

### General Updates

One PDE (Pre-Development Environmental) loan closed in August for \$1.4MM which will leverage \$12MM in USDA loan/grant funding to a small E TX water system. A second PDE loan was approved and closed in early Sept for \$951,731.59 that will provide access to \$7.5MM in ARPA funds for regionalization/merger of two water systems in Jefferson County, AR. Both projects are good examples of how the PDE program is working as designed to leverage Federal funds to rural communities who otherwise would not be able to afford the pre-engineering costs.

The CDFI Recertification process will be open in the Fall of 2023. Planning has begun to ensure CU's application will be successful despite the changes. CU is contracting with a consultant given the broad changes to the CDFI eligibility requirements. Changes are still under review and hopefully some of the more egregious are being reconsidered after backlash from CDFIs. More information on this will be provided at the next Board meeting when the eligibility requirements are firm, which should be this Fall when the application opens for 2023-24.

### Policy Exceptions

A loan was closed in Aug 2023 that exceeded the \$750,000 limit per borrower to Free State in Ben Wheeler TX. A second loan exceeding the \$750,000 limit to Wright-Pastoria Water Association in Jefferson County AR was approved and closed in September 2023. Both were discussed with the CEO and Board President prior to closing.

### New Products

Discussions are continuing about loans for Broadband. CU received a low interest loan from AR Community Foundation for operations and funding for the new product in AR.

Nuestra Casa had a great one-year birthday party in August attended by eleven of our CU staff, Board member Salomon Torres and CDFI partner Nick Mitchell, CEO of CDCB. CU Partners in the RGV of Proyecto Azteca, ARISE, WoodForest Bank all were a party of the festivities at the University of TX RGV in Weslaco. Media coverage of the event was substantial with Channel 5 doing interviews for two newscasts, a Facebook Live story, and Hispanic radio station did a live broadcast. Popular local grocery chain HEB and Domino's pizza donated food for the event. Brownsville and Weslaco Police Departments gave away school supplies. With support from CU Communications, the event featured a photo booth, pinata, and 100 biodegradable balloons released into the air for a dramatic conclusion of the celebration.

### New Lenders and New Offices

Charisma Event Management & Marketing did an excellent job in outreach in the TLL Temple geography to help boost awareness of Community Sustainability, Lending and Entrepreneurship services for the months of June and July. The plan to hire someone for outreach has been put on hold. Monthly meetings of the E TX team are being held in Lufkin beginning in August to keep the momentum going from the consultants push in the early summer.

A new lender started with CU on Sept 11<sup>th</sup>. Candence Brooks was formerly with the Small Business Development Center in Jonesboro AR. She is well versed in preparing small businesses for success and now wants to learn lending. This position is designed to train someone with no lending experience to learn CDFI lending. Candence is very excited about representing CU Lending in the AR and MS Delta and a larger territory as her lending skills are developed.

## Problem Loans

CU currently has 3 small business loans where collateral is being recovered to pay the remainder of the loan: Chattercuterie, Dickerson Dedicated Trucking, The Great Feast. A fourth loan, That's So You, voluntarily surrendered collateral in Little Rock in Aug. Of the collateral surrendered, one car was sold, and a second car is being financed by CU. Two box trucks are currently being advertised on Facebook live and Commercial Truck Trader.

No activity this quarter in the foreclosure lawsuit contemplated against Smith Management Water and Wastewater system near Lubbock TX while CU gives time for the new application which will refinance our loan is in the works.

CDFI partner, CDCB in Brownsville, shared information about a TX Homeowner Assistance program that pays utilities, loans and insurance for homeowners who got behind during covid, due to loss of job or illness. CU contacted each of the TX Mortgage borrowers to help them navigate the process. Only four applied for the relief. CDCB will take over servicing of the portfolio in Nov or Dec of 2023.

## Environmental Loans:

	Total Owed	Comments	Modified	Risk Rating /Change
Old Tamina	\$305,047.29	City of Shenandoah is taking over the system and should have funds for payoff by Dec. 2023.	N/A	Hope!
<b>Free State</b>	<b>\$185,724.69</b>	<b>CU loan for \$1.4MM paid off this loan in late Aug. 2023. New funds will leverage \$12MM in new USDA grant/loan funds. RWJ loan funds were used which are 95% guaranteed.</b>	<b>N/A</b>	<b>Paid off</b>
Smith Management	\$203,450.00	South Plains WSC and the project application team request that TWDB restructure/pay balance of the prior CU infrastructure loan as the new member-owned cooperative South Plains Water Supply Corporation assume operations of the failing Smith Management Water Systems. This budget item was included in the original DW PIFs submitted and ranked, and is now included in the project budget request. The DWSRF Project funding requests included a \$210,000 line item to allow repayment of the remaining balance of the Communities Unlimited Loan for 3.1.24.	N/A	Hope!

