

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 11th. 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!
Free State	\$185,724.69	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.	N/A	Paid off
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!

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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&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!
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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.
Riko's	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
Airport Exec	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
Rainbow Educational	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

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Chattcutterie	42,321.25	Personal Collateral sold for \$5000 and principal reduced. negotiating with their atty for business collateral.			Loss Expected
Kays Kute Fruit	33,297.3	Borrower has made last five payments on time!		Higher Purpose 60% guaranty	Acceptable
Upkeep Services	5,149.50	Borrower promised to pay in June. Did not. No longer responding again.			Will write off
The Great Feast	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
Bella Skye Couture, LLC	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.
Dickerson Dedicated	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

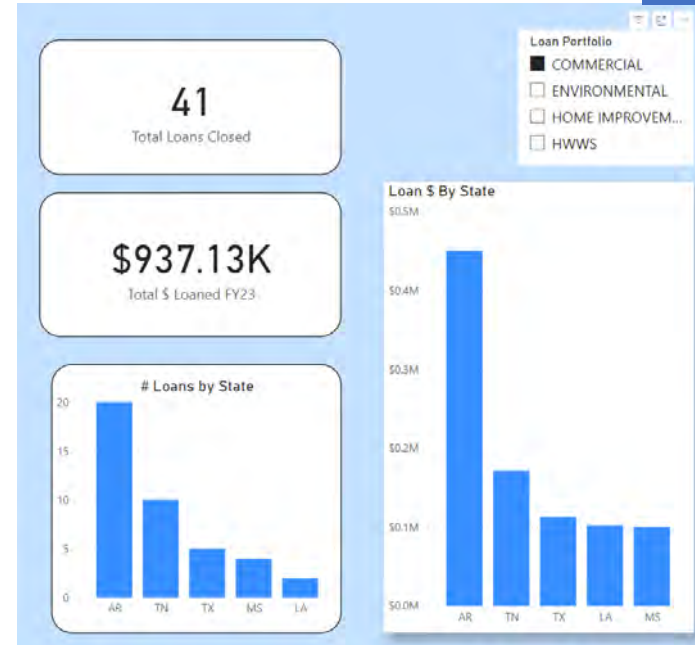
The following are screenshots from the Lending Dashboard built in the Microsoft 365 (M365) tool called PowerBI. When viewed as a PowerBI Dashboard the tool is interactive (e.g. selecting the 'COMMERCIAL' box in the Loan Portfolio list transforms the data to reflect only the Commercial portfolio). This 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



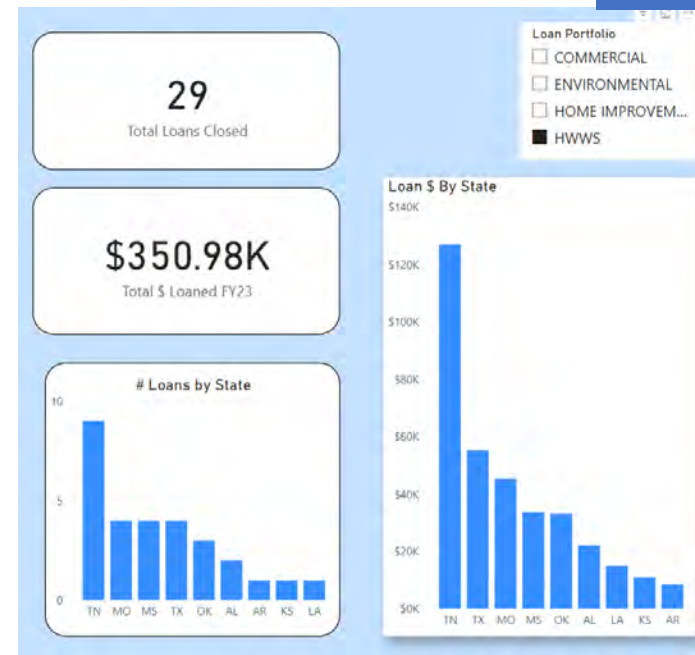
COMMERCIAL LOANS



HOME IMPROVEMENT LOANS



HWWS LOANS



150

Applications

41

Closed

79

Declined/Withdrawn

22

Pipeline

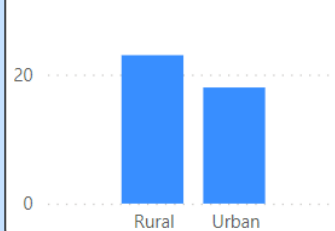
\$937,130.59

Dollars Loaned

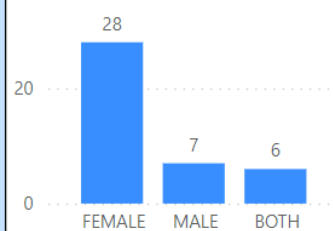
Commercial Loans FY23

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 PASTERIA	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



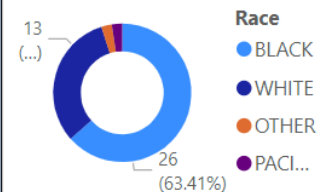
Loans by Gender



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
Total	255,944.23	46,272.91	37,211.64	8,196.06	164,263.62

31

Applications

20

Closed

2

Declined/Withdrawn

10

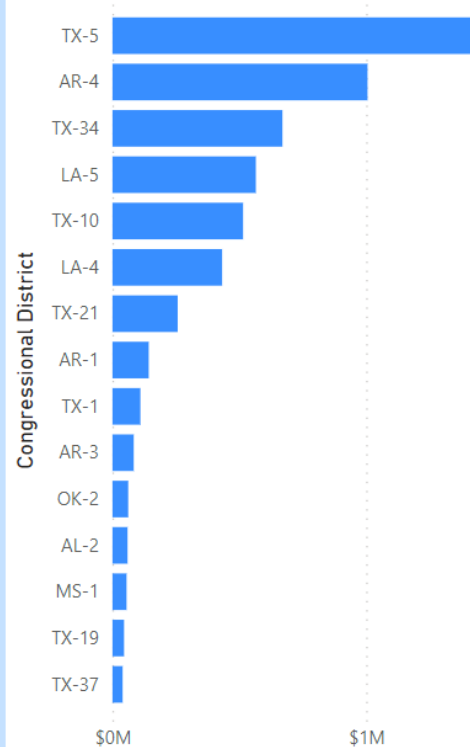
Pipeline

\$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

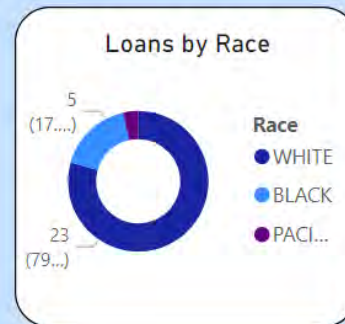
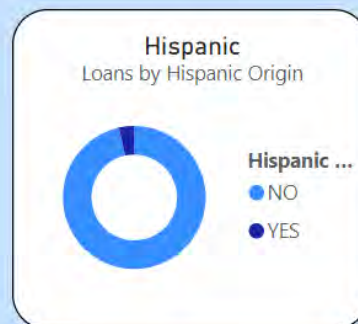
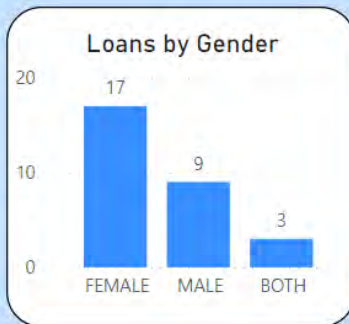
Pipeline

