

**CRAFT3**

Seattle, WA



**OVERVIEW**

Craft3 is a nonprofit community development organization that uses capital, relationships, and voice to build a thriving, just, and empowered Pacific Northwest.

Our primary tool is capital. Our loans provide responsible capital that enables entrepreneurs to launch and grow businesses, nonprofits to deepen their community impact, and homeowners to invest in their homes.

Craft3 has long focused on economic equity and expanding access to capital for entrepreneurs of color. In 2019, we began examining how we might make our commercial lending more accessible. Like many CDFIs, we were keenly aware that entrepreneurs of color face additional barriers when it comes to loan readiness and meeting underwriting criteria. In 2021, we changed how we underwrite and process loans up to \$250,000 for entrepreneurs of color by: lowering credit score requirements; allowing for higher personal debt-to-income ratios; no longer requiring personal collateral for loans under \$150,000; reducing interest rates for entrepreneurs of color; waiving loan fees, typically two percent; and reducing closing costs to a flat \$200 fee. In 2021, we launched Business Services to provide one-on-one coaching and loan readiness support, prioritizing entrepreneurs of color.

These changes have proven successful. In 2022, we made over \$42 million in commercial loans and 41 percent went to entrepreneurs of color. That same year, we also made \$15.8 million in loans to homeowners (25 percent to people of color). We continue to look for new ways to expand access to capital for historically underserved communities.

**FEELING AT HOME AT OHSUN BANCHAN DELI & CAFE**

For Sara Upshaw, opening OHSUN Banchan Deli & Cafe near Pioneer Square in Seattle, and her journey as an entrepreneur have both been about feeling at home. She explains, “I wanted to make the place warm and cozy, so it feels like you’re coming home to Grandma’s house.” The restaurant, which serves small Korean plates known as banchan, is named after Oh Sun Pak, Sara’s grandmother. As an entrepreneur who as she puts it, “looks different,” Sara has struggled to feel at home in the world of business.

When asked if there were things she didn’t know when she started on this journey, Sara laughs. “I think about this a lot. When you think about people who start a business, the stereotype is that the person comes from money and they’re not diverse. It’s often a boys’ club that feels very secretive. I look different. I’m a woman, I’m Korean, and I’m not part of the boys’ club. I wanted to be an entrepreneur, but I didn’t think I was allowed to. Then the pandemic hit. Everyone was examining their lives and I had time to slow down and listen to myself.”

As Sara worked to launch her business, she connected with Craft3. For Sara, the experience was different and a breath of fresh air. “Every conversation I had about financing before I found Craft3 was terrifying. Largely because of the gatekeeping. Everything was secretive and opaque. Working with Craft3 was the complete opposite. Every step of the process was clear, transparent, and felt personal.”

Craft3’s in-house Business Services program connected her with one-on-one coaching and loan readiness support, including teaching her how to generate and work with cash projections. After a few months, Sara was ready to apply for and receive a loan. The loan financed tenant improvements and other startup costs. “Craft3 is a big part of why my restaurant and space looks so great. The loan gave me an opportunity and a chance I wouldn’t otherwise have been able to get with my background.”

**THREE-YEAR IMPACT**

- ▶ \$148.5 million in loans
- ▶ 40 community facilities financed
- ▶ 442 total businesses financed (143 minority-owned, 196 women-owned)
- ▶ Jobs created via financing: 433 FTE construction, 2,415 at businesses, 222.5 at tenant businesses
- ▶ 269,029 sq. ft. of commercial real estate