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insights

Magazine

MAY 2025

CREDIT UNION

SMALL BUSINESS

LENDING IN ACTION

Casa Luna Guest House in Puerto Rico, a family business operating since 2018.

(See page 2)



SMALL BUSINESSES ARE KEY TO CREATING ECONOMIC OPPORTUNITY.

¹
*Alternatives FCU Small Business Member
Maria Klemperer-Johnson, Executive Director &
Founder of Hammerstone School.*



strive

That's why Inclusiv is committed to ensuring community development credit union (CDCU) small business lenders have the resources needed to spur creation of quality jobs through entrepreneurship and worker ownership. Inclusiv's Small Business Capital Initiative helps Inclusiv member CDCUs, including cooperativas in Puerto Rico, scale up their lending and unlock millions of dollars of new investment to build small businesses in low- and moderate-income communities across the country. Business lending positions CDCUs as key stakeholders and drivers of their local economies and supports their members in building wealth.

Inclusiv's Small Business Capital Initiative program offerings are generously supported by Mastercard Strive USA. Our Small Business Capital Initiative includes our Small Business Capital Initiative Learning Center, Loan Participation Marketplace, Loan Loss Fund and Loan Processing and Servicing support. Our newest offering, that supports capital access for small business owners in New York State, was made possible by a \$5 million investment from New York State's Empire State Development and will support at least \$15 million in new small business lending. //

For more information, please visit www.inclusiv.org/small-business.

Community Development Credit Unions Lead in **Small Business Lending**

Casa Luna Hotel/Guest House, is a family-owned business that has benefited from small business loans from Cooperativa Jesús Obrero in Puerto Rico.



285+
CDCU

Small Business
Lenders

60,000

Small Business
Loans to Members




\$33.5B

Small Business
Loans Outstanding

To support Inclusiv's Small Business Capital Initiative or to make a mission-driven investment directly in CDCUs providing capital to small businesses in their communities, please email development@inclusiv.org. Inclusiv is a 501(c)(3) nonprofit.

Aurelio Arroyo Gonzalez of Cooperativa Jesus Obrero with Raymond Hernández, Father María Centeno, Mother Keyla L. Hernández, daughter, owners of Casa Luna Hotel/Guest House.




BUILDING CREDIT UNION SMALL BUSINESS LENDING CAPACITY.

Training Credit Union Lending Professionals

In 2024, Inclusiv launched the Small Business Capital Initiative Learning Center has trained over 240 lending and finance professionals from over 100 credit unions and cooperativas. The six program cohorts served both English- and Spanish-speaking credit union and cooperativa professionals and yielded significant results for the communities they serve.

Program participants reported meaningful improvement in their understanding of how to implement or expand their CDCUs' small business lending, with 9 out of 10 reporting that they were able to apply what they learned to create an implementation plan for their CDCU. One program participant shared "this was incredibly helpful as someone who is launching a new business lending program. This is something that I could see being revisited on an annual basis."

And their small business borrowers are enjoying the benefits of increased credit union small business lending.

 TOP: Alternatives FCU
Small Business Member
Maurice Hill, owner of Hill's
Fresh and Clean Mobile
Detailing, in Ithaca, NY.

 RIGHT: Alternatives FCU
Small Business Member
Maurice Hill, owner of Hill's
Fresh and Clean Mobile
Detailing, in Ithaca, NY.

Inclusiv Trained

240

Lending and Finance
Professionals

— from —

over
100

Credit Unions and
Cooperativas

Multiplying Credit Union Impact through Loan Participations

Through Inclusiv's Loan Participation Marketplace, Inclusiv member credit unions and cooperativas can buy and sell small business loans to and from other members. By enhancing the capacity of CDCUs and cooperativas to creatively and responsibly leverage their financial assets, Inclusiv is increasing the amount of affordable capital available to many small businesses nationally, and especially to those in underserved communities and to historically under-represented entrepreneurs.

One high-impact CDCU already taking advantage of this new program is Cooperativa de Ahorro y Crédito Jesús Obrero in Puerto Rico. In April 2025, Inclusiv purchased a pool of three small business loans totaling nearly \$980,000, freeing the cooperativa's capital to finance loans for more entrepreneurs in their community. More credit unions and cooperativas are following in their footsteps, including Cooperativa Naguabeña, another high-impact small business lender. //

Interested in participating in our Small Business Capital Initiative?

Please email smallbusiness@inclusiv.org
to get started.



CREDIT UNION INTERVIEW

A COOPERATIVA PUNCHES WELL ABOVE ITS WEIGHT FOR SMALL BUSINESSES IN ITS PUERTO RICO COMMUNITY

An Interview with Pablo Cabán,
Project Manager,
Cooperativa Naguabeña

TOP: Cooperativa Naguabeña participating in Relay for Life.

MIDDLE: Cooperativa Naguabeña staff celebrating their personal finance certification.

BOTTOM: Sponsoring a community event for local youth.





