Southern Opportunity and Resilience (SOAR) Fund

Overview

SOUTH AND SOUTHEAST U.S.

The SOAR Fund is a partnership of local and national community finance organizations created to address the capital needs of historically disenfranchised communities across the South and Southeast U.S. as they attempt to navigate and rebuild after the unprecedented COVID-19 health and economic crisis. The program targets small businesses and nonprofits with 50 employees and fewer, with a focus on reaching historically under-resourced communities, including organizations in low-income areas and businesses owned by women and people of color.

Many in these communities have suffered from decades of discrimination, lack of access to affordable capital, and an insufficient safety net; vulnerabilities that have been exacerbated by COVID-19 and the related economic impact. Without the ability to access affordable credit, these businesses will not be able to survive what is likely to be an extended and uneven recovery.

To address this need, the partnership supports a network of local, community-based lenders that have worked in the region and were built to serve under-resourced communities. The participating lenders will originate new loans to small businesses that they can package and sell to a centralized special purpose vehicle, providing them with liquidity and risk mitigation. The loans are a standardized product that offer deeply affordable and flexible capital to small businesses and nonprofits that will struggle to access credit during the impending economic recovery. These loans will be timed to support business and organizations that have a path to reopening, but face upfront expenses to do so or see uncertainty in revenues given the prolonged economic disruption.

IMPACT

The Fund aims to equip businesses with the tools they need to reopen and rebuild operations after months of disruption and uncertainty.

These businesses and organizations can restore economic activity, retain quality jobs, and drive development in the communities most affected by COVID-19. The Fund will measure success by collecting the following metrics:

- Total borrowers and survival rate
- Total jobs served (jobs retained)
- Access for historically under-resourced communities (LMI communities, communties of color, women-owned businesses)

RECOVERY LOANS

All interested business and nonprofits will apply for a loan through a centralized online portal that will collect standard information about their business to determine eligibility. If eligible, applicants will be matched with a lender that serves their state or region. The lender will then assist the business with the application and provide additional support as needed.

To be eligible, a borrower must:

- Have fewer than 50 employees
- Have annual revenues of less than $5 million
- Attest to experiencing direct economic disruption as a result of COVID-19 shutdowns

Key loan terms include:

- Maximum loan size of $100,000
- 60 and 72 month loan terms, interest only in the first 12 months
- Interest rates of 4.0% for businesses and 3.0% for nonprofits (4.5% and 3.5% for 72 month loan)

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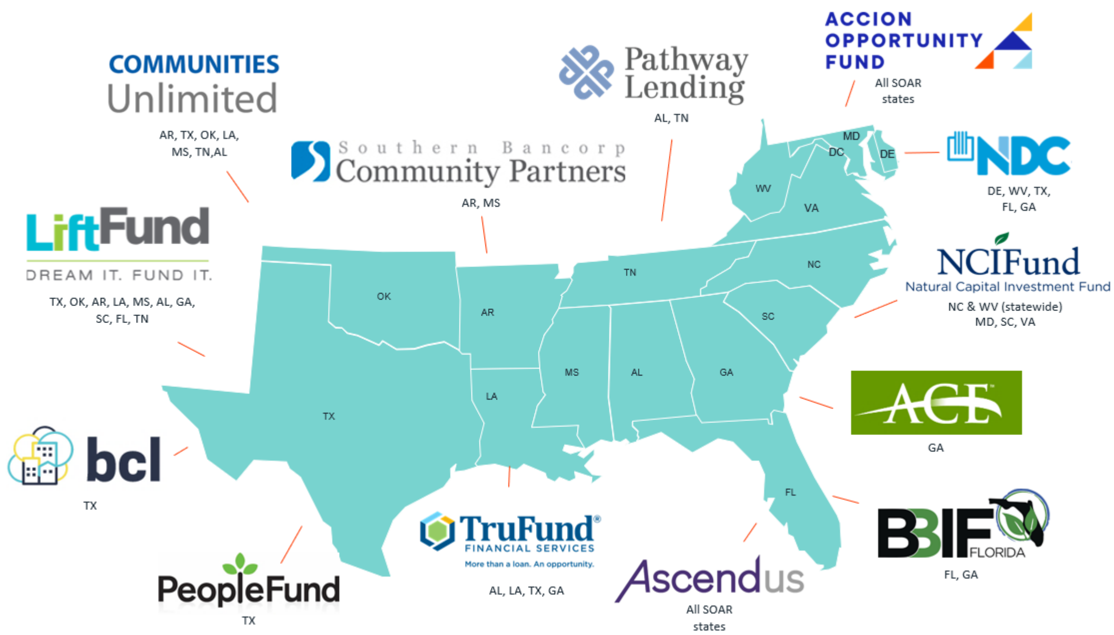
Key Partners and Geographic Reach

This effort is centered on the community lenders who are serving on the front lines of the economic crisis in disinvested communities. These organizations have built strong networks, relationships, and skills that are critical in supporting small businesses and nonprofits in this moment.

Operating across the South, the participating CDFIs serve a region of the U.S. that has the worst upward economic mobility statistics in the country. As mission driven lenders, they prioritize helping entrepreneurs grow their businesses and enabling local development through job creation, income generation, and wealth building opportunities. These organizations are active in their communities, understand borrowers' needs, and have the relationships and infrastructure to quickly provide tailored capital and technical assistance to local businesses and nonprofits.

ORIGINATING CDFIS



The Recovery Loans will be made available to small businesses and nonprofits in the following states:

- Alabama, Arkansas, Delaware, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Washington, D.C.

These states have been identified based on: (a) lending capacity and reach of the region's CDFIs; (b) business ecosystem – i.e., need for capital in the state; (c) availability of risk capital to support lending in the state. The list of states is not final and may be adjusted based on response from CDFIs and risk capital providers.

SUPPORTING PARTNERS

LISC

Calvert Impact Capital

CRF USA

WINROCK INTERNATIONAL

SMALL BUSINESS MAJORITY