

August 15, 2024

Senator Matt Klein, Chair  
Commerce and Consumer Protection  
Committee  
95 University Avenue W.  
Minnesota Senate Bldg., Room 2105  
St. Paul, MN 55155

Representative Zack Stephenson, Chair  
Commerce Finance and Policy  
Committee  
5322 State Office Building  
100 Rev. Dr. Martin Luther King Jr.  
Blvd. St. Paul, MN 55155

Senator Gary Dahms,  
Ranking Minority Member  
Commerce and Consumer Protection  
Committee  
95 University Avenue W.  
Minnesota Senate Bldg., Room 2219  
St. Paul, MN 55155

Representative Tim O'Driscoll,  
Ranking Minority Member  
Climate and Energy Finance and  
Policy Committee  
237 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

RE: Minnesota Department of Commerce Report on Exodus Lending Activities as mandated in  
Laws of 2023, Chapter 57, Article 1, Section 2, subdivision 3(i).

Dear Chairs and Ranking Members:

This letter addresses the notification requirement set forth by the Legislature in the Laws of 2023, Chapter 57, Article 1, Section 2, subd. 3(i) as outlined in the language below:

*No later than August 15, 2024, and annually thereafter until the appropriations under paragraphs (e) and (f) have been exhausted or canceled, the commissioner of commerce must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over commerce and consumer protection. The report must detail the information collected by the commissioner of commerce under paragraph (h).*

Pursuant to Minnesota Statutes § 3.197: This report cost *de minimis* to prepare, including staff time. If you have any questions, please do not hesitate to contact me or my team.

Sincerely,



Grace Arnold  
Commissioner



# Minnesota Department of Commerce Report on Exodus Lending Activities

Laws of 2023, Chapter 57, Article 1, Section 2, subdivision 3(i)

August 15, 2024

---

## Reporting Requirements:

In accordance with the requirements set forth in Laws of Minnesota 2023, chapter 57, article 1, section 2, subd. 3(h), the monthly and annual status reports provided to the Minnesota Commerce Department must include the following criteria:

- 1) Total number of loans granted;
- 2) Total number of participants granted loans;
- 3) An analysis of the participant's race, ethnicity, gender, and geographic locations;
- 4) The average loan amount;
- 5) The total loan amounts paid back by participants;
- 6) A list of the trusted community partners;
- 7) The final criteria developed for character-based small dollar loan program determinations under paragraph (f); and
- 8) Summary data on the significant barriers to mainstream financial products faced by participants.

**Criteria 1, 2, 4 and 5:**

The below table illustrate the total number of loans granted, the total number of participant loans granted, the average participant loan amount, and the total loan amounts that have been paid back by participants.

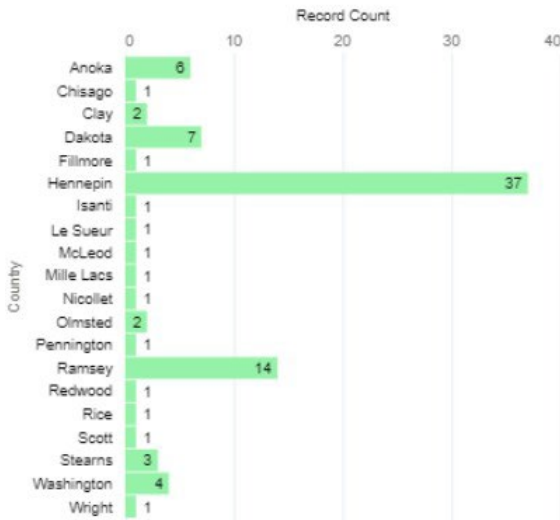
<b>November 2023 – June 2024 Loan Closings/Repayment</b>	<b>Refinancing</b>	<b>Resiliency</b>	<b>TOTAL</b>
Total number of loans granted	79	8	<b>87</b>
Total number of participants granted loans	79	8	<b>87</b>
Total loans granted	\$82,668.08	\$9,200.00	<b>\$91,868.05</b>
Average loan amount per participant	\$1,046.43	\$1,150.00	<b>\$1,055.95</b>
Total loan amounts paid back by participants	\$64,061.07	\$4,840.00	<b>\$68,901.07</b>