# COMMUNITIESUnlimited

E Smith	\$52,241.97	<p>East Smith Sewer Service and Water Supply Corporation is the full name. They received \$38.5K for preliminary engineering report and environmental assessment in 2013.</p> <p>Loan # 10230 was written off but will be put back on the books with the hope that it may have some life with Harold Hunter working with the system. CU wrote off \$64,092.30 of P&amp;I. Current principal balance of \$38,500 will go back on the books with a perdiem of \$7.31 from the date of the write off.</p>	N/A	Hope!
---------	-------------	--	-----	-------

## Commercial Loans:

Borrower	Loan Amt	Comments	Modified	Partner; Risk Support	Risk Rating /Change
That's So You Boutique	31,084.41	Voluntarily surrendered truck. Offered for sale on Facebook. Last paid May 23, 2023.	ADFA.	AEDC	Doubtful but no loss due to guar.
That's So You Boutique	4,459.53	Last paid June 20, 2023.		SBA	Doubtful no loss expected.
<b>Riko's</b>	5,075.51	One payment was made in May. But the borrower is still engaged with CU. Recently entered into a contract with Amazon. The financials received show profitability.			Watch-WO
<b>Airport Exec</b>	2,446.32 5,949.22	Health Dept approved location and began Amazon contract mid Aug. Landlord has agreed to extend time for repayment of 8 months of rent, Memshop grants are now paying rent. E Team continues to be engaged. Epicenter grant of \$15K is almost assured.		JP Morgan	Watch-TA
<b>Rainbow Educational</b>	7,411.45	Health and family issues have caused financial hardship. Borrower is in monthly contact with CU and hopes to start repayment soon. Plans to start payment in Oct now.			Loss Expected

# COMMUNITIESUnlimited

<b>Chattcutterie</b>	42,321.25	Personal Collateral sold for \$5000 and principal reduced. negotiating with their atty for business collateral.			Loss Expected
<b>Kays Kute Fruit</b>	33,297.3	Borrower has made last five payments on time!		Higher Purpose 60% guaranty	Acceptable
<b>Upkeep Services</b>	5,149.50	Borrower promised to pay in June. Did not. No longer responding again.			Will write off
<b>The Great Feast</b>	3,696.00 34,437.98	Business is currently not open due to the health of the owner. Some Payments have been made by a family member in order to keep a vehicle pledged as collateral.		ADFA	Watch- WO
<b>Bella Skye Couture, LLC</b>	16,697.64	Storm damage of business. Insurance payment expected in May. Modified note to pay interest only for 3 months. Has not paid. writing off Aug 2023	May 2023		Wrote off Aug.
<b>Dickerson Dedicated</b>	38,818.83	Borrower voluntarily surrendered truck. put on auction website to sell. Hoping for \$20k.			Watch=WO

## BOARD OF DIRECTORS LENDING DASHBOARD – FY2023 Summary

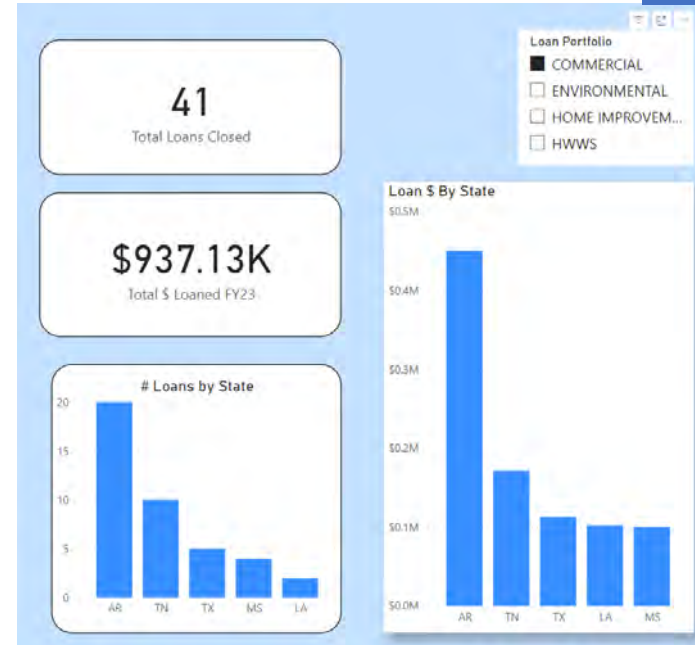
The following are screenshots from the Lending Dashboard built in the Microsoft 365 (M365) tool called PowerBI. When viewed as a PowerBI Dashboard the tool is interactive (e.g. selecting the 'COMMERCIAL' box in the Loan Portfolio list transforms the data to reflect only the Commercial portfolio). This Dashboard was built by Jane Coffin and is an illustration of the transition of CU data into M365 and the flexibility these systems program for collective data tracking and customization for various program applications. Jane works in collaboration with CU IT in development of these tools and is a program subject matter expert for data tracking through PowerBI.



