

# ***Entrepreneurship, Disability and CDFIs***

## ***Session 4: CDFI and Founder Experiences***

***Thank you for joining us!***

***The webinar will begin momentarily.***

# Audio Options and Captions

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- If your question is not answered during the webinar, you are listening by phone or you are unable to use the chat box, please email [ajones@ndi-inc.org](mailto:ajones@ndi-inc.org).
- Please note: This webinar is being recorded and the materials will be available at [www.DisabilitySmallBusiness.org](http://www.DisabilitySmallBusiness.org) on the Past Events page within 1-2 weeks.

# ***Entrepreneurship, Disability and CDFIs: Session 4: CDFI and Founder Experiences***

***Pre-Business Preparation, Benefits Planning, and Small Dollar Lending***

***Presented by:***

***Northwest Access Fund***

***April 4, 2023***



# Barriers to Entrepreneurship

The Americans with Disabilities Act (ADA) was made into law in 1990, guaranteeing the rights of over 57 million Americans to have equity and inclusion in America. This was progress but entrepreneurs with disabilities still face equity challenges such as accessing capital, establishing credit and lack of business supports.

# Entrepreneurship and Disability

According to an NDI study in 2022, over 1.8 Million business owners identified with a disability. The study also found a higher percentage of self-employment in working-age people with disabilities is observed in all age groups, as compared to working-age people without disabilities.

# Self-Employment

Self employment is a wonderful option for many individuals with disabilities as it allows them to work at their own pace, and flexibility that might not be found when working for others. More work can be done when they feel good and work less when disabilities create problems.

Self employment offers income, a feeling of being needed and wanted, and independence.



Northwest**Access**Fund

*Independence is priceless. We make it affordable.*

Emerson Sekins, Executive Director

Lisa Jones, Director of Economic Inclusion



# About Northwest Access Fund

- Mission:

We offer people with disabilities customized loans, financial coaching, and other resources to promote access to assistive technology, independence, financial resilience, and life opportunities.

- Serve all of Washington, Oregon, and Idaho
- All incomes, all ages, all disabilities
- 501(c)3 & Community Development Financial Institution (CDFI).



**ASSISTIVE  
TECHNOLOGY  
LOANS**



**FINANCIAL  
CAPABILITY  
SERVICES**



# Financial Barriers for People with Disabilities

A household with disability requires  
**28% MORE INCOME**  
to have the same standard of living.

People with disabilities are as  
**2x** likely to live in poverty.



**530,000**

families turn to bankruptcy  
each year because of  
medical issues and bills.

**67%** percent of all  
bankruptcies were tied  
to medical issues –either  
because of high costs for  
care or time out of work.

# Challenges with Traditional Banking

- SSI and Medicaid recipients risk losing their benefits if their countable assets exceed \$2000 a month. This makes loans requiring a down payment and/or collateral challenging.
- Many are hesitant to apply for business capital for fear of being denied, challenge of lengthy applications, poor credit, and not wanting to take on debt.
- Support organizations often “speak” business or “speak” disability benefits, but few do both.
- Most banks have expectations of large growth and long hours, this is not a fit for some individuals.

# National Disability Finance Coalition

NDFC's mission is to bridge the CDFI industry and the disability community, to ensure that CDFIs can respond effectively to address the needs of individuals with disabilities, and to offer technical assistance and support to CDFIs developing financing products and services.



- Peer Learning among CDFIs offering or exploring Disability Finance
- Building Connections between CDFIs and the Disability Community
- Bringing Awareness and funding to support Disability Finance

All programs are free of charge.

Join the coalition at <https://disability-finance.org/become-a-member/>

# CDFI Fund: Disability Funds (DF-FA)

With NDFC Advocacy, the CDFI Fund began making Disability Funds- Financial Assistance (DF-FA) awards in FY2018 to fund projects and organizations that provide assistance to people with disabilities.

- Consumer loans for assistive technology and adaptive purchases
- Small business loans for businesses that are owned by and/or employ individuals with disabilities
- Loans to nonprofits that serve the greater needs of the disability community
- Pre-development, acquisition, rehabilitation, and permanent financing to support the creation and preservation of supportive affordable housing and community facilities

## Since 2017/2018:

- DF-FA annual set aside has grown from \$2 million to \$10 million
- Over 30 organizations have received \$100,000 to \$500,000 each

# CDFI Fund: People with disabilities as “Other Targeted Population”

CDFI Fund proposed in October 2022 to add People with Disabilities as an Other Targeted Population (OTP) in new CDFI Certification Application.

Current CDFI Fund pre-approved race/ethnic groups OTPs: African American, Hispanic, Native American, Native Alaskan residing in Alaska, Native Hawaiian residing in Hawaii and Other Pacific Islander residing in Other Pacific Islands.

If CDFI Fund adds people with disabilities as an OTP, all loans made to a person with a disability will be reportable under CDFI grant awards.

Track disability data!

# NWAF's Opportunity Loan

- A tool within our Financial Capability Program
- Can be used for purposes that promote independence, financial resilience, and/or life opportunity.
- Available to all people with disabilities and seniors
- Up to \$10,000 and up to a 5-year term.
- 5% interest rate with no fees.
- All loans are reported to the three credit bureaus through CBA.
  - TransUnion
  - Equifax
  - Experian
- Loans are paired with financial coaching.



