PARTNERSHIP for FINANCIAL EQUITY

Small Business Lending Committee
Thursday, August 13, 2026, at 9:00 am

Co-Chairs:
Elyson dos Santos, VP Business Development, Rockland Trust

Guest Presenters & Speakers:
Carlos Espinoza Toro, Director, Enterprise Community Partners

Meeting Summary/ Quick Recap

The meeting covered two main topics: a presentation from Carlos Espinoza-Toro of Enterprise Community Partners on Community Investment Vehicles (CIVs) and a discussion of the FDIC and OCC's proposed changes to Community Reinvestment Act (CRA) asset thresholds. Carlos walked the group through the CIV model using the Portland Community Investment Trust and its Plaza 122 marketplace as a case study, showing how residents can collectively invest in neighborhood commercial real estate, and outlined the roles banks can play in supporting these vehicles. The group then reviewed the proposed CRA rule, published in the Federal Register on July 31 with a 60-day comment period closing October 13, which would raise the small bank threshold to $1 billion and the intermediate bank threshold to $10 billion. Committee members from both banks and community organizations shared broad concerns about the potential impact of the changes on investment in underserved communities, including reduced service test coverage and narrower CRA credit for nonprofit grants. PFE will submit formal comments, and a special board committee has been formed to draft them. The meeting closed with upcoming dates, including the Financial Equity Summit on October 6-7 and the next committee meeting on November 13th.

Community Investment Vehicles (CIVs) Presentation

Carlos Espinoza-Toro, Director of Community Wealth Building at Enterprise Community Partners, presented on Community Investment Vehicles, building on his January 2026 MassINC commentary on alternative tools for helping small businesses stay alive in post-industrial Massachusetts. He explained that small businesses in Massachusetts are having a hard time staying afloat in the post-pandemic economy, while public funding for longstanding grant and technical assistance programs has stagnated. A CIV enables residents to invest in their neighborhood commercial buildings, and investors can be unaccredited and can withdraw their funds at any time without penalty or fear of losing their principal. Carlos described how the model relies on several partners: a bank provides a direct pay letter of credit that insulates the vehicle from having to register with the SEC, a law firm provides pro bono guidance on securities laws for unaccredited investors, a university provides student teams to engage residents and learn their barriers to investing, and a nonprofit owns and operates the investment

platform at no cost to investors while paying community leaders to teach classes on goal planning, budgeting, and investment risks and returns.

Portland Community Investment Trust Case Study

Carlos used the Portland Community Investment Trust (CIT) as a case study. Before the CIT, Plaza 122, a commercial building in southeast Portland about 30 minutes from downtown by car and an hour by public transportation, was in foreclosure and one-third empty, and its small business tenants contended with unstable leases while struggling to serve immigrant communities and low-income renters. Mercy Corps selected and acquired the property with funding from a CDFI, its own reserves, and outside impact investors, working with partners including Northwest Regional Bank, Willamette University, and the Orrick law firm, and opened investment to residents of four southeast Portland ZIP codes. Today, 345 local residents have invested, some as little as $10 per month, and Plaza 122 is a fully occupied, community-owned marketplace. Carlos also outlined the multiple roles banks can play in supporting CIVs, including advisory support, investment capital, platform infrastructure, and technical assistance.

Proposed CRA Asset Threshold Changes

The group reviewed the FDIC and OCC's proposed changes to the CRA, which were published in the Federal Register on July 31 with a 60-day comment period closing October 13. The proposal would raise the small bank threshold to $1 billion (currently under $412 million), set the intermediate bank range at $1 billion to $10 billion (currently $412 million to $1.649 billion), and raise the large bank threshold to over $10 billion (currently over $1.649 billion), with an estimated 46 Massachusetts banks moving to a lower tier. Large banks would be the only banks to retain the full three-part Lending, Service, and Investment tests and the requirement to report community development, small business, and small farm lending; in New England, this would include only JPMorgan Chase, Bank of America, Capital One, M&T, TD, PNC, Santander, First Citizens, Citizens, Eastern, Rockland Trust, KeyBank, Beacon Bank, and NBT Bank. Intermediate banks, which would include most banks in New England, would receive a streamlined Lending test and a community development test, with a proposed benchmark of 1.25% of Tier 1 capital per year for combined community development loans and investments, while small banks would receive only a Lending test. The Federal Reserve and the Massachusetts Division of Banks are not part of the proposal, and the Division would normally wait until federal changes are finalized before beginning its own regulatory process.

Community Development and Nonprofit Grant Concerns

Committee members from both banks and community organizations raised shared concerns about the potential impact of the changes on investment in underserved communities. The group noted that the proposal devalues the service test, which covers branch locations and accounts serving lower-income residents, and that reducing the number of banks subject to the stricter test would most likely mean fewer LIHTC and CITC investors. Members also discussed the new standards on grant giving, under which grants to nonprofits would only receive CRA credit if directly used for community development lending programs in the bank's local community, large banks could direct no more than 15% of a grant to indirect or administrative costs, and banks would need to collect additional documentation on how grant funds are used. The group discussed the accountability implications for underserved communities and reviewed reactions to date, with community groups including NCRC, Rise Economy, Woodstock Institute, the National Housing Conference, and NAAHL strongly opposing the proposal, while the

American Bankers Association and Independent Community Bankers of America welcomed it and the Consumer Bankers Association called for a durable rule that will last through administration shifts.

Next Steps and Upcoming Dates

PFE will submit formal comments on the proposed CRA rule, and a special board committee has been formed to draft them. The presentation also outlined steps community organizations can take, including submitting comments to the FDIC and OCC, meeting with key elected officials, writing opinion pieces, and talking with bank partners, and members were asked to share any feedback on the proposal with committee leadership, Tom, Brooke, or Vanessa ahead of the October 13 deadline. The group also discussed engaging Chamber of Commerce Government Affairs Committees, with more to come as that outreach develops. Members interested in learning more about CIVs can contact Carlos at CEspinoza-Toro@enterprisecommunity.org or (202) 649-3923 (www.enterprisecommunity.org). Members were reminded of the Financial Equity Summit on October 6-7 (financialequity.net/financial-equity-summit-2026). The next committee meeting is November 13th, where the group will continue the CRA conversation and report back on the Federal Reserve meeting on the small business credit crunch.