\$350.98K

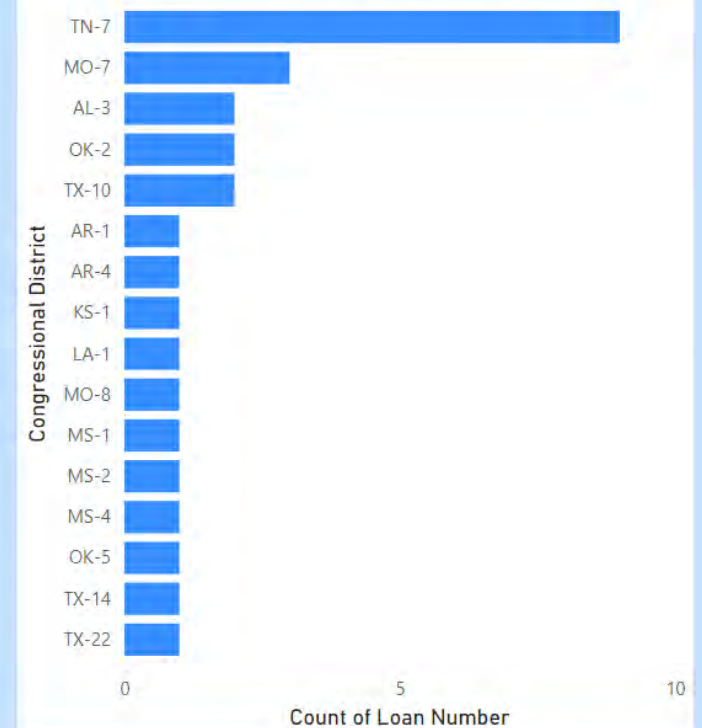
Dollars Loaned

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



245

Applications

154

Closed

75

Declined/Withdrawn

12

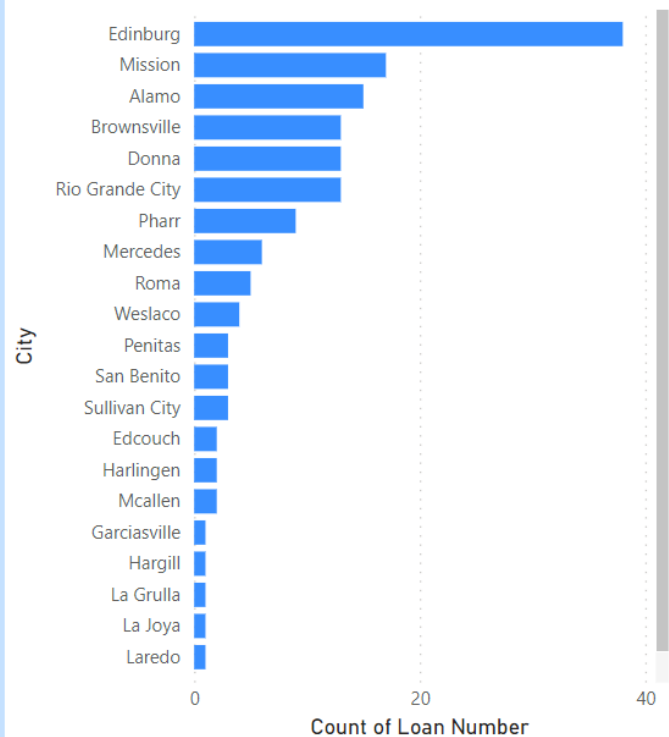
Pipeline

\$413.39K

Dollars Loaned

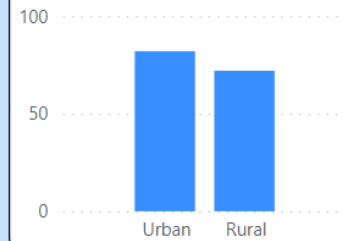
Nuestra Casa FY23

Count of Loan Number by City

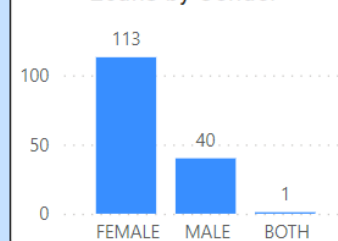


Loan Number	Rural or Urban	State	\$ Loaned	Ethnicity	Gender	Congressional District	City State
118	Rural	TX	\$2,500.00	YES	MALE	TX-15	Alamo, TX
120	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX
1221	Rural	TX	\$2,500.00	YES	MALE	TX-15	La Joya, TX
123	Rural	TX	\$2,500.00	YES	FEMALE	TX-15	Alamo, TX
1235	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

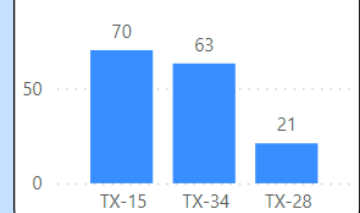
Urban/Rural



Loans by Gender



Loans by Congressional District



LEPP Monitoring Report - FY2024

Submitted by: Elaine Crutchfield, Director of Research & Program Support

The Compliance Office monitored CU's LEPP using the following seven (7) review criteria referenced in the approved LEPP. Monitoring and implementation is support by the Compliance Office which is supported by Haley Reed, Customer Service Associate; Metta Smith, Communications Manager; and, Elaine Crutchfield, Director of Research and Program Support.

Results and recommendations, as appropriate, are summarized beneath each criteria.

1. Current LEP population in service area.
 - Examination of most recent ACS 1-year LEP estimates (Vintage 2022) found no significant changes in state-level LEP populations.
2. Language services requested / provided and for which languages.
 - Spanish and Marshallese
 - Target audience / location.
 - Entrepreneurs, small business owners, borrowers, homeowners with household wells
 - Texas is primary target for consumer borrowers (Spanish).
 - All states use Spanish/English bi-lingual vital documents.
 - Lending is serving Marshallese small business owners in Northwest Arkansas.
3. Whether language assistance services are effective and sufficient to meet the need.

Services were not effective or sufficient in the following example. These examples represent a significant minority of total service usage for the year with all other service meeting expected service level agreements (SLAs).

 - During FY23, staff encountered challenges with the Spanish translation and interpretation services for clients in the Rio Grande Valley (RGV) region of Texas. After considerable research, the Compliance Office determined the following.
 - Clients were having difficulty understanding the dialect of Spanish spoken by the interpreter as well as understanding the meaning of some of the financial/lending related terminology.
 - In many instances the lending terminology has limited flexibility and the interpreter needs the ability to explain the meaning of these terms.
 - Legal and medical staff in the RGV region explain the language as a combination of Mexican Spanish, English and 'slang' terms unique to RGV.

