bronfman	Presenters	Alternative question - does the price of the loan allow better separation of borrowers according to their understanding of the business and potential profitability.
Emilio Santandreu	Presenters	There is no right or fair price. What should be fair price in California should be a usury in Florida. Prices depend on every case and every MFI and generalizations are not valid
Jose Luis Rojas	Presenters	Do you know the cost of capital of these for-profit microlenders?
Emilio Santandreu	Presenters	In our case is bigger than 9%
Jose Luis Rojas	Presenters	No, you should do both
Elaine Edgcomb	Chairperson	Can you say that one commercial microlender on the call says its cost of capital is greater than 9%-- just so everyone understands who made that comment
Marsha Bailey	Presenters	Do we know the default/delinquency rates of the for-profit lenders? We see ourselves as invested in the entrepreneur's success.
Rohan Mathew	Presenters	We don't make the largest loans or offer the lowest rates, but we have the fastest turnaround.
tom waddell	Presenters	more flexible repayment plans
Charles Jones	Presenters	We often provide a high touch service, so when we charge a higher rate it must reflect the personalized services. We must position and price based on a rationale rate but also the cost of service.
Keith Brewington	Presenters	access to credit to underserved

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Jon Gaines	Presenters	No. I think that NFPs must also work to ensure that borrowers are served quickly in the beginning stages. But I also feel that the longer term relationships are critical to borrower and NFP sustainability.
Stephen Marro	Presenters	We're in the business of building relationships and assisting the business to succeed. We do this over time and by offering TA. Our pricing is fixed for a both sustainability and success of our clients.
Jean Slachetka	Presenters	Technical assistance should be added
eric loewe	Presenters	We are changing: Geared to giving the applicant a decision quicker and ensuring we have collateral or a co-signer.
Stephen Marro	Presenters	Sure would help me out
Charles Jones	Presenters	We are beginning to look at a future model where it might be more cost effective in a few years to use "cloud computing" resources.
Rohan Mathew	Presenters	We have made significant investments in technology, but funding is a challenge. We have primarily used earned income and unrestricted funding as local funders are not as interested in funding infrastructure.
Terry Benelli	Presenters	initially we were able to secure grants from CDFI Fund, but recently the process has become too competitive and we have not been able to succeed in our applications.
Charles Jones	Presenters	Haven't been approached yet but remain receptive as a long term partnership or joint venture.
Stephen Marro	Presenters	Nothing in
Stephen Marro	Presenters	N.E. Florida as yet but open to a discussion.
eric loewe	Presenters	We currently collaborate with banks.
Emilio Santandreu	Presenters	As a long term oriented MFI we are open to any conversation
tom waddell	Presenters	we have had better luck collaborating with local community banks
tom waddell	Presenters	yes
Barrett Thomas	Presenters	I have actively worked to develop partnerships with local banks. I think their mission is closer to ours than the factoring companies in the area.
eric loewe	Presenters	The banks have come to us. They want microloan, 7(a) and 504 lenders to make referrals to.
eric loewe	Presenters	We have a database spanning almost 20 years, which needs mining, in a manner similar to Gustavo at Accion TX. How do we secure funds for the data gathering and development of the algorithms?