### Criteria 3:

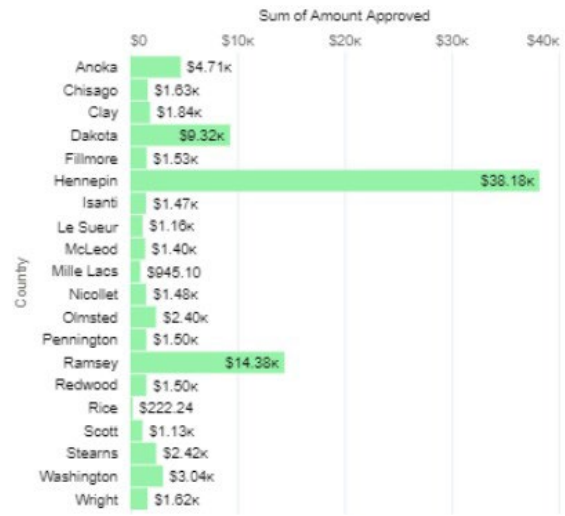
The below data sets exhibit participants' race, ethnicity, gender, and geographic locations.

#### November 2023 - June 2024 Demographic Analysis - Refinancing and Resiliency Combined

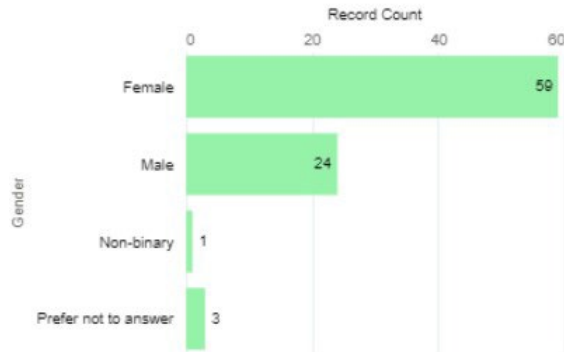
Loans Closed by County (#)



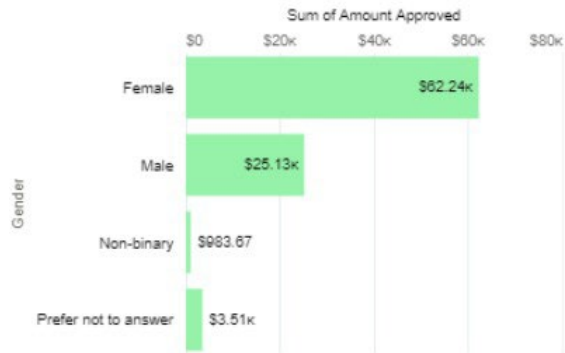
Loans Closed by County (\$)



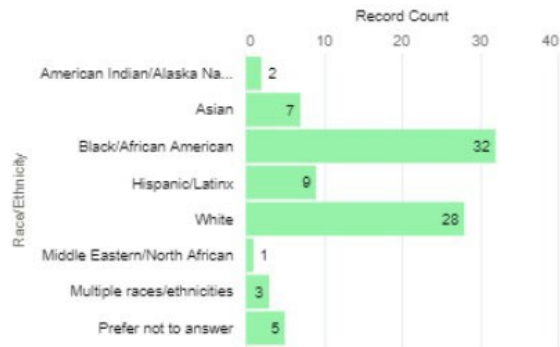
Loans Closed by Gender (#)



