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Photo courtesy of Allies for Community Business



## FIRST EAGLE BANK

Chicago area community bank searched for 3 microloans to help direct new capital to CDFIs and small businesses in their community

### AT A GLANCE

#### TRANSACTION

- \$13,397 in additional grant capital provided
- June 8th - August 3rd, 2021

#### PORTFOLIO

- 3 small businesses
- 100% of loans in low and moderate income census tracts
- 100% of loans to businesses with <\$1M in Gross Annual Revenue (GAR)

### OBJECTIVES

Typical bank buyers of Scale Link microloans (small business loans <\$50,000) are motivated by a desire to create positive change in their communities while meeting regulatory requirements. First Eagle Bank needed a small number of small business loans to enhance its CRA performance. Finding a CDFI partner able to devote time and energy to a small transaction can be difficult, especially when loan sales is not a core business practice. Scale Link buys loans from CDFIs throughout the year. As a result, the CDFI is selling much higher volume to one party. Scale Link has infrastructure and systems to efficiently sell both small and big amounts. By marrying volume and systems together, Scale Link was able to provide First Eagle Bank with 3 small business microloans. The transaction came together between June 8th and August 3rd of 2021. First Eagle Bank's purchase of 3 microloans provided \$13,397.52 in grant capital to Scale Link. First Eagle Bank received both CRA lending test and investment test credit. This liquidity helped Scale Link and Allies for Community Business increase financial access to entrepreneurs, particularly entrepreneurs of color, and those in LMI areas.

### CRA DETAILS

By taking on the risk of loan loss and providing capital for loans in the bank's assessment area, First Eagle 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.



### TRANSACTION PROCESS

#### Step One

After connecting with First Eagle 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 in the First Eagle Bank transaction came from Allies for Community Business ([www.a4cb.org](http://www.a4cb.org)).

#### Step Two

Scale Link provided standard legal documents to First Eagle Bank for review (nonrecourse master participation agreement). First Eagle 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 First Eagle Bank's CRA evaluation.

#### Step Four

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