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- During FY23, staff experienced longer delays than desirable when connecting with an interpreter via phone. While a minority of calls experienced delays, the length of the delay was unsatisfactory, did not meet the service level agreement (SLA), and created challenges in serving the client(s).
4. Challenges encountered and how they were resolved.
- The challenges above were of sufficient concern that modifications to the language assistance services were evaluated and implemented as soon as possible.
 - Translation services supporting communication with Spanish speaking borrowers in the Rio Grande Valley was supported through a regional attorney, experienced in the regional dialect. Feedback from bi-lingual staff, local partners and borrowers confirmed improvements in translation products.
 - The contract for Interpretation services was transition to Transperfect Connect. Transperfect Connect is an approved vendor for the GSA Federal Supply schedule 73811 and is endorsed by the Departments of Justice, Agriculture, Homeland Security, Labor and the FDIC. This contract change also reduced CU's annual budgeted cost for translation / interpretation services by approximately 45%.
5. Feedback from stakeholders, the community, and LEP individuals.
- See comments above.
6. Whether CU's financial resources are sufficient to fund language assistance resources needed.
- CU's financial resources are sufficient.
7. Determine whether CU complies with the goals of the LEPP.
- **Compliant:** To the best of our knowledge, CU is compliant with the goals of LEPP and goes beyond compliance requirements to provide language assistance services for the individuals we serve.

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Limited English Proficiency Plan (LEPP) FY 2024

Adopted by the Board of Directors, Nov. 1, 2023

COMMUNITIESUnlimited

Office of Compliance

3 East Colt Square Drive

Fayetteville, AR 72703

Contact the Ombudsman at:

479-443-2700

Ombudsman@CommunitiesU.org

Limited English Proficiency Plan (LEPP)

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I. Introduction

Communities Unlimited (CU) is home to people of different cultures, ethnicities, races, and backgrounds, as are the communities we serve. Language differences should not be a barrier to engagement and participation. This Limited English Proficiency Plan (LEPP) was developed to ensure access for all.

The CU LEPP establishes organization-wide guidance to provide LEP individuals with meaningful access to programs, projects, services, or activities in a timely and effective manner. The Plan was developed to be consistent with:

1. CU's commitment to provide meaningful access to LEP individuals.
2. CU's mission.
3. Title VI of the Civil Rights Act of 1964.
4. Title VI implementing regulations and guidance documents; and
5. Executive Order 13166 (EO 13166).

Upon approval by the CU Board of Directors, the organization will implement all aspects of the approved LEP Plan within 60 calendar days.

II. Definitions

Interpretation – The act of listening to a communication in one language (source language) and orally converting it to another language (target language) while retaining the same meaning.

Interpreter – An individual who conveys meaning orally from one language (the source language) into another (the target language).

Limited English Proficient (LEP) Individuals – Individuals who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English. LEP individuals may be competent in English for certain types of communication (e.g., speaking or understanding), but still be LEP for other types of communication (e.g., reading or writing).

Meaningful Access – Language assistance that results in accurate, timely, and effective communication at no cost to the LEP individual. For LEP individuals, meaningful access denotes reasonable efforts to provide language assistance services to ensure that LEP individuals have substantially equal access to Programs and activities.

Primary Language – An individual's primary language is the language in which an individual most effectively communicates.

Program or Activity – The term “program or activity” and the term “program” refer to all department/divisional operations and services offered by the organization.

Service Area – Communities Unlimited, Inc. (CU) service area is defined as the seven (7) states of Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee and Texas.

Translation – The replacement of written text from one language (source language) into an equivalent written text in another language (target language).

Translator – An individual who conveys written text from one language (source language) into the equivalent in written text in another language (target language).

Vital Document – Paper or electronic material that is critical for access to the department’s programs, activities, and services, or contains information about procedures or processes required by law. Classification of a document as “vital” depends upon the importance of the program, information, encounter, or service involved, and the consequence to the LEP individual if the information in question is not provided accurately or in a timely manner.

III. LEP Plan Summary

Definition of LEP persons: individuals who do not speak English as their primary language and who have a limited ability to read, write, speak or understand English.

This Plan helps identify reasonable steps to ensure LEP persons meaningful access to programs. This plan details procedures on how to identify a person who may need language assistance, the ways in which assistance may be provided, training staff, how to notify LEP persons that assistance is available, and information for future plan updates.

To decide what reasonable steps to take to ensure meaningful access for LEP persons, the following is considered.

1. The number or proportion of LEP persons eligible to be served or likely encountered.
2. The frequency with which LEP individuals come in contact with the program, activity or service.
3. The nature and importance of the program, activity or service provided.
4. The resources available to CU and overall costs.

A brief description of the above considerations is provided in the following section.

IV. Four Factor Analysis

The EPA's LEP Guidance provides a flexible and fact dependent four-factor analysis to help recipients determine whether they are taking reasonable steps to ensure meaningful access to their programs and activities by LEP individuals. Communities Unlimited will use information provided in the four-factor analysis to proactively determine the need for language services without first requiring a request from the public to provide language assistance.

Factor 1: Number or proportion of LEP individuals in the Communities Unlimited (CU) service area eligible to be served or likely to encounter CU programs and/or services.

The greater the number or proportion of LEP individuals, the more likely language services will be needed. Minority populations that are eligible for programs or activities but may be underserved because of existing language barriers are considered. Records of the number or proportion of people with LEP who seek services from the program shall be maintained.

The U.S. Census Bureau has four classifications of how well people speak English: very well; well; not well; and not at all.

Communities Unlimited considers individuals who speak English less than "very well" as Limited English Proficient (LEP).

CU Service Area	Total POP	Total LEP POP	*LEP%	Total Spanish	Spanish% of Total POP
Alabama	4,497,352	107,436	2.4%	78,970	1.8%
Arkansas	2,738,012	89,977	3.3%	69,398	2.5%
Louisiana	4,255,893	119,591	2.8%	65,395	1.5%
Mississippi	2,771,287	43,433	1.6%	28,987	1.0%
Oklahoma	3,521,583	138,641	3.9%	103,860	2.9%
Tennessee	5,998,956	168,938	2.8%	110,114	1.8%
Texas	23,704,400	3,374,551	14.2%	2,926,515	12.3%

**LEP (Limited English Proficiency) for this Factor 1 analysis defined as individuals who speak English less than "very well."*

POP (Population)

Spanish (Self-identify as speaking Spanish or Spanish Creole)

Factor 2: The frequency with which LEP individuals encounter a Communities Unlimited program, activity, or service.

In addition to research conducted to identify LEP persons in the CU service area, information regarding the frequency of contact with LEP persons will be recorded and evaluated annually.

Actions taken by a program/activity/division to serve a LEP person one time or occasionally will be different from those that serve LEP persons every day. The frequency at which staff have contact with LEP persons also will be recorded and evaluated annually. This includes documenting phone inquiries and in person inquiries for LEP assistance or materials, requests for language interpreters or translated material, and may include surveying training attendees.