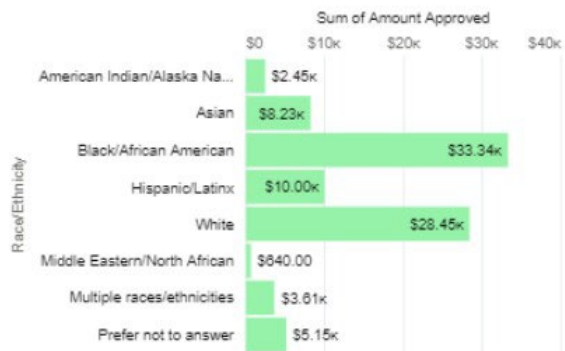
Loans Closed by Gender (\$)



Loans Closed by Race/Ethnicity (#)



Loans Closed by Race/Ethnicity (\$)



### Criteria 6:

Below is a listing of Exodus Lending’s trusted community partners.

2024 Resiliency Loan Partners		
Exodus Lending relaunched our “anti-payday” Resiliency Loan program in mid-April 2024. We provide access to the loan through a community partner referral. Community partners are listed below, with those with signed MOUs labeled as “current” and those in-development labeled as “prospect.”		
Partner Name	Status	Enrollments
CAPI, Brooklyn Center, MN	Current	0
Northside Residents Redevelopment Council (NRRC), Minneapolis, MN	Current	3
Springboard for the Arts, Saint Paul, MN	Prospect	-
Model Cities, Saint Paul, MN	Current	1
Build Wealth MN, Minneapolis, MN	Prospect	-
Dignity Center, Minneapolis, MN	Current	2
Isuroon, Minneapolis, MN	Prospect	-
Urban League, Minneapolis, MN	Prospect	-
Community Action Lakes & Prairies, Moorhead, MN	Current	1
Catholic Charities, Saint Cloud, MN	Prospect	-
Wellshare, Mankato, MN	Prospect	-
ISAISH / BBCC	Prospects	1

### Criteria 7:

Below represents Exodus Lending’s final criteria developed for character-based small dollar loans.

<b>RESILIENCY LOAN POLICIES</b>	
<b>OVERVIEW</b>	<p>Exodus Lending offers no-interest personal loans of \$120 to \$1,200 to Minnesotans. Repayment plans are a minimum of six months and a maximum of 24 months.</p> <p><b>Personal loans are intended for urgent or essential expenses.</b> Prospects are asked what they need funding for, but it is <u>not</u> a factor in determining eligibility.</p> <ul style="list-style-type: none"> <li>● Loans <u>cannot</u> be used for gambling or illegal activities. Participants agree to this as part of the Program Agreement.</li> <li>● <b>We do not require documentation of the expense.</b></li> </ul>
<b>ELIGIBILITY</b>	<p><b>1. Minnesota Residency</b></p> <p><b>2. Referral from Community Partner</b> Prospects must have a completed referral form from a partner agency <b>and Release of Information (ROI)</b> that confirms:</p> <ul style="list-style-type: none"> <li>● Individual has a need for credit that <u>is best met by a loan.</u></li> <li>● Individual has the capacity to repay a loan.</li> </ul> <p><b>3. Ability to Repay</b> Prospects <u>must provide proof of at least 1 month’s income.</u> Proof must be most recent paystub(s) and/or benefit letter.</p> <p>Prospects must have a debt to income ratio of <u>50% or less.</u></p> <ul style="list-style-type: none"> <li>● Total monthly debt payments will be self-reported.</li> <li>● Use an ability to repay calculator to verify affordability. We anchor Payments to Income (PTI) at 4-8% of a participant’s net income.</li> </ul>
<b>MODIFICATIONS</b>	<p><b>Participants can refinance their loan for up to 24 months, no questions asked. If they request an adjustment 3 business days prior to the 15th, staff can either lower the amount due OR skip the payment. If the 15th of the month falls on a holiday or weekend, participants must give 3 business days notice from the Friday before.</b></p> <p><b>Adjustments are only available for up to three (3) consecutive months. After the third consecutive month, the participant and staff must discuss extenuating circumstances or restructure the loan.</b></p>

