



COMMONWEALTH OF MASSACHUSETTS

DIVISION OF BANKS

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www.Mass.Gov/DOB

MAURA T. HEALEY
GOVERNOR

KIM DRISCOLL
LIEUTENANT GOVERNOR

YVONNE HAO
SECRETARY OF ECONOMIC
DEVELOPMENT

LAYLA R. D'EMILIA
UNDERSECRETARY

MARY L. GALLAGHER
COMMISSIONER

January 9, 2024

The Honorable Michael D. Hurley
Clerk of the Massachusetts Senate
State House – Room 335
Boston, MA 02133

Dear Mr. Hurley:

The Division of Banks (Division) is submitting the attached report describing the activities of the Small Business Loan Review Boards (Board) from July 1, 2022 through June 30, 2023 to the Chairs of the Joint Committee on Community Development and Small Businesses, the Joint Committee on Economic Development and Emerging Technologies, and the Joint Committee on Revenue in accordance with the provisions of G.L. c. 167, § 14C. The Division is submitting this electronic copy of the attached report to you on this date pursuant to G.L. c. 6, § 222.

Please contact me at (617) 956-1500 if you have any questions or would like additional information.

Sincerely,

/s/

Barbara Keefe
Deputy Commissioner of Banks
and General Counsel



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REPORT OF THE SMALL BUSINESS LOAN REVIEW BOARD ON THE AVAILABILITY OF CREDIT FOR SMALL BUSINESSES AS OF JUNE 30, 2023

This memorandum serves as an informational summary prepared by the Massachusetts Division of Banks (the Division) on behalf of the Small Business Loan Review Board (the Board) regarding the availability of credit to small businesses within the Commonwealth, as of June 30, 2023, in accordance with the provisions of G.L. c. 167, § 14C.

Included in this memorandum is an informational summary prepared by the Division providing an update relative to the Paycheck Protection Program (PPP) for small businesses within the Commonwealth, as of June 30, 2023.

The scope of the memorandum is to better understand where emergency-related relief to small businesses was afforded and the effects of such distribution. It is beyond the scope of this memorandum to offer an explanation or evaluation as to the observed outcomes. Rather, an assessment of relief afforded to small businesses with the best data available to the Division.

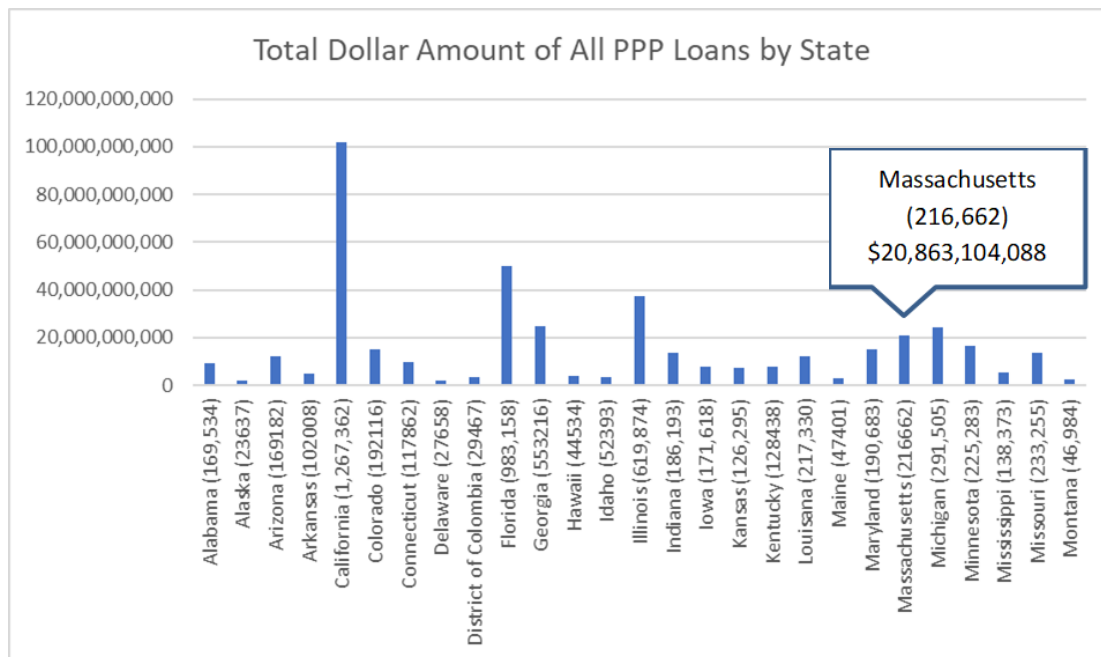
Small Business Administration Paycheck Protection Program

The Paycheck Protection Program (PPP) was a loan program provided by the U.S. Small Business Administration (SBA) designed to provide a direct incentive for small businesses to keep workers on the payroll. Loans made were up to \$10 million, with a 1.0% interest rate and a two-year maturity. Businesses were eligible for full loan forgiveness if all employees were kept on the payroll for eight weeks and the money was used for payroll, rent, mortgage interest, or utilities.