## ENVIRONMENTAL LOANS



## COMMERCIAL LOANS



## HOME IMPROVEMENT LOANS



## HWWS LOANS



150

Applications

41

Closed

79

Declined/Withdrawn

22

Pipeline

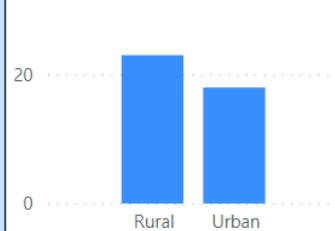
\$937,130.59

Dollars Loaned

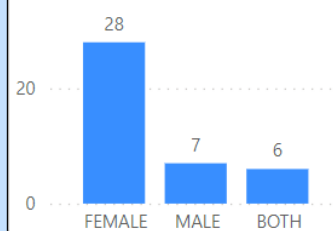
## Commercial Loans FY23

Loan Number	Acct Name	Rural or Urban	State	\$ Loaned	Race	Gender	PPC	Risk	Recovery	SBA
381	CLASSY CUISINE LLC	Urban	TN	\$2,015.35	BLACK	FEMALE		ACCEPTABLE		SBA
379	PAULA ANDERSON COACHING AND CONSULTING	Urban	TN	\$2,216.00	BLACK	FEMALE		ACCEPTABLE		SBA
377	AIRPORT CITY EXECUTIVE CITY- CAFE & CATERING	Urban	TN	\$2,515.59	BLACK	FEMALE		WATCH - TA		
356	MARIA ALONSO DBA PASTELERIA	Rural	AR	\$3,200.00	WHITE	FEMALE	PPC	ACCEPTABLE		
384	AUTHOR OF BEAUTY BOUTIQUE LLC	Rural	MS	\$4,710.00	BLACK	FEMALE	PPC	ACCEPTABLE		SBA
385	NO DRESS CODE LLC	Rural	AR	\$4,722.00	WHITE	FEMALE		ACCEPTABLE	ADFA	SBA
372	MOON RIVER BOUTIQUE	Urban	AR	\$5,216.00	WHITE	FEMALE		ACCEPTABLE		SBA
394	HAIR WORLD AND MORE LLC	Rural	TX	\$6,100.00	BLACK	BOTH		ACCEPTABLE		

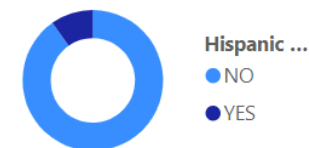
Urban/Rural



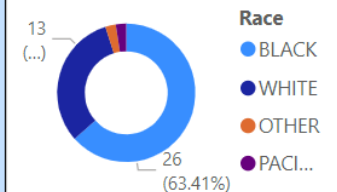
Loans by Gender



Hispanic  
Loans by Hispanic Origin



Loans by Race



83%

Female Owned

63%

Black Owned

10%

Hispanic Owned

56%

Rural

622

Average of Credit Score

11

PPC

1

High Risk

# Small Business Loan Charge Off History

Year	Loan Default	ADFA	AEDC	Assisi	Net Loss
2016-2018	39,732.56	9,200.00		5,000.00	25,532.56
2019 – 2020	72,303.46	35,264.60	37,211.64		-172.78
2021	17,793.79	1,808.31		2,542.84	13,442.64
2022	23,599.97				23,599.97
2023	102,514.45			653.22	101,861.23
BELLA SKYE COUTURE LLC	16,697.64				16,697.64
CHATT CUTERIE LLC	47,127.58				47,127.58
HONEY HUSH BOUTIQUE	15,930.66				15,930.66
J&D AFFORDABLE	5,994.35				5,994.35
JACKSON	6,777.84				6,777.84
SHOWERS OF STYLES	4,769.14				4,769.14
SO NUTS	653.22			653.22	0.00
UPKEEP SERVICES, LLC	4,564.02				4,564.02
<b>Total</b>	<b>255,944.23</b>	<b>46,272.91</b>	<b>37,211.64</b>	<b>8,196.06</b>	<b>164,263.62</b>

