



Testimony of Lakota Vogel, Executive Director of Four Bands Community Fund before the
Subcommittee on Housing and Community Development of the Senate Committee on
Banking, Housing, and Urban Affairs
United States Senate
January 5, 2022

Thank you Chairwoman Smith, Ranking Member Rounds, and distinguished members of the Subcommittee I am honored to have been included as a voice in this important hearing to share the successes and challenges of CDFIs serving underestimated communities across the nation.

My name is Lakota Vogel. I am an enrolled member of the Cheyenne River Sioux Tribe, born and raised on a ranch in South Dakota. I am the Executive Director of Four Bands Community Fund, a 22 year old rural, Native CDFI that started by serving all residents of the Cheyenne River Sioux Reservation in north central South Dakota and expanded in 2013 to serve native entrepreneurs across the entire state. I am on the executive committee of the South Dakota Native Homeownership Coalition and a member of the Mountain Plains Regional Native CDFI Coalition.

I am here today to share the perspective of on the ground leaders within the Native CDFI movement, which spans 69 separate organizations operating across 27 states. The core of our mission and purpose of our programming is aimed at leveling inequities stemming from a historic lack of investment and access to capital, as well as non-inclusive policies, in the communities we serve.

With two decades of experience, Four Bands has continuously improved our products and services to successfully deploy over \$25 million across the state. We utilize an integrated approach in lending which fuses relationship building and learning with loan products. Our suite of programs are designed to revive traditional culture that supports self-sufficiency by focusing on two core areas:

- **Entrepreneurship** – Four Bands offers a comprehensive business training program, customized business coaching, and several lending products to help entrepreneurs at various stages of development start or expand a business. Our business loans provide up to \$250,000 in capital that can be used for equipment and inventory purchases, working capital, acquisition of land or buildings, construction of buildings, and/or leasehold improvements for a commercial space. We also operate a business incubator that provides physical space, in addition to our entrepreneur programming, to six businesses. Our average business loan client is a female head of

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household who dreams of starting a business in the service industry that doesn't require a lot of start up capital, such as a restaurant, day care or a hair salon. In turn, these industries have a thin profit margin and have more difficulty accessing capital from financial institutions because of their small dollar nature and small balance sheet. Four Bands has deployed over \$20 million to the small business sector resulting in the creation/expansion of over 300 native owned small businesses and we can proudly say, due to lots of innovation, with partners like CRF, and resource stacking, we did not lose one small business to the pandemic across the state.

- **Consumer & Homeownership** – A unique challenge within our communities is invisible credit histories. We are fortunate to have 4 financial institutions serving Cheyenne River, but only 1 of them, the Credit Union reports to the Credit Bureaus. So we have generations of borrowers, utilizing debt tools for decades at the local institutions who remain invisible not due to the individual borrowers behaviors but due to institutional decisions. Four Bands began reporting to the credit bureaus in 2010. Our foresight and community mindedness, has primed our market for homeownership.

As our balance sheet grew, we were finally able to offer mortgage products to our community in 2019 in partnership with USDA as 1 of the 2 pilot sites for the 502 Direct Lending program. While we were able to close 8 mortgages with initial pilot, we spurred the demand and have since closed a total 42 mortgages on Cheyenne River within 1 and a half years.

My recommendations today are simple:

- 1) Advance the Native American Rural Homeownership Improvement Act. Thank you to Chairwoman Smith and Ranking Member Rounds for co-sponsoring this legislation. The pilot was an enormous success and we've now built up a demand of over \$7 million that cannot be met within our community. Access to these funds should include all Native CDFIs across the nation.
- 2) Increase the Native American CDFI Assistance (NACA) appropriations to \$50M to meet the needs. Overall government spending has increased by 30%, and the CDFI Fund appropriations have increased by 13.7%, but the annual appropriations for NACA have remained stagnant since 2014 and demand for service is increasing.

All of this to say, the tool, the Native CDFI tool works, it's just chronically undercapitalized. We are part of the communities we serve. We run into our clients in the grocery store. We sit on the Daycare Board of Directors desperately trying to keep these vital programs running. As Native CDFI staff and community members, we are woven into the fabric of

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the community and almost every aspect of our clients financial lives. There's no comparison to sitting across from our clients at tax time, assessing their earnings for the year and planning for the future. We are the gentle nudge to savings accumulation and the sounding board for many of the financial decisions our families make. We believe "how you perceive is how you proceed." We perceive opportunity because our success as nation builders is intricately woven into the success of our neighbor.

Thank you for this opportunity to testify.

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