Carlos Maldonado, President of a now thriving general contracting business said, “After Hurricane Maria, which wrecked the island of Puerto Rico, we had acquired a contract in Cidra municipality and were in dire need of a line of credit. Thanks to Cooperativa Naguabeña we were able to fulfill that contract and the positive results of that project helped expand our business.” Maldonado says undertaking that business deal gave them a big opportunity for a full expansion. He credits Naguabeña for helping them turn this expansion into a reality, by getting into the concrete business and providing their own power pumps.



One financial cooperative “cooperativa” in Puerto Rico is leading the way in commercial and small business lending in its low-income community and the effort is paying off for both the cooperativa and its members. Although small business lending is widely considered a risky, unprofitable pursuit in such communities, Coopeartiva Naguabeña is proving the opposite by maintaining a balance between its mission of prioritizing the community and the profitability that ensures a sustainable operation..

“We serve a really poor area in Puerto Rico. The poverty level in our municipality is over 40% and we serve the regions of Naguabo and Fajardo with a branch in the San Juan metro area,” says Project Manager Pablo Cabán.

Despite this reality, Cooperativa Naguabeña’s portfolio of commercial and small business loans is significantly higher than the average for all cooperativas in Puerto Rico. The average is

approximately 7% but at Cooperativa Naguabeña, it’s 30% – a major difference – yet this model has helped the cooperativa grow, not hurt it. The loans have spawned and grown a variety of businesses, largely in construction and farming, but also barbershops, nail salons, restaurants, childcare services and more.

Cabán adds, “We understand the necessity, but it’s also risky because instead of giving a consumer loan – which is probably \$10,000, \$20,000 – we’re talking about amounts like \$200,000, \$300,000. When that amount goes over \$300,000, we use what we call a participation loan – one where we share that risk with Cooperativas we do business with.”

The risk is largely a perception, as approving loans in Puerto Rico is markedly difficult. By law, cooperativas are not allowed to give a commercial loan without guarantees; something, such as property, must be put up as collateral. Thanks to this cautious approach, Cooperativa Naguabeña has kept losses to a minimum.

Expanding on this enterprise, Cooperativa Naguabeña is planning to continue expanding small business lending by selling some loans on Inclusiv’s loan participation marketplace, which will free up capital to make new small business loans. //





CASE EXAMPLE

CREDIT UNION SMALL BUSINESS LENDING IN ACTION

Carolina Foothills Federal Credit Union, Spartanburg, SC

Carolina Foothills Federal Credit Union is a 100% local, member-owned financial cooperative proudly serving the Spartanburg, Greenville, and Cherokee counties of Upstate South Carolina and the employees of more than 125 local companies. Through free financial coaching, credit builder loans, a first-time homebuyer mortgage program, and small and micro business lending and coaching, Carolina Foothills FCU creates pathways that move members toward brighter financial futures and promote stable and thriving South Carolina communities.



OTHER PAGE: Carolina Foothills FCU branch in Greenville, SC.

THIS PAGE LEFT: JCC and Carolina Foothills celebrate their longstanding partnership and Jordon's impact in the Greenville community.

THIS PAGE RIGHT: JCC renovates and restores dilapidated buildings in Greenville, SC.

Growing a Legacy of Small Business Empowerment

Carolina Foothills FCU began in 1960, when a group of US postal service employees came together to create a cooperative financial institution that would serve their needs and strengthen their community's financial health. Over the decades, that same spirit of mutual support and economic empowerment has guided the credit union's expansion—including its growing focus on small and micro business lending as a powerful driver of local economic growth and community wealth-building.

About six years ago, Carolina Foothills brought on Scott Whelchel as their first Small Business Services Manager, coming in with over a decade of experience coaching small businesses with South Carolina Small Business Development Centers (SC SBDC). With his expertise and the addition of a Community Development Financial Institutions (CDFI) Fund grant, they were able to launch Carolina Foothills's small business lending program and start growing a pipeline of local small businesses, alongside incubator programs and training services in Spartanburg and Greenville.

Powering Local Changemakers

One of Carolina Foothills's returning small business members since 2016 is James Jordon, President and Founder of Jordon Construction Company (JCC) in Greenville, South Carolina. Over the past nine years of banking with Carolina Foothills FCU, Jordon has grown his company from a restorer of dilapidated houses to become a key player in commercial construction for private, public, and government projects.

From 2016 to 2019, Carolina Foothills helped Jordon finance small residential properties, which he renovated

and leased out to tenants at reasonable rates to expand affordable housing options in the community. As his business has grown, the breadth and scale of his projects have as well, including the ten-story Camperdown Deca Apartments, the 108,000-square-foot Roam Greenville ONE meeting and event space, a 40-unit senior assisted living apartment complex, Unity Park's Visitors Center, and the Carroll A. Campbell Jr. US Courthouse, as well as projects with hospitals, offices, school buildings, and more. This growing and diverse portfolio enabled Jordon to build up his community while seeing more than triple-digit revenue growth in just a few years.

Through both his business success and deep community involvement, Jordon has established himself as a highly respected and dedicated leader in the Greenville community. He serves on the boards of the Greenville Chamber of Commerce, the Greenville Tech Foundation, the Better Business Bureau of Upstate, SC, and Homes of Hope, an affordable housing nonprofit based in Greenville. On the side, he has also channeled his passion for business development into educational workshops across the Carolinas to help other businesses find their own path to success. In 2016, JCC was recognized as the Small Business Administration's (SBA) Small Business of the Year as well as the Small Business Development Center Service Provider of the Year, highlighting Jordon's outstanding contributions to local economic development, entrepreneurial growth, and community impact.