31

Applications

20

Closed

2

Declined/Withdrawn

10

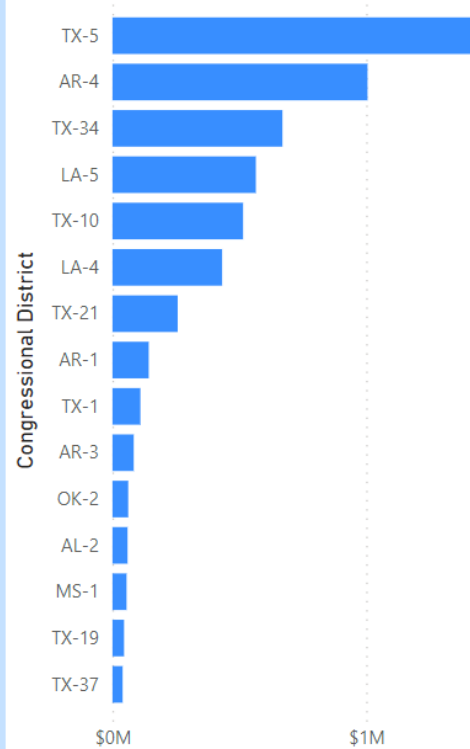
Pipeline

\$5.46M

Dollars Loaned

## Environmental Loans FY23

Loan \$ By Congressional District



Loan Number	Acct Name	Rural or Urban	State	\$ Loaned	PPC
11082	AVALON POINT WATER SERVICES, LLC	Urban	TX	\$40,000.00	
11083	AVALON POINT WATER SERVICES, LLC	Urban	TX	\$54,000.00	
11081	BELMONT WATERWORKS, INC.	Rural	LA	\$346,940.00	
11069	BOYNTON PUBLIC WORKS AUTHORITY	Rural	OK	\$62,000.00	
11075	CITY OF LUXORA	Rural	AR	\$142,880.62	PPC
11078	CITY OF WINSLOW, WINSLOW WATER DEPARTMENT	Rural	AR	\$83,716.00	
11085	FREE STATE SEWER SERVICE AND WATER SUPPLY CORPORATION	Rural	TX	\$1,418,857.02	
11074	HIGH PRAIRIE WATER SUPPLY CORP	Rural	TX	\$514,794.20	