Factor 3: The nature and importance of Communities Unlimited program, activity, or service to the LEP population.

Communities Unlimited shall consider the importance and/or urgency of the activity undertaken. The more important or urgent the service, the greater the need to provide enhanced language services. CU determines whether the denial or delay of access to programs, activities, services, or information could have immediate and or severe impacts on LEP individuals. For example, communicating information to LEP individuals who may be adversely impacted by an immediate water source contamination or release of airborne toxic chemicals differs from the need to provide information on efforts to increase recycling.

Factor 4: The resources available to Communities Unlimited and the overall cost to provide LEP assistance.

Communities Unlimited is committed to ensuring programs, services and activities are inclusive and will take measures necessary to meet provide language assistance services. CU will consider the level of resources and the costs to provide language assistance services. When cost concerns limit the ability to provide services, CU will explore other options including coordination with other government and non- governmental agencies, exploring new resources and emerging technology, and other mechanisms for ensuring meaningful access for individuals who are LEP.

The EPA and USDA LEP Guidance provides a “safe harbor” standard. Strong evidence of compliance with the recipient’s written-translation obligations under “safe harbor” includes.

providing written translations of vital documents for each eligible LEP language group constituting 5 percent (5%) or 1,000 people, whichever is less, of the population of individuals eligible to be served or likely to be affected or encountered.

Translation of other documents, if needed, may be provided orally.

The “safe harbor” standard applies to the translation of written documents only. It does not affect the requirement to provide meaningful access to LEP individuals through competent oral interpreters where oral language services are needed and are reasonable.

Communities Unlimited uses the safe harbor standard as a guide when deciding when written translation should be provided.

V. Providing Notice to LEP Individuals

Communities Unlimited will employ multiple methods to inform LEP individuals regarding services available that include and may not be limited to the following.

- Publish the Communities Unlimited LEP Plan as well as information on how to access language assistance services on the website and make a print version available in offices serving the public.
- Stating in outreach documents that language services are available from the recipient. Announcements could be in, for instance, brochures, booklets, and in outreach and recruitment information.
- Posting signs and including information at initial points of contact about how to access language services.
- Using an automated telephone voice mail attendant or menu system. The system could be in the most common languages encountered. It should provide information about available language assistance services and how to obtain them.
- Provide information and notice on non-English language radio and television stations, newspapers, and social media as appropriate.
- Working with community-based organizations and other stakeholders to inform LEP individuals of the recipients’ services, including the availability of language assistance services.
- With advance notice of a minimum of 14 calendar days, Communities Unlimited will provide translation and interpreter services at meetings/training. Interpreter services will include foreign language and signs for the hearing impaired. Communities Unlimited will also consider and accommodate requests with less than 14 calendar days when possible.

- Maintain a contact list of certified interpretation and translation providers.
- Distribute the U.S. Census Bureau I-Speak Language Identification Cards to field staff who may encounter LEP persons while performing their day-to-day job functions. CU uses the I-Speak Cards available at www.lep.gov/ISpeakCards2004.pdf in addition to a Marshallese I-Speak card from King County, available at www.kingcounty.gov/languageaccess.

VI. Staff Training

The following training will be provided to all staff:

- Information on the Title VI Policy and LEP responsibilities; annually and upon hire.
- Description of language assistance services offered to the public, in person and telephone.
- Use of the "I Speak" cards.
- Documentation of language assistance requests. A button is available on the SharePoint HOME site (internal website also available via CU iPhone) where all staff can report LEP Contacts.

VII. Selecting Language Assistance Services

Interpretation (Verbal Services): When an interpreter is needed, in person or on the telephone, staff should first determine what language is required using the I Speak tools.

Interpretation services may be provided by the following methods and used based upon the assessment of need.

1. Contracting and hiring qualified interpreters and translators. Contractors are selected from the state list of approved certified court interpreters that is updated annually.
2. Using telephone (or video conferencing) interpreter services. These services may be needed when holding virtual meetings or events.
3. Partnering with other departments, agencies, or community volunteers that provide services to LEP individuals to maximize resources and to ensure that language services provided fit the need of the community being served.
4. Using family members or friends. Communities Unlimited discourages use of informal interpreters, such as family or friends of the LEP person seeking service, or other customers, with minor children generally prohibited from acting as interpreters. The use of informal interpreters shall be allowed at the insistence of the LEP person or in emergencies but shall be documented using the waiver of interpretation services and subject to other program policies and/or requirements as applicable.
5. LEP individuals may choose to use, at their own expense, an interpreter of their choosing in place of, or as a supplement to, the language services CU provides.

No staff may suggest or require an LEP person provide an interpreter in order to receive services.

Communities Unlimited will not utilize machine translation, such as Google Translate, under any circumstances.

Translation (Written Services): Documents that require translation to provide meaningful language access are Vital documents and generally fall into two broad categories: specific written communication regarding a matter between an individual and division or program office and documents primarily geared toward the general public or a broad audience.

Classification of a document as “vital” depends upon the importance of the program, information, encounter, or service involved, and the consequence to the LEP individual if the information in question is not provided accurately or in a timely manner. The determination of what documents are considered “vital” is determined by division and program offices.

A program needs to determine whether denial or delay of access to services or information could have serious or even life-threatening implications for the LEP individual. Decisions by a program to make an activity, warning, or notice compulsory, such as particular educational programs on lead-based paint and children, can serve as strong evidence of the program’s importance.

It may be difficult to determine vital and non-vital documents, particularly when considering outreach or other documents designed to raise awareness of rights or services. Though meaningful access to a program requires an awareness of the program’s existence, we recognize it would be nearly impossible to translate every piece of outreach material into every language. The federal guidelines and executive order do not require this of recipients of federal financial assistance.

Communities Unlimited has determined the following to be vital documents.

- Loan application
- Loan notices/communication
- Primary program/service brochures
- Website Home Page and LEP Plan and Language Access Service Information

Some examples of vital documents intended for public outreach or a broad audience, or communication between an individual and division or program office, may include, but are not limited to, the following:

- Brochures
- Fact sheets
- Press releases.

- Training materials
- Information pertaining to emergency response efforts.
- Consent and complaint forms
- Written notices related to loan applications.
- Loan documents
- Notices advising LEP persons of free language assistance.
- Legal notices or contractually required notices.

Communities Unlimited switched to Transperfect Connect (www.transperfectconnect.com) for vital document translation and audio call/video call interpretation during FY23 in response to feedback from staff and stakeholders indicating the previous service was not effective or efficient. In addition, a law firm in Texas is used to supplement translation for the Rio Grande Valley region due to the unique regional variance in the Spanish language predominant in this area. Transperfect Connect is an approved vendor for the GSA Federal Supply schedule 73811 and is endorsed by the Departments of Justice, Agriculture, Homeland Security, Labor and the FDIC. This organization also has translators and interpreters available that specialize in financial services, which is directly related to the program area where CU experienced a few challenges.

