



IRC's Center for Economic Opportunity

Fresh Start Fund Overview

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FRESH START FUND INVESTMENT SUMMARY

Goal. The Fresh Start Fund seeks to accelerate the economic integration of refugees by offering low or no-cost consumer, auto and business loans in tandem with credit education and other asset-building services. Loans are made in partnership with refugee-serving organizations that have linguistic and cultural competence and established relationships with refugee communities.

Track Record. The Fund is led by the [International Rescue Committee's](#) subsidiary financial institution, the [Center for Economic Opportunity \(CEO\)](#). Since 2015, CEO has made over 4,000 loans totaling \$13M financed primarily to low-income, credit-thin refugees and immigrants while maintaining a 98% historic repayment rate. CEO is certified by the U.S. Treasury as a CDFI and is an SBA Microloan Intermediary.

Reach. At launch, Fresh Start Fund loans will be available throughout CEO's existing footprint across 16 states and [29 referring partners](#). Within two years of launch, we project Fresh Fund availability in over 20 states from 40 partners.

Impact. At least 85% of the projected 1,950 Fresh Start Fund loans will be made to borrowers that entered the U.S. as a refugee or other humanitarian status¹. CEO projects between 65% - 75% of all loans will be financed by humanitarian entrants from **Ukraine and Afghanistan**.

All applicants will participate in credit training and meet with a trained financial coach before applying for a loan. The project will help borrowers learn about and build credit, finance cars, pay for training, start businesses and meet unanticipated expenses. To further support newcomers, the Fund will offer discounted rates to humanitarian entrants within their first two years in the U.S.

Investment Terms. CEO is seeking a mix of debt, recoverable grants and EQ2/equity impact investments of \$10M to capitalize the Fresh Start Fund. Funds raised will be used exclusively as loan capital for on-lending to end-borrowers. CEO is offering between 0% - 2% yield annually over a 5-year term, with quarterly interest-only payments and a final balloon payment at maturity. CEO will provide 10% (\$1M) 1st-loss capital for deployment alongside the \$10M raised. Investors are repaid based on the Fund's overall performance and benefit equally from the 10% 1st-loss protection.



Photo of Mohammed, founder of RED Samboussas, serving customers at the UCSD farmer's market. Mohammed came to the U.S. as a refugee and started his business with a loan from CEO.

[Click here to watch our explainer video](#)

¹ Other types of humanitarian entrants include parolees, asylees and asylum-seekers granted withholding of deportation, Special Immigrants from Iraq and Afghanistan, Unaccompanied Minors (or their legal guardians for purposes of loan-making), and those that may arrive under similar future humanitarian immigration programs launched subsequent to the Fund.

OVERVIEW

The fall of Kabul and Russia's invasion of Ukraine have led to a surge of new refugee arrivals to the U.S. These families arrive with pressing need to financing cars, education, immigration and other expenses essential to rebuilding their lives. Yet, as with all immigrants to the U.S., they arrive without a credit score and with no understanding of the complex U.S. financial system. Without credit, families are often limited to extractive financial products that make getting ahead more arduous.

To help fast-track the financial integration of refugees, IRC's Center for Economic Opportunity (CEO) is launching the **Fresh Start Fund** – a \$10M loan fund to support the rapid economic integration of refugees through low or no-cost consumer, auto and business loans connected to credit education and financial coaching services.

Over the next five years, the Fresh Start Fund projects to make over 1,900 loans reaching over 6,500 individuals².

Highlights include:

- **Proven Model.** CEO was founded by the IRC based on successful field-based interventions that integrate wealth-building social services with financial products. Since 2015, CEO has made over 4,000 loans for \$13M financed primarily to refugees with bad or no credit, all while maintaining a 98% repayment rate.
- **National Reach.** At launch, the Fresh Start Fund will be available to clients through CEO's existing network of 29 community partners across 16 states. Over the next five years, CEO plans to double our reach to over 40 partners in 20 states.
- **Bundled Financial Education.** Every borrower participates in culturally and linguistically appropriate financial education and is connected to other wealth-building services delivered by local community-based organizations that specialize in serving refugees.
- **Clear Impact.** All immigrants to the U.S. arrive without credit nor understanding of the complex U.S. financial system. Our model incentivizes newcomers to learn about the U.S. system and features flexible underwriting informed by on-the-ground partners, allowing us to responsibly deploy capital to borrowers that lack traditional qualifications.
- **Experienced Team.** CEO's staff have over 60 years of combined experience working at the intersection of refugee integration and economic development. CEO's core management team have been with the organization since its inception and our staff of nine includes three resettled refugees and six immigrants.