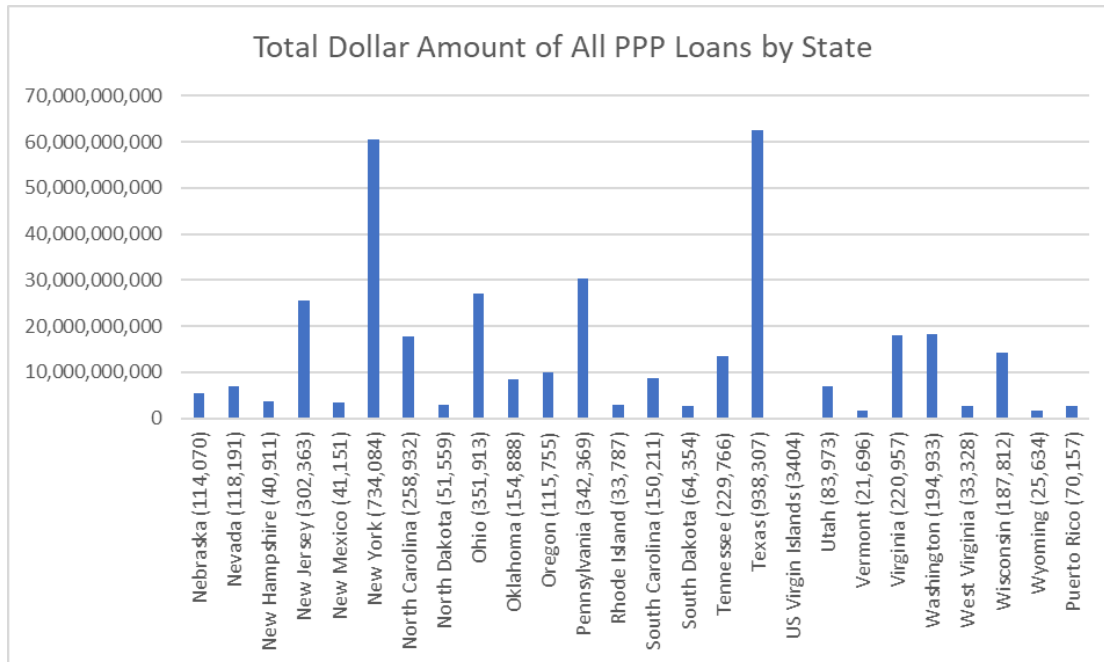
Additionally, the SBA offered eligible borrowers that previously received a PPP loan to apply for a “Second Draw PPP Loan”, with the same general terms as their First Draw PPP loan. These Second Draw PPP loans could be used to help fund payroll, rent, mortgage interest, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism, and certain supplier costs and expenses for operations. Second Draw PPP Loan eligibility was limited to businesses who received a First Draw PPP Loan and who used the amount

only for authorized purposes, had no more than 300 employees, and could demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

The Small Businesses Administration's PPP granted 11,462,045 loans throughout the United States with a total dollar amount of approximately \$790,185,114,798. Massachusetts small businesses received 216,662 loans under the PPP program, totaling approximately \$20,863,104,088 in assistance. The last PPP loans were granted during May 2021, after which the program terminated.¹



¹ "The Paycheck Protection Program Data," *Pandemic Oversight*, last modified July 1, 2023, <https://www.pandemicoversight.gov/data-interactive-tools/interactive-map>



Paycheck Protection Program (PPP) Forgiveness

As of October 2022, the most recent data available at the time of this writing, 10,535,937 or 93% of all PPP loans submitted forgiveness applications. The amount of forgiveness requested was \$755,828,913,435 or 96% of the total loan value of all PPP loans. The same metrics show that 10,493,484 or 93% of all PPP loans have been fully or partially forgiven and the total forgiveness paid was \$755,714,750,900 or 96% of the loan population.²

