



Mission Lenders Working Group

November 15, 2022

The Honorable Ben Cardin
Chairman
U.S. Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

Dear Chairman Cardin:

I am writing on behalf of the Mission Lenders Working Group (MLWG) to thank you and to offer our strong endorsement of your bill, the Community Advantage Loan Program Permanency Act of 2022, which will codify the SBA's successful Community Advantage pilot and provide mission-driven lenders and the small businesses they serve the assurance that SBA will continue to bolster lending to underserved and underbanked markets.

The MLWG is a coalition of active Community Advantage (CA) lenders that includes Small Business Administration (SBA) Certified Development Companies (CDCs), Microloan Intermediaries, and Treasury-certified community development financial institutions (CDFIs). From fiscal years 2017-2022, MLWG members approved 2,995 (or 61%) of 4,928 total CA loans approved to date. In the same time period, MLWG members approved over \$430 million, accounting for 61% of almost \$702 million in CA lending.

CA lenders serve low-to-moderate income communities, rural areas, start-ups, and veteran-owned businesses, and lend to businesses owned by women and people of color in communities of color at higher rates than traditional financial institutions. Between FY 2018 and FY 2022, 13% of loans under the CA program went to Black business owners, while only 4% of loans under the 7(a) loan program went to Black business owners. In that same time period, 15% of CA loans went to Hispanic-owned businesses, while 8% of 7(a) loans went to Hispanic-owned businesses. One-fifth of CA loans went to women business owners, while 17% of loans under the 7(a) loan program went to women business owners. Nine percent (9%) of loans under the CA program went to veteran-owned businesses, while 5% of loans under the 7(a) loan program went to veteran-owned businesses. Additionally, from fiscal year 2020 to fiscal year 2021, 14% of CA loans went to startup businesses, while 7% of 7(a) loans went to startup businesses.

Federal Reserve research demonstrates that minority and women-owned firms have persistently lacked access to the financing needed to launch and grow.¹ Moreover, recent reports have highlighted COVID-induced business closures at far higher rates among Black- and Latinx-owned firms compared to white-owned firms (41% and 32% compared to 17%, respectively), demonstrating the devastating impact

¹ <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/20191211-ced-minority-owned-firms-report.pdf>,
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of insufficient access to financial resources during economic downturns.² This bill will ensure that the newly authorized CA program works to eliminate unacceptable, persistent barriers to capital by expanding the definition of “underserved markets” to include minority and women-owned businesses, as well as Veteran-owned businesses, Native-owned businesses, and businesses in low income and/or rural census tracts.

The MLWG applauds your leadership and your steadfast support of the CA lenders who are intentionally and effectively lending to underbanked businesses and underserved markets and we look forward to working with you to build support for the Community Advantage Loan Program Permanency Act of 2022.

Sincerely,



Alison Feighan
on behalf of the Mission Lenders Working Group

Mission Lenders Working Group members:

Access to Capital for Entrepreneurs, GA
AmPac Business Capital, CA
Ascendus, NY
B:Side Capital, CO
BBIF Florida, FL
Carolina Small Business Development Fund, NC
CDC Small Business Finance/Momentum, CA
Evergreen Business Capital, WA
Growth Capital Corporation, OH
Justine PETERSEN, MO
Kentucky Highlands Investment Corporation, KY Lendistry, CA
Latino Economic Development Center (LEDC),
MD
LiftFund, TX
Main Street Launch, CA
MoFi, MT
Northern Initiatives, MI
Opportunity Finance Network, DC
PeopleFund, TX
Pursuit, NY
Prestamos, AZ
Wisconsin Women’s Business Initiative Corporation, WI

² <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-WomenOwnedFirms-2016.pdf>