	<p><b>Re-Enrollment</b></p> <p>A re-enrollment refers to a graduate requesting a new loan with Exodus Lending after having completed repayment on a previous personal loan. This does require another full enrollment appointment. Graduates are eligible for re-enrollment <b>ONLY IF</b> they:</p> <ul style="list-style-type: none"> <li>● Have paid-in-full (PIF) any previous personal loan(s) with us.</li> <li>● Have <b>NOT</b> previously been charged off <b>OR</b> been four or more consecutive payment periods or 120 days delinquent in DLM in either program.</li> <li>● Meet eligibility requirements: <ul style="list-style-type: none"> <li>○ Reaffirm Minnesota residency and ability to repay (45% or less debt to income ratio applies).</li> <li>○ No need for another referral from a partner agency if less than a year since paid off loan.</li> </ul> </li> </ul> <p><b>Dual Enrollment</b></p> <p>An individual can be enrolled in the debt refinancing program and the personal loan program concurrently. These two separate loans (i.e. the participant will have two active loans at the same time) require separate enrollment appointments <b>OR</b> one extended appointment. All eligibility requirements for both programs must be met.</p> <ul style="list-style-type: none"> <li>● The maximum combined limit is \$1,200.</li> <li>● Terms include a single monthly payment amount that is split proportionately between the refinancing and personal loan programs.</li> <li>● Standard payment policies still apply (e.g., minimum \$20 monthly payment, do not exceed 8% of income).</li> </ul> <p>If the prospect is eligible for/wants to enroll in both programs immediately, first priority is to pay off as much predatory debt as possible. Enrolled participants may be eligible for dual enrollment in another program if they:</p> <ul style="list-style-type: none"> <li>● Have made at least two full monthly payments on their existing loan</li> <li>● Are current/not delinquent on their existing loan</li> <li>● Re-verify their ability to repay the requested new loan amount (45% debt to income ratio)</li> </ul>
<p><b>DELINQUENCY</b></p>	<p>Exodus Lending tracks delinquency using days past due as established in DHS.</p> <ul style="list-style-type: none"> <li>● If a participant is 90 + days past due, staff adds them to the “Watch List.”</li> <li>● If a participant is 150 + days past due, staff sends them a letter informing them they are at risk of being charged off. <ul style="list-style-type: none"> <li>○ Exodus will also email the referring partner a delinquency notice so that they can help prevent charge-off.</li> </ul> </li> <li>● If a participant is 180 + days past due, their loan will be charged off. Staff will send a final notice informing them that they have officially been charged off.</li> </ul> <p>Participants <b>CAN</b> refinance their loan to bring their account current and provide an opportunity to offset the negative credit impact of original delinquency. Refinancing after delinquency is only accommodated up to two (2) times if they have made at least one (1) payment. The participant must understand that 1) the original loan will remain on their credit report and 2) a new one will be reported with the new terms.</p>



## Criteria 8:

Below is a summary data representing significant barriers to mainstream financial products faced by participants, along with a summary of reasons as to why any loan was needed.

### **Barriers to mainstream financial products faced by participants:**

- Income insufficient and/or inconsistent
- Expenses exceeding income
- Mismatch between income and expense flows
- Increasing costs of living (e.g. groceries, rent, car payment and maintenance, utilities)
- Lack of savings (emergencies & retirement)
- Credit score (low or damaged)
- Debt (medical, credit card, student loans, high cost loans, back taxes)
- Financial stress in relationship
- No bandwidth for financial or future planning

### **What led you to take out this personal resiliency loan? (reason for loan)**

- Rent help. We will not be homeless
- I'm trying to get my life together and work on my credit as well
- Really to build my credit faster
- I was looking for a quick loan for my car repair
- This loan would go toward my school fees, I plan on completing my final year of school.
- To fix my credit. I am applying for this loan to pay down my existing credit balances to improve my credit score.
- By consolidating my debt and reducing my credit utilization, I aim to achieve a more favorable financial position, thereby enhancing my eligibility for mortgage approval.