



FSCLF POISED FOR GROWTH, CHALLENGES

Message from Executive Director Vandell Hampton cites optimism and opportunity amidst uncertainty

Typically in newsletters, annual reports or speeches at annual meetings, executive directors start out by saying what an exciting year the previous year was. When I sat down to write this message, I told myself I would avoid using that cliché. But it is almost impossible to avoid. We live in an exciting time.

We are currently in the midst of one the most dynamic presidential elections of our times. Democrat or Republican, you can not help but be enthused by the energy. And then at the other extreme, we are all worried about the economy and how the sub-prime mortgage crisis will affect all of us.

Community Development Financial Institutions (CDFI), like First State, have been around since 1994 and regardless of which party held the White House, we have always been at the forefront of building communities and providing capital to the underserved. Billions of dollars have been invested in low-income, urban and rural communities around the country by CDFIs.

Previously, small business owners were able to access equity in their homes to fund business growth and expansion. However, that is not the case anymore. With mortgage companies, banks and other lending institutions tightening up, CDFIs are needed now more than ever before.

I am not sure who will be our next president and I do not have the solution to our economic problems. But I can say that First State Community Loan Fund is poised to move forward and tackle the challenges of the day as they relate to community development in the State of Delaware.

As you read this edition of *Fund Facts*, you will find that we hired a Technical Assistance Coordinator at the end of 2007. This new position will be responsible for providing pre and post loan technical assistance to loan candidates and borrowers. Since 2004, First State has made 67 small business loans, totaling over \$1.6 million. There was a definite need to have a position dedicated solely for technical assistance.

Last year, we spent a lot of time in many communities around the State talking to people and learning about the different community development projects and initiatives that were taking place. Whether it was the Historic Georgetown Association and the great work they are doing in the Kimmeytown area of Georgetown or the New Knollwood Civic Association and the revitalization effort they are spearheading in the Knollwood community of Claymont, we wanted to know what was going on around the State.

Historically, our lending activity in Kent and Sussex County has represented less than 15% of our total loan activity. Due to a recent partnership with the Delaware State University's Center for Enterprise Development, we now have a satellite office on campus to serve the lower part of the State. In 2007, Kent and Sussex County loans represented 27% of our new loan activity.

So, thank you for giving me a few minutes to indulge myself and enjoy the Spring 2008 edition of *Fund Facts*.



FSCLF Executive Director Vandell Hampton recently participated in a panel during Coalition of Organizations for Delaware Entrepreneurship (CODE) Week.

NEWLY-HIRED TECHNICAL ASSISTANCE COORDINATOR, JESSICA CARMONA HELPS IMPROVE LOAN FUND EFFICIENCY



FSCFL Technical Assistance Coordinator Jessica Carmona (left) works through an applicant's paperwork.

As a non-traditional lender, FSCFL provides capital to businesses that have trouble accessing bank financing. Many businesses require help during the application process and need additional assistance after the loan has closed. First State is finally in a position to adequately meet this need.

Jessica Carmona was hired in October 2007 to serve in the new position of Technical Assistance Coordinator. Carmona's primary responsibilities include providing pre- and post-loan technical assistance to loan candidates and borrowers.

Pre-loan technical assistance may include assisting loan candidates in fine-tuning their business plans and strengthening their financial projections; completing the business loan application and related paperwork; or identifying other sources of financing. Post-loan technical assistance is provided to existing borrowers and may include assisting the borrower in managing growth, developing new marketing strategies or identifying procurement opportunities.

Carmona, who previously served as the Community Relations and Recruitment Director for Innovative Schools Development Corporation and the Delaware Charter Schools Network, hit the ground running. She is currently working with several businesses and is already making an impact. One such business is Custom Cakes by Brenda, owned by Brenda Nieves. "Jessica has been very knowledgeable and helpful. She's always pointing me in the right direction," said Nieves. "Jessica helped me restructure my business plan."

In her previous employment, Carmona gained invaluable experience working with community groups, organizing parents and providing technical assistance to charter schools during and after their start up phase. Many of those skills are transferable to the work that she is now doing at First State.

Another important role of the TA Coordinator is to conduct outreach and marketing. "This new position will allow First State to be more visible in the community," said Executive Director Vandell Hampton, Jr. "I've always known there was a larger need for our services but we have not had the resources to conduct the grassroots marketing efforts that were required," added Hampton.