The \$10M Fresh Start Fund will leverage CEO's team, national network and track record of success to tangibly support the economic advancement of refugees. CEO now actively seeks investments in the form of installment loans, recoverable grants, and equity/EQ2 or other similar instruments.

² 6,500 represents the estimated total members in households of Fresh Start Fund borrowers; the benefits of credit education, mobility and credit building are projected to extend beyond the individual borrower and at least to some degree also benefit immediate family/household members.



TERMS & TIMING

Terms: 5 years, quarterly interest-only payments and a final balloon payment. Investors will receive between 0% - 2% fixed. Actual rates will be negotiated with each investor with the goal of achieving a weighted average cost of 1% for the overall Fund.

Fund composition: CEO seeks to raise \$10M in new loan capital from investors across loans and recoverable grants or equity investments. All investors are treated pari-passu with other investors.

Risk, Security & Credit Enhancement: Investors will be repaid based on the overall performance of the Fund. CEO has a 10% 1st-loss (\$1M) that is already in-hand and will be deployed alongside the \$10M raised. Losses incurred by the Fund beyond the 10% 1st-loss tranche are shared equally by all investors.

Sources of Repayment: CEO will use investor funds for on-lending to end borrowers; investors will be repaid using the principal and interest repayments of loans deployed from the Fund.

CEO will also explore selling underlying loans to banks while maintaining client-facing servicing to replenish and redeploy capital from the Fresh Start Fund. Any Fresh Start Fund loans “sold” to external financial institutions will be considered as a loan ‘paid in full’; the Fund and its investors will have no further exposure to the performance of sold loans. Monies recouped from the sale of Fresh Start Fund loans will either be revolved back into the Fund and made available for re-lending or will be used to meet balloon payment obligations to Fresh Start Fund investors.

Minimum Investment: \$100,000 installment loans; \$50k recoverable grants/equity.

Timing. Rolling acceptance of new commitments beginning December 2022 and for 12 months thereafter.

IMPACT PROJECTIONS

The Fresh Start Fund is a special purpose credit program designed to extend flexible financing to refugees and other humanitarian entrants to the U.S.

At least 85% and up to 95% of loans made from the Fresh Start Fund will be to borrowers that entered the U.S. under a humanitarian pathway (refugees, parolee, asylees/asylum-seekers). We project 65% - 75% of borrowers to be Afghan or Ukrainian refugees.

Impact. CEO will analyze impact of the Fresh Start Fund through two primary methods: 1) comparison of baseline to follow-up credit score for borrowers, taken at application and again at loan close, and 2) analysis of borrower demographics overlaid with deployment and repayment data.

Projected impacts include:

Change in borrower FICO credit score:

- For those w/o credit, 70% will achieve a score of at least 650
- For those w/credit at application, 70% will realize an increase in their score, with average increase of 25 FICO points

Extending credit to financially vulnerable refugees

- At least 85% of loans made and dollars financed will go to humanitarian entrants
- 75% of borrowers will be low-income as per their local MFI
- 65% of borrowers will have bad or no FICO score at time of loan closing
- Fresh Start Fund will maintain a 95% overall repayment rate