Carolina Foothills and James Jordon show that small business lending creates lasting social and economic impact. When small business owners are empowered with the financial services and coaching they need. They build more than just businesses—they build stronger, more vibrant communities. //

A COMMUNITY-DRIVEN APPROACH TO SMALL BUSINESS GROWTH

One of the first small business initiatives Carolina Foothills FCU launched was in conjunction with a City of Spartanburg small business incubator program called Amplify. Using a Community Development Block Grant (CDBG), the City put \$25,000 on deposit with Carolina Foothills as a loan loss reserve and committed to share half of any charge-offs or delinquencies. This approach enabled Carolina Foothills to take on small businesses that might be considered too risky for loans by mainstream financial institutions, expanding opportunities for more small business owners to reach their aspirations and provide meaningful products and services for their communities. The partnership with the incubator program also ensured that the small businesses Carolina Foothills served had strong business plans and knowledge of best practices in financial management. With Amplify's small business coaching, Carolina Foothills could be confident that they were not taking undue risks, because these small businesses had the support they needed along their business growth journey.

With the success of their partnership with Amplify and the City of Spartanburg, the word naturally spread about Carolina Foothills's strong reliability and impact as a community partner. Today, as they've expanded into small

business coaching as well as lending services, Carolina Foothills FCU is brought in to coach and lend to small businesses through a variety of different local channels, including South Carolina Small Business Development Centers, the Spartanburg Area Chamber of Commerce, and SCORE, a South Carolina small business mentorship and education program. In 2023, the Spartanburg Chamber and Spartanburg County collectively put \$1 million on deposit with Carolina Foothills in a loan loss reserve, enabling a commitment to lend out \$10 million over five years to local small businesses.

Other South Carolina credit unions that don't do small and micro business lending also refer members to Carolina Foothills for their small business lending needs, knowing that Carolina Foothills is one of the few financial institutions in their market doing this type of lending for people across the income spectrum and doing it well. With Carolina Foothills, small businesses can access all-in-one, comprehensive small business lending and support services, including depository services, small business loans, small business coaching, company credit cards, as well as consumer accounts. Since the inception of their small business lending program, Carolina Foothills has done \$11 million in small and micro business loans, creating 180 jobs and empowering their small business members to secure contracts totaling \$9.3 million. //

▼
CFFCU is honored to have been awarded the Dora Maxwell Social Responsibility Community Service Award and the Louise Herring Philosophy in Action Member Service Award.



GRAFT

NEW YORK WINE + CIDER BAR

REMOVING BARRIERS FOR NEW YORK ENTREPRENEURS

To address barriers to capital access for New York small business owners, New York State's Empire State Development ("ESD") awarded Inclusiv \$5 million to expand access to small business lending through CDFI credit unions in the state. This is a first-of-its-kind partnership between Inclusiv and ESD that will help increase access to capital for small businesses in low income and underserved communities served by CDFIs throughout the state.

Inclusiv will leverage this historic investment to purchase more than \$15 million in small business loans from CDFI-certified credit unions with a strong track record of serving low-income and underserved communities in New York State. Thanks to this initiative, Inclusiv will help credit unions make more loans to small businesses in their community by purchasing portions of each small business loan under \$500,000 – freeing up lending capital the credit union can use to help other borrowers.

ESD's investment will greatly increase liquidity for CDFI credit unions while also creating financial opportunity for small businesses that need it the most. Inclusiv will start with the 11 CDFI-certified community development credit unions in New York State that are active small business lenders. Additionally, we expect to enroll CDFI credit unions with small business lending programs that are authorized to work in NYS and enroll credit union graduates from the Inclusiv's Small Business Lending Training to start up their small business lending in the near future. //

✪ Alternatives FCU Small Business Member Maurice Hill, owner of Hill's Fresh and Clean Mobile Detailing, in Ithaca, NY.

"We are grateful for this partnership with the Empire State Development in this groundbreaking small business initiative. CDFI credit unions play a crucial role investing in small businesses that are too often turned away by big banks. We look forward to helping businesses to grow, increase their revenue and create jobs in their communities through responsive and responsible credit union lending,"
said Cathie Mahon, President/CEO, of Inclusiv.

**CDFI credit unions serving
New York State are encouraged
to sign up as participating
lenders, please email
smallbusiness@inclusiv.org
to get started.**

Attention CDFI Credit Unions Serving New York State

Inclusiv Small Business Capital Initiative is launching a new program to help expand access to small business lending through CDFI credit unions thanks to a grant from Empire State Development of New York.

We encourage CDFI credit unions serving New York State to sign up as participating lenders.



Scan the
QR code to
complete the
interest form.

/ inclusiv /

Please email to learn more:
smallbusiness@inclusiv.org

Inclusiv is proud to partner with Empire State Development of New York and Member Business Financial Services (MBFS) for this program.



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