PPC

7

Minority Tract

9

LMI Tract

6

58

Applications

29

Closed

26

Declined/Withdrawn

7

Pipeline

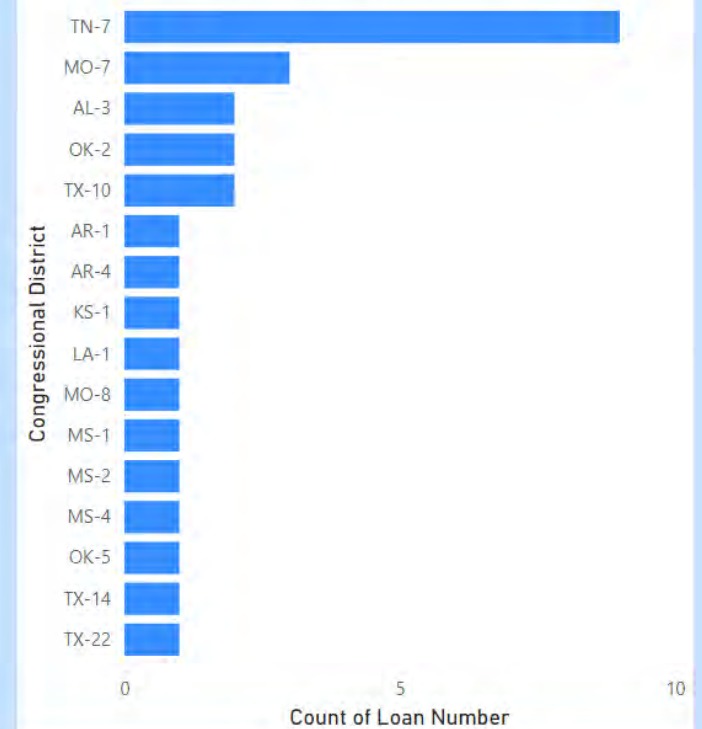
\$350.98K

Dollars Loaned

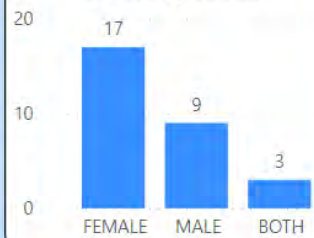
## Water Wells FY23

Loan Number	Rural or Urban	State	\$ Loaned	Race	Gender	PPC	City State
3038	Rural	MS	\$5,700.00	BLACK	FEMALE	PPC	Oxford, MS
3039	Rural	TX	\$5,300.00	BLACK	FEMALE		Madisonville, TX
3040	Rural	TN	\$15,000.00	WHITE	MALE		Nunnely, TN
3041	Rural	KS	\$11,000.00	WHITE	FEMALE		Hutchinson, KS
3042	Rural	MO	\$15,000.00	WHITE	FEMALE		Pomona, MO
3043	Rural	MO	\$11,000.00	WHITE	MALE	PPC	Noel, MO

Count of Loan Number by Congressional District



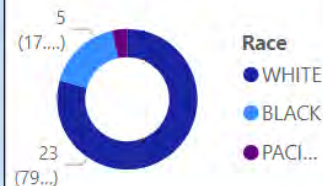
Loans by Gender



Hispanic  
Loans by Hispanic Origin



Loans by Race



245

Applications

154

Closed

75

Declined/Withdrawn

12

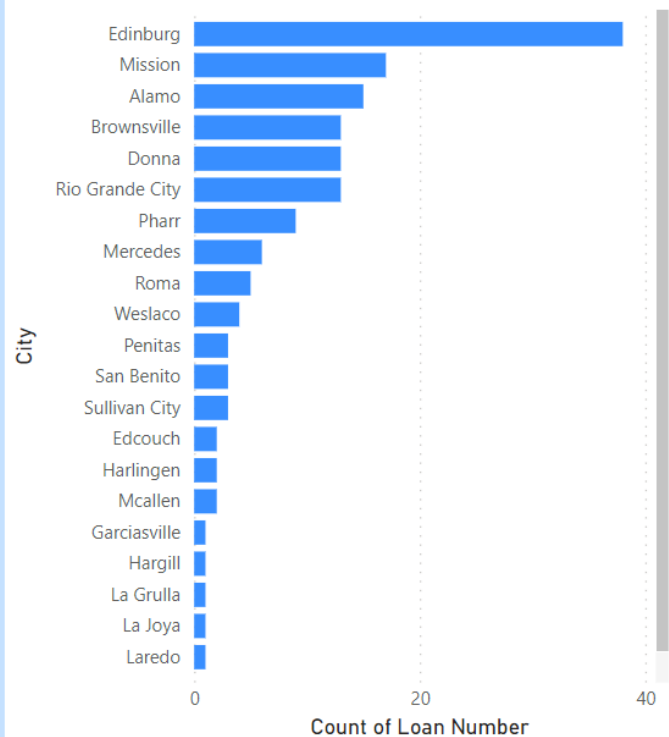
Pipeline

\$413.39K

Dollars Loaned

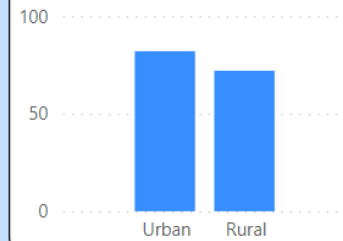
## Nuestra Casa FY23

Count of Loan Number by City

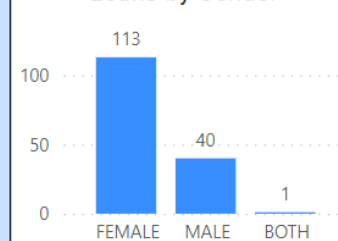


Loan Number	Rural or Urban	State	\$ Loaned	Ethnicity	Gender	Congressional District	City State
118	Rural	TX	\$2,500.00	YES	MALE	TX-15	Alamo, TX
120	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX
1221	Rural	TX	\$2,500.00	YES	MALE	TX-15	La Joya, TX
123	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX
1235	Rural	TX	\$3,754.81	YES	FEMALE	TX-15	Hargill, TX
124	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX
1241	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Penitas, TX
1244	Rural	TX	\$3,791.63	YES	FEMALE	TX-15	Penitas, TX
128	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX

Urban/Rural



Loans by Gender



Loans by Congressional District