Figure 1: Deployment projections by immigration status at U.S. entry

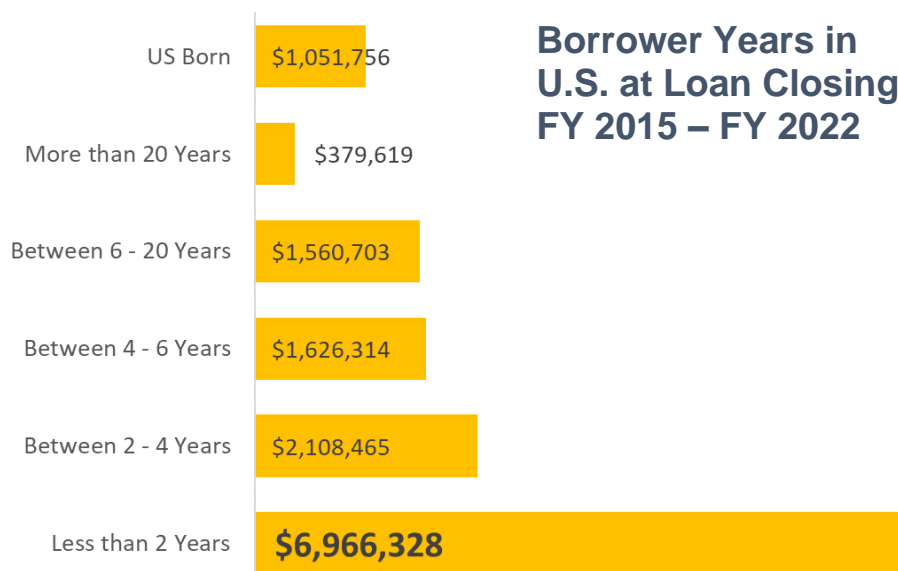
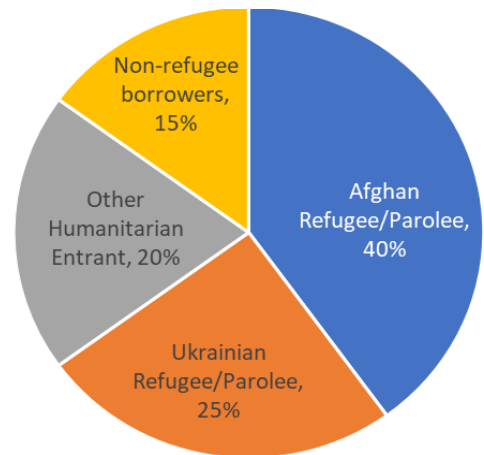


Figure 2: 51% of \$13.8M CEO has financed since inception has been to borrowers within their first two years in the U.S.

IRC-CEO: FRESH START FUND

Reporting. CEO will offer all investors quarterly reports detailing activity of the Fresh Start Fund, including: loans deployed, balance outstanding, performance and arrears summary, borrower demographics including income, country of origin, immigration status and geographic scope of lending. The reports will also include interim profit & loss, balance sheet and portfolio performance reports. The credit impact report will be published during the final year of the Fresh Start Fund in 2027.

PRODUCTS AND RATES

The Fresh Start Fund represents over 20 years of innovation, capacity-building and iterative improvement on a model that is now actively serving scores of refugees across 16 states in the U.S.

Through the Fresh Start Fund, we project making over 1,900 loans impacting an estimated 6,500 individuals in refugee and asylee households.

Welcome Fund Projections

Product	Loans Made	Average Loan Size	Total Financed
Auto/Auto Refinance	260	20,000	5,200,000
Personal	250	5,000	1,250,000
Credit Building	1,100	500	550,000
Business	180	20,000	3,600,000
Education	100	2,000	200,000
Immigration	50	4,000	200,000
Total	1,940	5,670	11,000,000

Fresh Start Fund Rates will mirror CEO's standard rates and offer an additional discount of -1% on any auto, personal, education or immigration loan made to borrowers that entered the U.S. under a humanitarian status and apply within their first two years.

The rates listed in the table below are effective as of 9/30/2022. CEO's rates are structured to allow offering near-prime rates to sub-prime borrowers while offering near-market rates to prime and super-prime borrowers. CEO will adjust its interest rates twice per year. Decisions on rates are made by the Credit Subcommittee of CEO's Board of Directors and final rate adjustments are guided by – but not directly derived from – the published WSJ prime rate.

Table 1: CEO's Standard Rates as of 9/30/2022 and Proposed Fresh Start Fund Discount

Product	Loan Amounts	Terms	Closing Fee	Standard Rate	Discount Rate for Newcomers
Auto	up to \$20,000	6 - 72 Months	2%	6.49% - 8.99%	5.49% - 7.99%
Auto Refinance	up to \$20,000	6 - 72 Months	2%	6.49% - 8.99%	-
Personal	\$300 - \$5,000	6 - 48 Months	2%	7.99% - 9.99%	6.99% - 8.99%
Education	\$300 - \$8,000	6 - 60 Months	2%	4.99%	3.99%
Immigration	\$300 - \$8,000	6 - 60 Months	2%	7.99%	6.99%
Credit-Building	\$100->\$300-> >\$1,000	6->8->14 Months	0%	0%	-
Business	\$300 - \$50,000	6 - 72 Months	2%	0% - 9.99%	-

We currently expect an increase in our Standard rates by 1% - 2% from current levels for auto, personal and business loans in January 2023. The Fresh Start Fund discount for newcomers in their first two years will remain fixed at -1% below CEO's Standard Rates. CEO invests 100% of interest earned to cover operating expenses and support our ongoing expansion to new communities and partners.