Existing forms, fact sheets and applications available from various federal agencies also are used and training informs staff about the availability of these resources. Examples of these resources include the following.

USDA RD Forms in Spanish
<https://www.rd.usda.gov/resources/forms/es>

USDA RD Fact Sheets in Spanish
<https://www.rd.usda.gov/resources/publications/fact-sheets>

VIII. LEP Plan Access

A sign is posted at the Corporation office notifying LEP persons of the LEPP and how to access language services. Additional information is available through CU's website, upon request via Info@CommunitiesU.org and through staff.

For those without personal internet service, or access to the Corporation office, copies of the LEP Plan will be provided upon request by contacting CU at 479-443-2700 or by USPS with a written request sent to the following address. Response by USPS may take up to 14 business days.

Communities Unlimited
 3 East Colt Square Drive
 Fayetteville, AR 72703
 ATTN: Compliance Office – Program Support

IX. Monitoring

The Compliance Office of Communities Unlimited monitors the LEPP at a minimum, once per year when updated data is available from the U.S. Census; or when a staff member reports the presence of a high concentration of LEP individuals in a community where they are working. When updates are required, the Board is presented with the need for the updates and the recommended updates to the Plan. Upon Board approval, the new Plan is implemented.

The Compliance Office is part of Program Support Services and is managed by the Director of Research and Program Support.

As part of monitoring, the Compliance Office considers the following:

- Current LEP population in service area.
- Language services requested / provided and for which languages.
- Target audience / location.
- Whether language assistance services are effective and sufficient to meet the need.
- Challenges encountered and how they were resolved.
- Feedback from stakeholders, the community, and LEP individuals.
- Whether CU's financial resources are sufficient to fund language assistance resources needed.
- Determine whether CU complies with the goals of the LEPP.

Summary of CEO Monitoring Report for 4th Quarter 2023

CU is in compliance with all policies monitored this quarter. Please Note: The 401K Retirement Plan policy was monitored by the chair of the 401K Trustees, Tommy Ricks and reviewed by the CEO while the Lending Policy was monitored by the Director of Lending, Bryn Bagwell and reviewed by the CEO.

401(k) RETIREMENT PLAN POLICY

POLICY NUMBER: 01-013

POLICY TYPE: Executive Limitations

The Chief Executive Officer shall ensure that the organization's primary retirement program created for the benefit of its employees, known as the "Communities Unlimited, Inc. Employees Savings Trust or 401(k) Plan" (the Plan) assets are adequately protected, and maintained, and not unnecessarily placed at risk. The Chief Executive Officer is free to choose any appropriate organizational means for maintaining compliance with this policy, subject to the following limitations.

The Chief Executive Officer may not:

1. Fail to insure against theft and casualty losses or allow unbonded personnel access to material amounts of funds.

Interpretation: No employee will have direct access to retirement funds that are not their own. All employees handling payroll functions are bonded.

Response: **Compliant**

Discussion: Once deducted from payroll check, funds are transferred directly to third party provider who invests money per the instructions provided by the employee. All employees at CU are bonded.

2. Unnecessarily expose the organization, its board, or staff to claims of liability.

Interpretation: Protect the best interest of all employees in a fair and equitable manner that is compliant with all laws.

Response: **Compliant**

Discussion: I am not aware of any situation that could lead to a claim of liability or a lawsuit against the organization.

3. Fail to process and post Plan payments on a timely basis or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.

Interpretation: All funds are disbursed to employee 401K accounts in accordance with employee's written instructions. Funds are disbursed within 15 days of the prior payroll.

Response: **Compliant**

Discussion: Payroll company ADP provides report on 401K deductions and CU contributions to individuals' 401K accounts on the 26th and 11th of each month. CFO send the report to our 3rd party administrator the Principal who drafts the funds directly out of our bank account and into employee 401K accounts in accordance with employee instructions. If the Principal has not received the report within 5 days of the end of a payroll period, they contact the CFO.

4. Establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that:
 - a. Incur unfunded liabilities.

Interpretation: Payroll deductions for the 401K plan are deposited into employee 401K accounts within 15 days of the end of a payroll period.

Response: **Compliant**

Discussion: CFO sends the report outlining 401K deductions and CU contribution provided by ADP to our 3rd party administrator THE PRINCIPAL who drafts the funds directly out of our bank account and into employee 401K accounts in accordance with employee instructions. If THE PRINCIPAL has not received the report within 5 days of the end of a payroll period, they contact the CFO.

- b. Provide less than some basic level of benefits to all employees, though differential benefits to encourage longevity are not prohibited.

Interpretation: Percentages of payroll used to calculate matching funds and direct contributions are the same for every employee. Actual amounts vary depending on the salary levels of individuals.

Response: **Compliant**

Discussion: Effective 1/1/18, CU provides a 3% of salary direct contribution to each eligible full-time employee's 401K account. Additionally, CU provides a 3% of salary match if the employee chooses to contribute at least 3%. On 10/25/21, a vote was passed by 401K Trustees seeking board approval to increase CU non-elective salary match from 3% of salary to 5% of salary IF the employee chooses to contribute at least 5%.

- c. Causes a reduction in an employee's accrued investments (other than those caused by stock and bond market fluctuations)

Interpretation: No actions can be taken by the organization to diminish the amount that an employee has accrued in his/her 401K account.

Response: **Compliant**

Discussion: 401K accounts are solely under the control of each employee. The organization cannot access the accounts in any way. Market fluctuations outside of the control of the organization can, however, impact the value of an employee's 401K account.

- d. Treat the Chief Executive Officer differently from other key employees.

Interpretation: Contributions to the CEO's 401K account are made in accordance with the percentages set by the organization that apply to all employees equally.

Response: **Compliant**

Discussion: I do participate in the 401K plan that CU provides at the same level available to any other CU employee.

- 5. Use methods of collecting, reviewing, transmitting, or storing Plan information that fail to protect against improper access to restricted and/or confidential materials.

Interpretation: All plan information is managed by a third party.

Response: **Compliant**

Discussion: With approval of the Board of Directors, in January 2020 CU moved from *CUNA Mutual Retirement Solutions (CUNA)*, formerly *CPI*, to THE PRINCIPAL as its third party administrator to manage all plan information.

- 6. Fail to report annually to the Board on the status of the Plan including disclosure of material changes or significant issues related to its operation.

Interpretation: The chair of the 401K Trustees will report to the board during the 3rd Quarter meeting of the board.

Response: **Compliant**

Discussion: Tommy Ricks made report to the Board on 10/11/2023. The board reviewed 3 recommendations made by the 401K Trustees to: 1) Add 9 Index Funds, 2) Reinstate withdrawal option before age 59.5 years and 3) allow the Chair of Trustee Committee to be a member of the

Senior Leadership Team or the Operations Leadership Team. The board acted on these recommendations and approved them.

