**Indian Land Capital’s Use of CRF Contract Loan Servicing**

[www.ilcc.net](http://www.ilcc.net) | [www.crfusa.com/loan\_servicing](http://www.crfusa.com/loan_servicing)

**CRF Contract Loan Servicing**

Community Reinvestment Fund (CRF) offers contract loan servicing specifically designed for nontraditional financial institutions and mission-driven organizations. CRF’s loan servicing program is intended to let CDFIs focus their energy and talent on their core mission and their strengths of identifying and originating loans.

A CDFI can choose the specific loans to be serviced – the entire portfolio, a specific portion of the portfolio, or loans on a case-by-case basis as they originate. All administrative, compliance, and reporting activities are included in the loan servicing program: monthly accounting and reconciliation, collections, reporting and communications, compliance, licensing, and IT systems. The CDFI has constant access to a variety of reports through its own secure portal. The portal has seven standard reports showing current and historic monthly data along with real-time data on every loan, amongst other capabilities.

**Indian Land Capital**

*Indian Land Capital Company (ILCC) is a certified Native community development financial institution (CDFI) providing alternative loan options to Indian nations for tribal land acquisition. ILCC grew out of an identified need in Indian Country for financial mechanisms that offered full faith and credit lending options for tribal land purchases. Unlike traditional lending institutions, ILCC responds directly to the unique financial needs of Indian nations, and as a Native-run business, ILCC understands and supports tribal sovereignty and recognizes the importance of land to Indian people.*

*ILC’s mission is to help Indian nations recover, manage and gain jurisdiction over 90 million acres of alienated tribal land; to assist Indian nations in consolidating undivided interests in land with fractionated ownership; to eliminate “checkerboarding” (mixed patterns of land ownership) on Indian reservations; and to strengthen tribal communities and sovereignty.*

This case study demonstrates **the use of a shared service platform for growth.**

**Action:**

ILCC is a small Native CDFI with only one employee. It makes low volume, high dollar loans to help Indians reclaim their land. After doing its own loan servicing, ILCC chose to focus on its strength of origination and engaged CRF to provide post-closing invoicing and collections, and loan servicing support (i.e., collection of financial statements). The contract between CRF and ILCC still keeps some functions with ILCC so that it can maintain its personal relationship with its borrowers during the loan servicing stage of the lending life cycle. The president of ILCC monitors the reports created by CRF closely and has chosen to keep the responsibility of contacting troubled loan borrowers within ILCC.

**Process:**

* CRF’s client portal allows ILCC to access loan activity and reporting. The president of ILCC monitors these loan portfolio reports from CRF closely so that he can immediately follow up with borrowers if there is a delinquency.
* ILCC can choose which steps of the process to outsource to CRF from a menu of available activities as well as decide what portion of its loan portfolio will be serviced by CRF.
* ILCC initially serviced their own loans, but as they grew realized it was more efficient to outsource these functions to CRF. This outsourcing was necessary due to their small staff size.

**Outcomes:**

* Contract loan servicing is less expensive for ILCC than hiring an additional staff person.
* ILCC’s relationship with its Native tribe clients are key to its impact as a CDFI; therefore, outsourcing loan servicing, allows ILCC to focus on loan sourcing and originating, which is the core competency of the organization.
* Due to ILCC’s close relationships with its borrowers, it chose to keep the responsibility of contacting delinquent borrowers after identifying issues on the monthly loan portfolio report produced by CRF. Some organizations prefer that CRF handles all contact with delinquent borrowers. With CRF as the servicer, it is likely to intervene early when a missed payment occurs. The earlier the borrower is contacted regarding the delinquency, the more options remain available for a successful resolution for both the lending institution and the borrower.
* ILCC has made several million dollars in loans to tribes for land acquisition. The scale of its reach was supported by CRF handling the backend operations of loan processing, portfolio reporting and servicing support. These loans have resulted in reclaiming Native land for the purposes of sustainable forest management, housing, health care services, ceremonies, and agriculture.

**Organization Profile: Indian Land Capital**

**Founded:** 2005

**Type of CDFI:** Loan Fund

**Target Market:** Indian Nations, National

**Types of Lending:** Land Purchase

**Loan Products:** Term Loans, Lines of Credit/Bridge Loans

**Asset Size:** $6 million+ (FY 2012)

**No. of Employees:** 1 (FY 2012)