GEOGRAPHY AND REACH

CEO's model is to offer our loans as integrated parts of programs operated by non-profits that have strong relationships, trust and linguistic and cultural competence to serve refugees or other vulnerable groups.

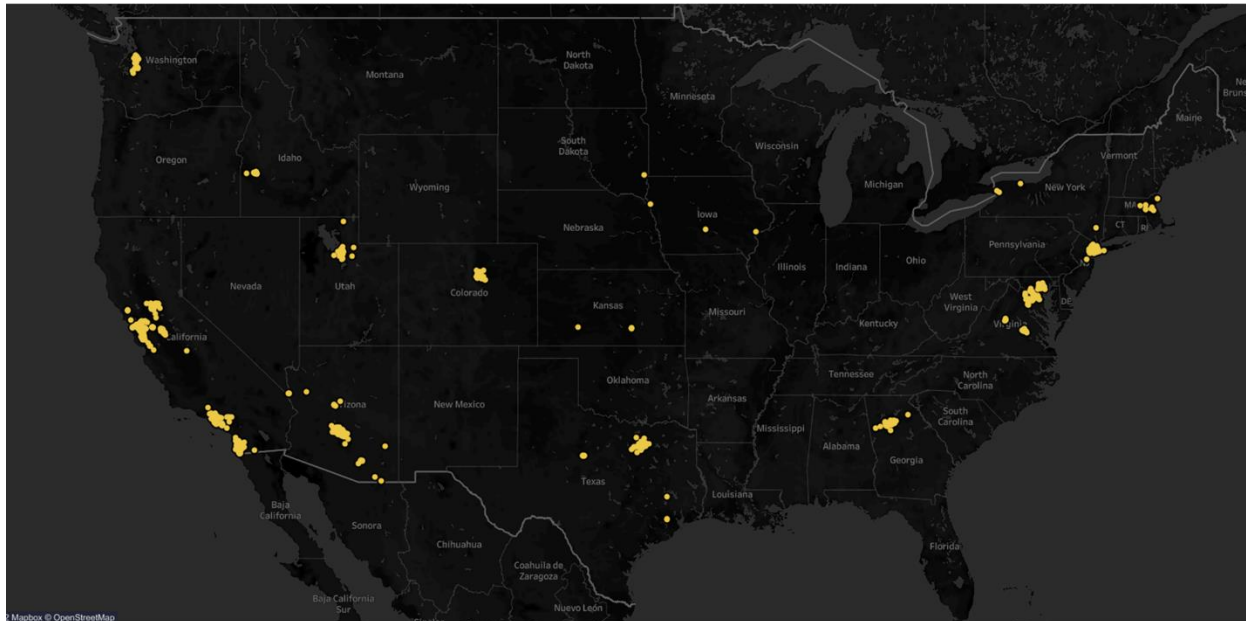


Figure 3: CEO made 1,495 loans in FY 2022 Across 16 States; this will be the starting point for availability of loans through the Fresh Start Fund

As of 9/30/2022, CEO was actively lending in 16 states with 26 of 29 partners primarily serving refugees. Active locations/partners include:

- 21 IRC field offices + IRC SAFE portal
- Jewish Family Services of Metrowest, Framingham, MA
- Church World Service, Elizabeth, NJ
- Lutheran Services in Des Moines, Iowa
- International Literacy and Development in Dallas, TX.

The Fresh Start Fund will make loans through all current and future CEO partners that primarily serve refugees.

In FY 2023, CEO will begin offering loans through the IRC in Florida, Kentucky and Montana and seek to launch additional partnerships with non-affiliated resettlement agencies such as Catholic Charities. By 2025, we anticipate Fresh Start Fund's availability will reach refugees in 20 + states.



FINANCIALS AND DUE DILIGENCE

CEO is certified by the U.S. Treasury as a national [Community Development Financial Institution](#) and is a non-consolidated subsidiary of the [International Rescue Committee](#).

Audited and interim financial statements, org charts & staff resumes, products, policies, and other data frequently of interest to investors will be shared by request.

CONTACT & MORE INFO

To request access to our Data Room with all financial and due diligence information, or for any general questions related to the Fresh Start Fund, please contact:

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Visit us on the web at IRC-CEO.org or on [LinkedIn](#) to learn more.