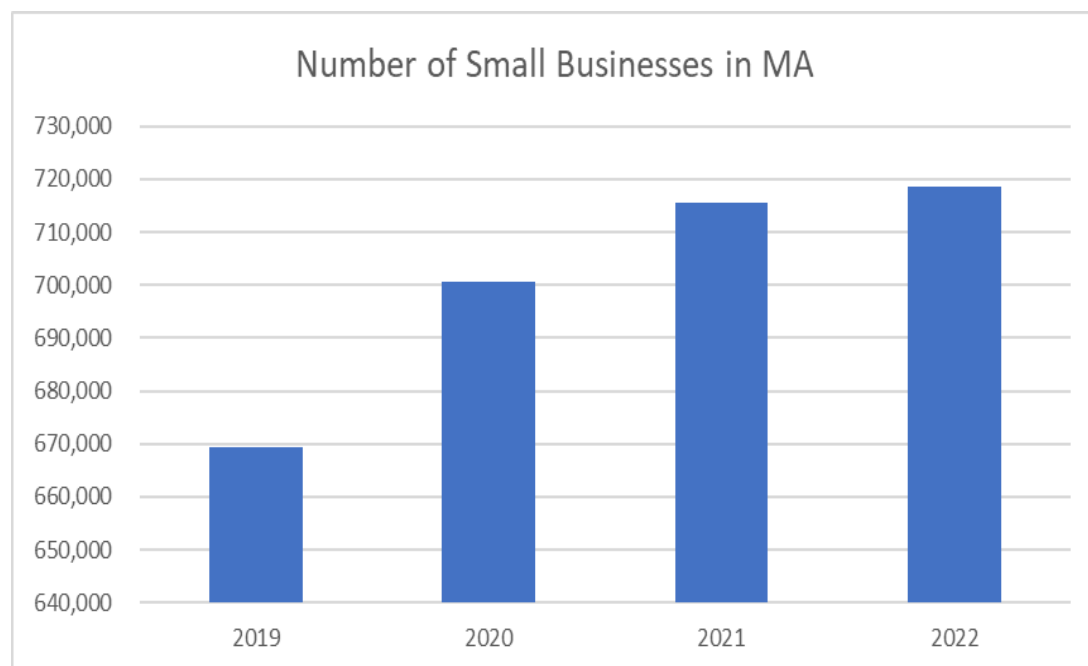
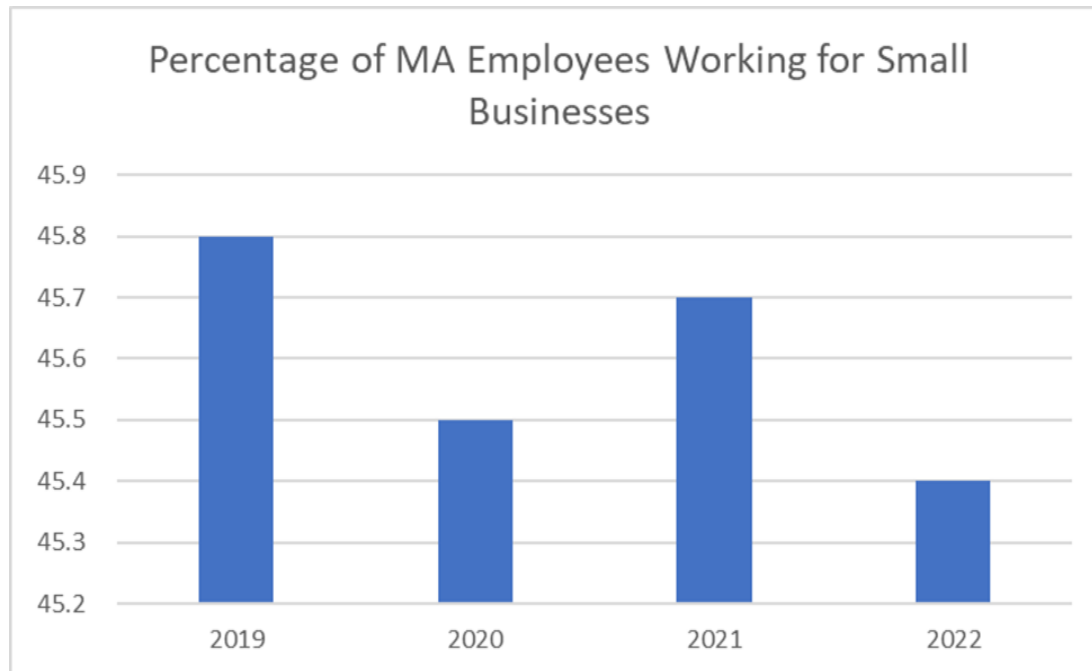
According to the federal government, approximately \$776 billion of the \$785 billion disbursed was used for payroll. As of June of 2023, businesses reported that PPP funding allowed them to retain 90.3 million jobs. It is worth noting that the PPP Forgiveness process is ongoing, and Massachusetts specific numbers have yet to be made available.