FSCFL HELPS DELAWAREANS CRACK THE "CODE"

FSCFL is participating in a state-wide effort to create more awareness about entrepreneurship. FSCFL was one of more than 15 organizations which met and brainstormed on what the state of Delaware could do to create more momentum around micro-enterprises. It is evident that there exists a need to create avenues where entrepreneurs can access resources, speak with other successful business owners, understand the latest terms and just be around like-minded people.

The result? The Coalition of Organizations for Delaware Entrepreneurship (CODE) Week was born. The week of activities, held this year February 23–March 1, included the CODE Conference, where "Cracking the CODE" was the theme. 229 attendees came to the half-day conference which included workshops geared to the small-business owner and those with dreams of owning their own business. Table exhibitors and local community leaders were available onsite as well. There was a week-long schedule of activities hosted by the Coalition, along with free workshops statewide relating to marketing, incubation, business plan competitions, and business development.

FSCFL chaired the final panel, "Cracking the Code to Cash." Panel members represented the diversity found in the lending community. The panel, which included FSCFL Executive Director Vandell Hampton, Jr., offered resources and tips on accessing capital for businesses, distributed outlined resources and shared notable experiences with micro-enterprises.

CODE PARTICIPANTS:

Delaware Financial Literacy Institute
First State Community Loan Fund
Delawareans Save!
First State Saves!
Center for Economic Education & Entrepreneurship – U of D
Delaware Center for Enterprise Development - DSU
YWCA Center for Women's Entrepreneurship
DEDO
Delaware Commission for Women
Chase
Bank of America
Hispanic Business Association
State of Delaware Office of Minority and Women Owned
Business Enterprise
Kent County Entrepreneurship Business Consortium
Delaware Main Street
US SBA

IDA BOOSTS EDUCATION ENROLLMENT

Delawareans Save! program allows state residents to pursue post-secondary education

In June 2006, *Delawareans Save!* began an exploration and developed a marketing strategy to increase post-secondary education participation in the IDA program. The plan was implemented beginning in the late fall of 2006.

The *Delawareans Save!* IDA Program requires a person to be working in order to join the program. This makes the program well suited for low-income individuals who are interested in pursuing their post-secondary education part-time. Hence, low-income Delawareans attending any of the eight colleges and universities in Delaware part-time were the target population for this marketing drive. Our target group for education participants consists of part-time students, who work and go to school. These students are not eligible for any financial aid and few scholarships. With the recent increase in the cost of student loans, the *Delawareans Save!* program is a very unique and valuable program for this population.

Two of the ways of reaching out were through creating alliances and effective promotion. Additional awareness about the *Delawareans Save!* program among part-time students was through the financial aid offices at the colleges. Extensive contacts with the financial aid offices, working student groups on campus and business offices were made in the fall and winter of 2006. The *Delawareans Save!* IDA program is also now listed in the Delaware Compendium of Scholarships.

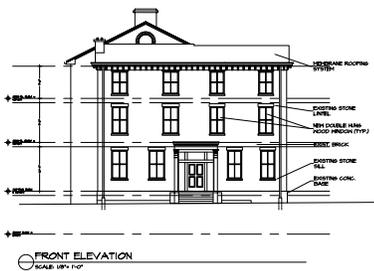
The marketing strategy has shown results! The enrollment pace for education participants has doubled over the past year. In fact, there have been four Education matches in the past month for participants attending Del Tech, Neuman College and Wilmington University.

For more information on the *Delawareans Save!* IDA program, contact First State Community Loan Fund at (302) 652-6774 or visit www.delawareanssave.com or www.firststateloan.org.

NOTE: As of December 31, 2007, *Delawareans Save!* has had a total of 227 matches (188 homeowners, 13 small businesses, 26 post-secondary education). There are currently 201 active savers.

