

# Credit Enhancement: A Key to Addressing Risk to Accelerate Social Impact



Locus partners with mission-driven investors and lenders to create credit enhancement funds, a transformative resource in community development finance.

Credit enhancement funds are risk-reducing tools where a third party commits to cover potential losses, enabling lenders to extend credit to impactful borrowers and their projects, which might otherwise be deemed too risky. **Locus maximizes the power of credit enhancement with guarantee funds**, which act as catalysts that support multiple lending opportunities, such as a new lending program or portfolio, accelerating capital flow to underserved communities.

We partner with foundations and mission-driven investors to leverage the collective strength of a guarantee fund, empowering lenders to say “yes” more often, driving **scalable, sustainable change**.

## The Accelerant Factor

Guarantees have a multiplier effect that turns investor commitments into **expansive impact**.



For every \$1 committed to a guarantee fund, \$5 in capital can be unlocked for communities. Leverage is even greater when measured against actual guarantee claims paid.



## The Key That Unlocks Community Focused Capital



The  
**Investor**

### The Keysmith

By committing capital to a guarantee fund, the investor creates the tool that unlocks opportunity, transforming risk into access.



The  
**Fund**

### The Keyring

It holds the keys (guarantees), ready to unlock doors across a range of lending opportunities, maximizing reach and impact.



The  
**Lender**

### The Keyturner

With the guarantee in hand, lenders can confidently open doors for borrowers and projects that were previously out of reach due to perceived risk.



The  
**Capital**

### What's Behind the Door

With the door opened, capital flows. Communities access the capital needed to spark new businesses, housing, clean energy, and inclusive growth.

### The Key Steward

Locus designs the guarantee fund, manages investor commitments, and strategically deploys guarantees to lenders. We ensure the right keys are in the right hands, unlocking the most impactful opportunities in communities.

# Guarantees in Action: National & Local Funds

## The Community Investment Guarantee Pool (CIGP)

- A **national, multi-investor fund** with **\$66 million** in commitments from foundations and other mission-driven investors
- Guarantees and other credit enhancement tools offered to organizations, **often CDFIs**, to increase capital access for communities
- Fully deployed fund expected to unlock **\$450 million** in community development capital
- Supports projects across the small business, affordable housing, and clean energy sectors

## The Kansas City Credit Enhancement Fund (KCCEF)

- Partnered with the Ewing Marion Kauffman Foundation and the Kansas City Chamber of Commerce
- A **\$9 million fund** that creates greater access to capital for historically undercapitalized or underserved **small businesses in the Kansas City metro area**
- Provides incentives for **banks, CDFIs, and other lending institutions** to lend to businesses owned and operated by entrepreneurs in low- and moderate-income neighborhoods

## How We Can Help



### Fund Design

During the fund design process, we lead fund strategy development, lender engagement, market demand assessment, financial modeling, and the development of investment policies and procedures.

- Fund Capital Stack Structure & Modeling
- Fund Operations & Governance Structure
- Impact Objectives & Product Design
- Investor Relations Support
- Lender Engagement & Discovery

### Fund Management

After fund launch, we serve as program manager and engage lenders in the efficient and impactful deployment of guarantees to unlock more capital for community development initiatives.

- Fund Pipeline & Enrollment
- Guarantee Structuring & Underwriting
- Financial Modeling & Risk Forecasting
- Risk and Impact Data Reporting & Portfolio Management
- Back-End Operations

## Key Contacts

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