In 2022, the board reviewed a recommendation made by the 401K Trustees to change the vesting schedule for employees. The board acted on this recommendation and approved it with the understanding that it would not impact new employees who had been with the organization less than 5 years. Ricks announced that the implementation of the approved vesting policy would go into effect before 1/31/2023 and only those employees hired after that date would not be considered fully vested until they complete their 5 years of continuous employment with CU.

7. Fail to provide appropriate educational opportunities and access to retirement planning information for Plan participants.

Interpretation: The organization will provide written materials about retirement planning as well as direct contact information for the financial advisor provided by the third party administrator. No employee nor a trustee will provide investment advice. They will, however, encourage employees to participate.

Response: **Compliant**

Discussion: 401K Trustees discuss educational opportunities during their regular meetings. Over the last year, Wells Fargo Advisors have been making targeted calls to CU staff especially those approaching age 70 to discuss retirement planning next steps. Wells Fargo Advisors participated in CU's in-person staff meeting held on Nov 7 - 10, 2022 in Oklahoma City, OK to share that the plan is performing well even given the current economic environment.

8. Fail to operate without an Investment Policy Statement.

Interpretation: There shall be a written, current Investment Policy Statement approved by the board on file at all times.

Response: **Compliant**

Discussion: When I came on board in October 2014, I was informed that there was no IPS in place at CRG. On October 5, 2016 an IPS was approved by the Trustees and approved by the CU Board on October 14, 2016.

9. Disband the 401K Board of Trustees

Interpretation: The CEO nor the board will disband the 401K Board of Trustees.

Response: **Compliant**

Discussion: The 401K Board of Trustees is in place and active.

10. Fail to inform the board at its next quarterly meeting of a change in third party plan administrator.

Interpretation: The CEO will inform the board if there has been a change in third party plan administrators during the next board meeting following the change.

Response: **Compliant**

Discussion: THE PRINCIPAL continues to be our third party plan administrator after the 401K Trustees completed their 3-year plan comparison to ensure competitive services and costs at a meeting conducted on April 11, 2023.

LENDING POLICY

POLICY NUMBER: 01-011

POLICY TYPE: EXECUTIVE LIMITATIONS

With respect to the management of the loan portfolios and lending activities, the Chief Executive Officer shall ensure that all conditions, procedures, and decisions are ethical, appropriate, fair, and do not unduly risk loan capital.

Except as limited below, the Chief Executive Officer is free to choose any appropriate organizational means for achieving and maintaining compliance with this policy.

The Chief Executive Officer shall not:

1. Engage in lending activities that do not further the organizational goals of addressing the needs of low-income and disadvantaged people or that fail to fill financing gaps that are outside the traditional banking system.

Interpretation: All CU lending activities are focused on serving low-income and disadvantaged families and communities through our consumer, small business and infrastructure financing.

Response: COMPLIANCE.

Discussion: All of our lending activity has worked to further the organizational goals of addressing the needs of low-income and disadvantaged people and/or has filled gaps that are outside the traditional banking system. In FY23, 27% of small business loans made and 35% of loans made to water and wastewater systems were in persistent poverty counties.

Through September 2023, CU has closed 244 small business loans with 78% of those to Black owned businesses, 10% to Hispanic owned businesses and 82% to women owned business.

2. Allow the loan portfolio to substantially deviate from typical performance measurements of similar lending organizations or fail to consider “best practices” for Community Development Financial Institutions (CDFIs).

Interpretation: CU works to set a high standard for ethical and responsible lending while achieving its mission, consistent with the best practices in the community lending industry. As a result, our goal is to provide access to fair and appropriate loan products for families, businesses and communities in rural and under-resourced communities and neighborhoods.

Response: COMPLIANCE.

Discussion: CU is an active member of Opportunity Finance Network (OFN), a network of CDFIs and partners. Through OFN CU has access to industry information including the “Opportunity Financing Institutions Side by Side” report, which provides measure for

comparison. OFN has also been a resource for researching best practices including those around loan risk ratings, loan policies, collection policies and more.

3. Allow the equity-to-total capital percentage to fall below 20%.

Interpretation: An equity-to-total capital ratio is a standard measure used in the lending industry to insure that the lender has adequate financial reserves to minimize the risk of loss to other providers of loan capital that are investing in the company. This policy establishes a specific minimum capital requirement for CU. In essence, this also limits the amount of debt capital that CU is authorized to incur.

Response: COMPLIANCE.

Discussion: The Net Asset Ratio at September 30, 2023 was 56% with nearly \$14 million available for loans.

4. Create an unfavorable imbalance between loan terms offered by CU and average terms of borrowed capital.

Interpretation: This policy is designed to minimize CU's risk as it relates to rates and maturities on the money it lends compared to the money it borrows.

Response: COMPLIANCE

Discussion: CU's cost of funds is currently at about 1.2%. As CU has worked to increase its capital, loan rates have ranged from .75 to 3%.

CU tracks loan funds by the source of funds to ensure that that loans provided to borrowers 1) comply with all funder requirements, 2) provide a return in excess of the rate paid by CU and 3) carry terms that will allow CU to use revolved funds to repay borrowed funds.

CU has some exposure in our mortgage portfolio. This is due to the fact that some mortgages made by CRG were originally written with a 20 to 30-year term, while the source of funds used for this portfolio (PRI from the Ford Foundation) had a 15-year maturity. CU made the final payment on the Ford Foundation PRI in September 2020 but still has a portfolio of loans for a total of \$612,833.87 and some maturities at 2037. The servicing of this portfolio is soon to be managed by a CDFI partner in the Valley whose primary business is mortgage lending to the Hispanic community. Efforts will be made to provide mortgage relief for those who qualify for a TX covid mortgage forgiveness fund, and others will begin the legal process for collection.

5. Fail to provide a mechanism for an appropriate loan review and approval process that manages the credit risk associated with new loan commitments.

Interpretation: The organization will perform reasonable due diligence to insure that borrowers successfully repay their loans. CU will perform standard underwriting to qualify credit-worthy borrowers consistent with best practices of the CDFI industry.

Response: COMPLIANCE

Discussion: All loans are underwritten and presented to the appropriate loan committee. These committees include both CU employees and external individuals who have lending expertise.

6. Fail to respond quickly and decisively to problems that arise in the portfolio, taking legal steps to protect the organization's assets, if warranted.

Interpretation: When a problem arises in the portfolio, we take immediate action up to and including legal steps to insure that our collateral (if any) is protected and that we seek a timely resolution to the problem. Our goal is to avoid surprises.

Response: COMPLIANCE

Discussion: CU's Lending team meets regularly to review collection items and is using the Collector Module in NLS to track progress on each loan. CU works with an attorney in Pine Bluff who has assisted with loans in Arkansas and has connected CU to attorneys in other states as needed.

7. Fail to aggressively pursue loan receivables after a reasonable grace period and to provide adequate reserves for loan losses.

Interpretation: We will make every attempt to collect loan payments that are due to CU. We take a proactive approach to identify loan problems early and work with the borrowers to help them get loan payments back on schedule.

