



COASTAL STATES BANK

Coastal States Bank and Scale Link join forces to empower entrepreneurs and drive positive change to small businesses

AT A GLANCE

TRANSACTION PORTFOLIO

TRANSACTION 1

- \$508,445.91 in loans purchased
- \$114,400.33 in additional grant capital provided
- Average loan size: \$9,777.81
- 52 small businesses
- 100% of loans to businesses with <\$1M in Gross Annual Revenue (GAR)
- 50% to businesses in LMI census tracts

TRANSACTION 2

- \$75,639.22 in microloans
- \$16,560.92 in additional grant capital provided
- Average loan size: \$6,273.07
- 12 small businesses
- 100% of loans to businesses with <\$1M in Gross Annual Revenue (GAR)
- 34.6% to businesses in LMI census tracts

CRA DETAILS

By taking on the risk of loan loss and providing capital for loans in the bank's assessment area, Coastal States Bank made a direct and consequential impact. The purchase of small business loan participations is unequivocally considered part of a bank's CRA lending in the interagency Q&A. Donations provided meet the definition of qualified investment in the interagency CRA rules, and promote economic development in the bank's assessment area, which in turn provides positive CRA consideration.

Scale Link was incredibly helpful to us in meeting our CRA lending and investment goals. They provide an innovative and impactful way of serving CDFIs and underserved small businesses in our community.

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OBJECTIVES

In 2023, Coastal States Bank began a partnership with Scale Link, aiming to fulfill their Community Reinvestment Act (CRA) goals and foster positive societal impact across their assessment areas. The collaboration began with a strategic decision by Coastal States Bank to engage in two significant loan purchases from Scale Link in 2023. The initial transaction served as an introduction, integrating Coastal States Bank into Scale Link's system. Encouraged by the efficacy of the partnership and the alignment of values between the two entities, Coastal States Bank proceeded with a second loan purchase. This subsequent transaction proved instrumental in enabling Coastal States Bank to fully achieve their CRA goals for the year. The partnership with Scale Link not only facilitated financial transactions but also exemplified a shared commitment to increasing financial access and supporting underserved communities. Through this collaborative effort, Coastal States Bank demonstrated its dedication to leveraging strategic alliances to drive meaningful societal change and address community needs effectively.

TRANSACTION PROCESS

Step One

After connecting with Coastal States Bank and learning about their goals, Scale Link identified available loans in their footprint and credit box to determine if a transaction would be possible. Loans for the initial transaction came from Accion Opportunity Fund, DreamSpring, Ascendus, and LiftFund, and loans for the subsequent transaction came from Accion Opportunity Fund and LiftFund.

Step Two

Before the initial transaction, Scale Link provided standard legal documents to Coastal States Bank for review (nonrecourse master participation agreement). Coastal States Bank reviewed the available loans using a loan tape with key risk variables. After loans were narrowed, key documents for each loan were provided to review in Scale Link's online portal.

Step Three

Scale Link confirmed the final portfolio and price, then prepared all documents and set a closing date. Scale Link sent formal acknowledgement letters with CRA qualification information for both the loan purchase and grant request to use in the bank's CRA evaluation.

Step Four

Later in the year, Coastal States Bank and Scale Link connected about their goals for an additional purchase. Scale Link identified available loans in their footprint and credit box. After loans were narrowed, key documents for each loan were provided to review in Scale Link's online portal.

Step Five

Scale Link confirmed the final portfolio and price, then prepared all documents and set a closing date. Scale Link sent formal acknowledgement letters with CRA qualification information for both the loan purchase and grant request to use in Coastal States Bank CRA evaluation.

Step Six

Scale Link provides monthly transaction reports and a single transfer of all payments each month.