# Loan Purposes

Loans have been used for:

- Employment/self-employment
- Rental security deposits/moving costs
- Paying off high-interest debt
- Dental work
- Winter fuel
- Vehicle repairs
- Furniture





# Assistive Technology Loans

NWAF has long provided loans for people with disabilities to purchase assistive technology

- For most AT, up to \$25,000 and a 5-year term
- Adapted Vehicles and Home Modification loans can go up to \$60,000 and a 10-year term
- All loans have a 5% interest rate and no fees



# Considerations for Entrepreneurship

## Determine your self employment goal

- Hobby vs Business
- How much can you make (income ceilings)
- How many hours

## Questions to Ask

- Is your product or service marketable?
- Will you need some kind of disability accommodation to create your product or service?
- Do you have friends or family who support your entrepreneurship?

## 5 Things to think about before starting a small business

- Know how much you want to borrow and why.
- Your personal credit will be a factor. Starting a small business does not give you a credit restart.
- Not everyone will use your product or service, be realistic.
- You will not cash flow on day one (or day 730 most likely).
- Don't quit your day job.



# Pre-Business Preparation

## Finances

- Personal finances need to be right side up
- Develop realistic projections

## Credit

- Personal vs Business
- Know your report ([www.annualcreditreport.com](http://www.annualcreditreport.com))
- Dispute wrong info ONLY
- Building your credit

# Credit is within your Control!

- 3 lines of active credit
- Utilize no more than 30% of your total credit limit
- Pay on time (30% of your credit score is based on this one factor)
- Save and Negotiate Collection Debt
- Never pay someone to “fix” your credit

# Benefits Planning!!!

## What is benefits planning?

- Benefits planning helps you understand the impact of work on your benefits such as cash, medical, housing, personal care services, and food benefits. A benefit specialist can help you explore and utilize work incentives and develop a plan to transition to work.

## Why is benefits planning important?

- Reduce uncertainty about how your benefits will be impacted when you work
- Enhance your understanding of the impact of work on benefits and allow you to work to your potential instead of limiting earnings to keep benefits.
- Discover how Social Security Work Incentives and other programs can help pay for items and services you need to maintain employment
- Explore healthcare options

# Saving through ABLE Accounts

**A** = Achieving a

**B** = Better

**L** = Life

**E** = Experience



- Federal ABLE Act passed in December 2014
- Allowed states to develop programs which provide tax free savings accounts for people with disabilities
- Similar structure to college savings accounts
- Dollars saved through ABLE would not generally disqualify individuals for any federal benefits program

# Who is Eligible for ABLE Accounts?

## 1. Must be:

An individual with a disability that occurred prior to age 26

– AND –

## 2. Meet one of these criteria:

Eligible to receive SSI, SSDI, or Medicaid due to disability

Can provide disability documentation from licensed physician



# Funding Options

- Friends, Family, and Fans
- ATP lenders
- CDFIs
- SBA Microlenders
- USDA IRP program
- Credit Unions, SBA 7a and Traditional loans
- Angel Investors and Venture capital Programs
- Veteran Lenders - StreetShares example  
(in business for a year, 600 credit score, 20% of annual business revenue max)

# Things to Consider When Financing

- Do you need to borrow (bootstrapping, Angel Investors, etc.)?
- What can you afford?
- Do the terms fit your needs?
  - Interest rate
  - Type of payment (balloon, installment, other)
  - Prepayment penalties, down payment requirements, collateral requirements

# Support Organizations

- Independent Living Centers
- SCORE
- SBDC
- WBC
- People's First
- Mentorships
- Cohorts
- Incubators/Accelerators-often lack accommodations

# Thank you!



[www.nwaccessfund.org](http://www.nwaccessfund.org)

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# *Questions?*



# Remaining Sessions in the CDFI Series

Entrepreneurship, Disability, and CDFIs: Session 5: CDFI and Founder Experiences

Presented by Disability Opportunity Fund

Wednesday, April 18<sup>th</sup>, 2:00 – 3:30PM EST

# Upcoming Webinars

[Creating Accessible Content for Content Creators](#), presented by  
Results One LLC

Wednesday, April 5<sup>th</sup>, 2023, 2:00 – 3:30PM EST

[Business Feasibility & Creating A Plan](#), presented by Molly Sullivan  
and Ciara Ladroma of Griffin-Hammis Associates

Wednesday, April 19<sup>th</sup>, 2:00 – 3:30PM EST

[Social Media Accessibility](#), presented by Results One LLC

Wednesday, May 3<sup>rd</sup>, 2023, 2:00 – 3:30PM EST

# NDI Small Business Hub

- Are you an aspiring entrepreneur or existing business owner with a disability wanting help to START, BUILD and GROW your business? Visit [www.disabilitysmallbusiness.org](http://www.disabilitysmallbusiness.org) or email [rchavez@ndi-inc.org](mailto:rchavez@ndi-inc.org)
- Want to join a dynamic learning community focused on key financial health topics for business? For information or to apply for our next series in March, email Caroline Bolas at [cbolas@ndi-inc.org](mailto:cbolas@ndi-inc.org)
- Visit our Streaming TV channel for informational and motivational content for disability owned small businesses at [www.DisabilityOwned.com](http://www.DisabilityOwned.com)
- Access training, mentoring, business coaching, and grant opportunities through our new partnership with Verizon Small Business Digital Ready! Register here: [Small Business Training | About Verizon](#)
- Want to “Stay In The Know” about NDI’s small business hub? Join our [mailing list](#)!



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