Response: COMPLIANCE

Discussion: CU aggressively pursues delinquent loans. In addition to the steps described above, clients are contacted immediately when there is a problem and technical assistance provider is engaged. If the borrower fails to engage in technical assistance, the loan will be turned over to a collection agency or an attorney.

CU has implemented a monitoring process to help identify and resolve problems early and avoid collections problems and losses. The monitoring process for loan clients is shared by both Loan Program assistants, lenders and the Entrepreneur Team.

8. Fail to process and post loan payments on a timely basis or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.

Interpretation: Loan payments are processed within 24 hours of receipt and posted the next morning. Controls meet auditor standards.

Response: COMPLIANCE

Discussion: Timely internal payment processing standards are in place. Disbursement controls meet auditor standards. All loan payments are processed in Fayetteville.

9. Operate without adequate conflict of interest policies and assurance of staff compliance with them.

Interpretation: Conflicts of interest or the appearance thereof, can be very serious in this business. Consequently, we take extra steps to insure that we understand both real and perceived conflicts.

Response: COMPLIANCE

Discussion: Our Conflict of Interest Policy requires each staff member to sign an annual Conflict of Interest Disclosure Statement. Conflict of Interest compliance is monitored by the Human Resources department.

10. Fail to build loan capital and increase the financial self-sufficiency of the lending function so it contributes to the organization's overall financial health.

Interpretation: Adequate loan capital is essential to meeting our mission. Our goal is to serve more customers while also being profitable with our lending activities.

Response: COMPLIANCE

Discussion: Growth of loan fund capital is a very high priority of CU staff. Currently, CU has approximately \$13 Million in capital available to lend with most of those funds allocated to water and wastewater loans. In 2023 CU has received loans for relending to small businesses from the Amarillo Area Foundation, Opportunity Finance Network, Wells Fargo, Walton Family Foundation, AR Community Foundation, Truist Foundation, Winthrop Rockefeller Foundation and the Sisters of Charity. We have received approval for additional SBA microloan funds. New funders are WoodNext Foundation, TLL Temple and Robert Wood Johnson. USDA RD has significantly increased funding for Environmental Lending in 2024. CDFI grant funding is in place for FY24 for over \$2MM.

11. Fail to enhance loan products by providing appropriate technical assistance, as appropriate, that will help build the capacity of borrowers and result in better loan outcomes.

Interpretation: Since many of our customers have had limited experience with credit, we work to provide them with financial education along with the loan.

Response: COMPLIANCE

Discussion: Consistent with available resources, we offer technical assistance to enhance the management and financial capacity of our borrowers whether small businesses or water systems. The technical assistance services often begin before the loan is closed.

12. Fail to develop and implement comprehensive portfolio management policies to manage portfolio risk and meet financing goals.

Interpretation: In order to be fair and consistent while minimizing our risk, we will have written policies that govern our lending programs.

Response: COMPLIANCE

Discussion: CU has a Loan Policy that has been updated and revised including new risk rating policies for both small business and water wastewater loans. Loan Loss Reserves are at 8.5% currently. Delinquency ratios are under 4%.

LENDING POLICY

POLICY NUMBER: 01-011

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Interpretation: CU works to set a high standard for ethical and responsible lending while achieving its mission, consistent with the best practices in the community lending industry. As a result, our goal is to provide access to fair and appropriate loan products for families, businesses and communities in rural and under-resourced communities and neighborhoods.

Response: COMPLIANCE.

Discussion: CU is an active member of Opportunity Finance Network (OFN), a network of CDFIs and partners. Through OFN CU has access to industry information including the “Opportunity Financing Institutions Side by Side” report, which provides measure for comparison. OFN has also been a resource for researching best practices including those around loan risk ratings, loan policies, collection policies and more.

3. Allow the equity-to-total capital percentage to fall below 20%.

Interpretation: An equity-to-total capital ratio is a standard measure used in the lending industry to insure that the lender has adequate financial reserves to minimize the risk of loss to other providers of loan capital that are investing in the company. This policy establishes a specific minimum capital requirement for CU. In essence, this also limits the amount of debt capital that CU is authorized to incur.

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Response: COMPLIANCE

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Interpretation: When a problem arises in the portfolio, we take immediate action up to and including legal steps to insure that our collateral (if any) is protected and that we seek a timely resolution to the problem. Our goal is to avoid surprises.

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CU has implemented a monitoring process to help identify and resolve problems early and avoid collections problems and losses. The monitoring process for loan clients is shared by both Loan Program assistants, lenders and the Entrepreneur Team.

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Interpretation: Loan payments are processed within 24 hours of receipt and posted the next morning. Controls meet auditor standards.

Response: COMPLIANCE

Discussion: Timely internal payment processing standards are in place. Disbursement controls meet auditor standards. All loan payments are processed in Fayetteville.

9. Operate without adequate conflict of interest policies and assurance of staff compliance with them.

Interpretation: Conflicts of interest or the appearance thereof, can be very serious in this business. Consequently, we take extra steps to insure that we understand both real and perceived conflicts.

Response: COMPLIANCE

Discussion: Our Conflict of Interest Policy requires each staff member to sign an annual Conflict of Interest Disclosure Statement. Conflict of Interest compliance is monitored by the Human Resources department.

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11. Fail to enhance loan products by providing appropriate technical assistance, as appropriate, that will help build the capacity of borrowers and result in better loan outcomes.

Interpretation: Since many of our customers have had limited experience with credit, we work to provide them with financial education along with the loan.

Response: COMPLIANCE

Discussion: Consistent with available resources, we offer technical assistance to enhance the management and financial capacity of our borrowers whether small businesses or water systems. The technical assistance services often begin before the loan is closed.

12. Fail to develop and implement comprehensive portfolio management policies to manage portfolio risk and meet financing goals.

Interpretation: In order to be fair and consistent while minimizing our risk, we will have written policies that govern our lending programs.

Response: COMPLIANCE

Discussion: CU has a Loan Policy that has been updated and revised including new risk rating policies for both small business and water wastewater loans. Loan Loss Reserves are at 8.5% currently. Delinquency ratios are under 4%.

ENDS FOCUS OF GRANTS OR CONTRACTS POLICY

POLICY NUMBER: 01-010

POLICY TYPE: EXECUTIVE LIMITATIONS

The Chief Executive Officer shall only enter into grant agreements, loans, and contract arrangements that emphasize the production of board established Ends, and avoid unacceptable means.

The Chief Executive Officer is free to choose any appropriate organizational means for maintaining compliance with this policy, subject to the following limitations.

Limitations: None.

Ends Policy – Last Updated September 8, 2023

Why do we exist?

Healthy and sustainable rural and urban communities create opportunities for achieving wealth and providing thriving livelihoods for all people living in Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama and Tennessee.

Interpretation: CU takes a regional approach to its work, strengthening both rural communities and urban neighborhoods, and exploring opportunities for individual businesses and communities to link to surrounding rural and urban economies. CU's leadership in promoting and coordinating value chains directly links rural producers with urban market demand, thereby creating entrepreneurial opportunities in both rural and urban places.