UNITED CEREBRAL PALSY TO RENOVATE GARRETT HOUSE

The United Cerebral Palsy of Delaware, Inc. (UCP) has been working with the City of Wilmington to turn the Garrett House into affordable and accessible apartments for people with disabilities. Using funds from the Department of Housing & Urban Development and the City, UCP began renovating the building this year. UCP received a \$40,000 bridge loan from FSCLF to pay for consulting costs as the agency renovates Garrett House, at 609 Washington Street in the Quaker Hill area of Wilmington. The Garrett House is an historical building which was the home of the son of Thomas Garrett. Garrett is called the greatest humanitarian Delaware has ever known.



Architects' renderings show United Cerebral Palsy's plans to renovate Wilmington's historic Garrett House. Garrett was a famous Delaware humanitarian.

"First State has been a huge help. We wouldn't have been able to do the project without this critical part. We weren't able to find the funding," said William J. McCool, III, UCP's Executive Director. The plans are for 5 one-bedroom units and 2 two-bedroom units. A total of seven apartments will house nine persons who are physically disabled.

Prior to UCP's involvement, the property sat vacant and blighted for many years. "This is the type of initiative that First State loves to be a part of," said Vandell Hampton, Jr., FSCLF Executive Director. "There has been broad community support for this project and the social impact is significant." UCP heard about First State from Board member, Lottie M. Lee, Housing Development Coordinator, Delaware Health and Human Services. Lee has been instrumental in making this project successful.

UCP was incorporated on November 13, 1953 and began pursuing its mission of improving the overall quality of life of children and adults with physical disabilities and their families. A common misconception of UCP is that the agency works only with persons who have Cerebral Palsy. UCP's full-time staff of 25 and 12 part-time employees serve people with physical disabilities of all ages.

FSCLF INCREASES LOANS DOWN-STATE

Loan activity in Kent and Sussex Counties on the rise due in part to collaboration with DSU

Thanks to a recent partnership with Delaware State University's Delaware Center for Enterprise Development (DCED), First State Community Loan Fund has significantly boosted its lending activity in Kent and Sussex Counties. In March 2007, First State opened a satellite office on the Dover campus and is now housed with DCED and the Kent County Small Business Development Center. Vandell Hampton, Jr., Executive Director announced, "Since we began going down to Dover, we have lent \$370,749 to Kent and Sussex County businesses and affordable housing developers. That is significant as compared to the \$40,000 we lent downstate in 2006."

Each Tuesday, Bob Kauffman, a Community Lending Officer at the Loan Fund, works out of the Dover office. "It makes for a long day for Mr. Kauffman, traveling up and down the State. But the investment has been worth it," said Hampton. Kauffman spends his time in Dover calling on downstate businesses and meeting with small business bankers. Bankers have become an excellent referral source for First State. Especially now with underwriting criteria at many conventional lending institutions tightening up.

First State Community Loan Funds works very closely with the Delaware Center for Enterprise Development. The Delaware Center for Enterprise Development's mission is to educate current and future entrepreneurs through training programs, technical and managerial assistance and by providing access to private capital. Delaware Center for Enterprise Development's initiatives include: adult and youth entrepreneurship and child care development services, train-the-trainer, rural and economic community development, support of student organizations, applied business research, and small business consulting and access to market services.

"This partnership is a win-win for both our agencies," said Lillie Crawford, Acting Director of DCED. "DCED refers many of our clients, who need financial assistance with their entrepreneurial endeavors, to First State Community Loan Fund. First State sends clients to DCED to receive the technical assistance they need to make their business ventures a success."

"It took a little while for the downstate business community to realize that we were in Dover, but I think people know we are here now," said Hampton. Some of the downstate businesses that received financing last year include a restaurant, hair salon, construction company and a coffee shop. First State also provided financing for a private developer to develop two houses in downtown Milford.

Bob Kauffman can be reached in Dover at (302) 857-6958 or in Wilmington at (302) 652-6774.



The beautiful interior of Majestic Hair Salon in Dover, one of the downstate enterprises that benefitted from a small business loan from FSCLF in 2007.

2008 ANNUAL MEETING INFORMATION

In 2008, our organization will be celebrating its 15th year and we are currently planning a big celebration that will take place in November. In light of the anniversary event, we will not be having a full annual meeting this year. The annual meeting will take place in May as always, but it will be more of a business meeting to elect new officers and board members and present the year-end audited financial statements. Stay tuned for additional information on our upcoming 15-year anniversary celebration event. Thanks for your continued support of First State Community Loan Fund.