CU is always expanding its delivery system for comprehensive services that support rural communities as they move toward prosperity by building leadership capacity and ensuring sound infrastructure. CU is supporting vibrant local economies in both rural and urban places through technical assistance, training and capital to small businesses. In all of our work, CU is vigilant that those at the economic margins have opportunities to achieve sustainable livelihoods.

To what ends?

Communities Unlimited is an organization that works and collaborates along the rural-urban continuum where all people benefit from:

- Healthy food and drinking water as well as related sanitary services

Interpretation: CU provides technical assistance, training and capital to local officials and staff members of community environmental systems to enable them to comply with all local health and federal environmental regulations. CU also provides development assistance to communities to extend services to unserved households and businesses. CU creates market opportunities for local farmers that also provide healthy produce to individuals living in food deserts.

- Affordable, attainable and safe housing

Interpretation: CU partners with WE Serve to construct volumetric, modular homes that address the need for safe and affordable housing in the communities engaged through its Community Sustainability work. In July 2022, CU reinvented the Nuestra Casa program to provide home improvement loans in the Rio Grande Valley.

- Affordable means of modern connectivity

Interpretation: CU advises community leaders on the best strategy to pursue to connecting all residents to affordable high speed internet and facilitating productive and accountable relationships between communities and Internet Service Providers to that end.

- Skills, knowledge and relationships necessary for entrepreneurs to create and run sustainable businesses that overcome the inhibitors to wealth

Interpretation: CU provides intensive managerial assistance, training webinars and capital to individual entrepreneurs, cooperatives and non-profit social entrepreneurs to strengthen the local economy. It works to transition businesses to the next generation, turnaround struggling businesses, grow existing ventures and help entrepreneurs turn feasible business ideas into reality. Through its EWealthHealth program CU works on both the business and the financial strength of the entrepreneur to ensure that their small business is an asset in their overall path to wealth.

- Appropriate capital

Interpretation: CU provides loan capital to fill gaps left by private sector lenders and other CDFIs that directly impact a community's ability to achieve wealth, creating sustainable livelihoods and opportunities for all people who live there. Products include but are not limited to emergency and predevelopment loans to water and waste water systems, working capital and other loans to small businesses, consumer loans made in close collaboration with organizations in the field that meet specific mission objectives. The size of each loan directly reflects the needs and ability to repay that loan. While all other services are limited to the seven state market served by CU, capital can be provided nationally. CU also leverages capital through its partnerships to create access to larger loans and share risk.

- Effective community-driven leadership

Interpretation: Through the building of diverse community leadership teams, CU facilitates engaged residents in creating strategies that move their community toward prosperity, helps to secure resources for those strategies and supports their implementation.

How do we work?

- Expand “thought and do” leadership nationally by creating new models and effectively blending multiple strategies that improve communities and lives of individuals.

Interpretation: CU is a national thought leader in the area of community driven rural development by designing and testing solutions for individual communities, replicating those across multiple communities and leveraging national partnerships to train others on the solutions approaches. Through strategic blending CU's teams interact and leverage each other's services to assist community leaders in implementing strategies that move them toward prosperity.

- Attracting and delivering resources to communities along the rural-urban continuum

Interpretation: CU delivers a wide variety of services to rural communities and urban neighborhoods while also building partnerships with organizations that can deliver complementary services.

- Building capacity and supporting problem solving

Interpretation: CU's core competency is in building the knowledge, technical and leadership skills of community leaders and entrepreneurs while serving as a thought partner to identify and address root causes of the challenges they face.

- Catalyzing deep collaborations locally and regionally

Interpretation: CU's philosophy is built on the realization that the challenges faced in persistently poor places in the South are too great for any one organization to address alone. CU builds deep partnerships and collaborations locally, regionally and nationally that are mutually-beneficial and accountable to achieving the ends outlined above by delivering effective and comprehensive solutions.

- Build the self-worth and capacity of individuals while supporting problem solving

In all of its work, CU meets individual leaders, entrepreneurs and water/wastewater operators where they are to enhance their capacity to solve local challenges with the goal of moving these individuals to a place of hope and self-worth.

Response: COMPLIANT

Discussion: CU's grants and contracts are focused on achieving the ends as interpreted above.

Policies to be Monitored by Board – 4th Quarter 2023

DELEGATION TO THE CHIEF EXECUTIVE OFFICER POLICY

POLICY NUMBER: 03-004

POLICY TYPE: BOARD-STAFF LINKAGE

The board will instruct the Chief Executive Officer through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the Chief Executive Officer to use any reasonable interpretation of these policies.

Accordingly,

1. The board will develop policies instructing the Chief Executive Officer to achieve certain results, for certain recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called *Ends policies*.
2. The board will develop policies that limit the latitude the Chief Executive Officer may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called *Executive Limitations policies*.
3. As long as the Chief Executive Officer uses *any reasonable interpretation* of the board's Ends and Executive Limitations policies, the Chief Executive Officer is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and Chief Executive Officer domains. By doing so, the board changes the latitude of choice given to the Chief Executive Officer. But as long as any particular delegation is in place, the board will respect and support the Chief Executive Officer's choices.

CHIEF EXECUTIVE OFFICER JOB DESCRIPTION POLICY

POLICY NUMBER: 03-006

POLICY TYPE: BOARD-STAFF LINKAGE

As the board's single official link to the operating organization, the Chief Executive Officer's performance will be considered to be synonymous with organizational performance as a total.

Consequently, the Chief Executive Officer's job contributions can be stated as performance in only two areas:

1. Organizational accomplishment of the provisions of board policies on Ends.
2. Organization operation within the boundaries of prudence and ethics established in board policies on Executive Limitations.



BOARD MEMBERS' CODE OF CONDUCT POLICY

POLICY NUMBER: 02-006

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Last Revised: December 16, 2022

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly,

1. Members must have loyalty to the ownership unconflicted by loyalties to staff, other organizations, and any personal interest as a consumer.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a. There will be no self-dealing or business by a board member with the organization.
 - b. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote but also from the deliberation.
 - c. Board members will not use their positions to obtain employment for themselves, family members, or close associates. Should a member desire employment, he or she must first resign.
 - d. Members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce a conflict.
3. Board members may not attempt to exercise individual authority over the organization.
 - a. Members' interaction with the Chief Executive Officer or with staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.
 - b. Members' interaction with public, ~~press~~ or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
 - c. Members will refrain from interacting in any public or private way with traditional media channels (newspaper, television, radio or appearing on their social media livestreams. All media inquiries will be redirected to the CEO.
 - d. Members are encouraged to like, repost and comment on Communities Unlimited social media posts as well as tagging Communities Unlimited in personal social media posts that are supportive and non-political in nature.
 - ~~d.e.~~ Members will not express individual judgments of staff performance.
 - ~~e.d.~~ Within the Board purview of monitoring and evaluation of Chief Executive Officer, members may express individual judgments of Chief Executive

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Officer as their own and not as that of the Board.

4. Members will be properly prepared for board deliberation.
5. Members will respect the confidentiality appropriate to issues of a sensitive nature.