Small Businesses in Massachusetts

There appear to have been significant changes in the landscape of small businesses across Massachusetts since the beginning of the pandemic. From 2019 to 2022 the number of small businesses throughout the Commonwealth increased by 49,243. On the other hand, the percentage of Massachusetts employees working for small businesses in the Commonwealth has significantly

² “Forgiveness Platform Lender Submission Metrics,” *Small Business Administration*, last modified October 23, 2022, https://www.sba.gov/sites/default/files/2022-09/2022.09.11_Weekly%20Forgiveness%20Report_508_0.pdf

decreased. Small businesses gained 191,276 jobs and lost 320,427 jobs, for a net decrease of 129,151 jobs.³



³ “2022 Small Business Profiles For The States, Territories, And Nation,” *U.S. Small Business Administration Office of Advocacy*, last modified August 31, 2022, <https://advocacy.sba.gov/2022/08/31/2022-small-business-profiles-for-the-states-territories-and-nation/>

While, as stated above, it is beyond the scope of this memorandum to offer an explanation or evaluation as to the observed outcomes, it is clear that significant changes for small businesses in the Commonwealth are underway.



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UNDERSECRETARY

MARY L. GALLAGHER
COMMISSIONER

January 9, 2024

The Honorable Pavel M. Payano
Senate Chair
Joint Committee on Community Development
and Small Businesses
State House – Room 520
Boston, MA 02133

Email: Pavel.Payano@masenate.gov

The Honorable Paul McMurtry
House Chair
Joint Committee on Community Development
and Small Businesses
State House – Room 26
Boston, MA 02133

Email: Paul.McMurtry@mahouse.gov

Dear Chair Payano and Chair McMurtry:

The Division of Banks (Division) is submitting this report describing the activities of the Small Business Loan Review Boards (Board) from July 1, 2022 through June 30, 2023 to the Chairs of the Joint Committee on Community Development and Small Businesses, the Joint Committee on Economic Development and Emerging Technologies, and the Joint Committee on Revenue in accordance with the provisions of G.L. c. 167, § 14C.

Background and Statutory Authority

The purpose of the Board is to provide an independent review option for small businesses that were denied an extension of credit. Since the establishment of the Board in the early 1990s, a “small business” has been defined as a business that had gross revenues of \$1 million or less in its preceding fiscal year.

The enabling statute for the Board, G.L. c. 167, § 14C, was established by SECTION 10 of Chapter 102 of the Acts of 1990, *An Act Relative to the Community Reinvestment Act and Nationwide Interstate Banking*. The composition of the Board represents the entire Commonwealth geographically. The Commissioner of Banks appoints the members of the Board, three of whom shall be representatives of small business and two of whom shall be representatives of banks or bank holding companies; provided, however, that at least three of the members of each such board shall either live or work within the respective region. While the originating statute anticipated a need for four separate regional boards, due to significantly decreased volume of applications as set forth below, at present there is one Board comprised of six geographically diverse individual members.

The statute was further amended in SECTION 53 of Chapter 238 of the Acts of 2012, *An Act Relative to Infrastructure Investment, Enhanced Competitiveness, and Economic Growth in the Commonwealth*. The 2012 amendments required that the Board report the results of their findings to the applicant within 30 days of submission of the request, although the Board at its discretion may extend the timeframe to 60 days to report its findings, including feedback on alternative funding sources available to small business. In addition, the 2012 amendments included requirements regarding reporting on the Board’s activities and marketing and promoting the Board as a resource for small businesses located in the Commonwealth. In

2015, the Division issued an Industry Letter which in conjunction with the enabling statute and additional materials on the Division's website serve to provide consistency with the long-term practices of the Board.

Review Process

- Eligible Loan Types

As noted above, small businesses with gross revenues of \$1 million or less in the preceding fiscal year can appeal to the Board. Eligible loan types include:

- Lines of credit;
- Term loans;
- Overdraft protection on corporate accounts; and
- Corporate credit cards.

The Division notes that requests for the acquisition or refinancing of commercial real estate or investment properties are not eligible for review.

- Appeal Process

A lender must include with each small business loan denial a notice instructing the applicant of the right to appeal the denial to the Board. The form of the notice is provided in an Industry Letter of the Division dated November 5, 2015.

Upon receipt by the Board, the Board's Administrative Secretary contacts the lender requesting that copies of the full loan package be sent to the Board. The loan package is then presented for review at the Board's next scheduled meeting. At the next scheduled meeting, the Board will determine whether the loan was denied on an unreasonable basis. The applicant will then be notified by mail of the appeal decision. The Board meets on an "as needed" basis, depending on the number of appeals awaiting review and the availability of Board members.

The Division notes that the Board cannot require a lender to offer credit.

Board Activity for July 1, 2022 through June 30, 2023

Following is a summary of the Board's activity for July 1, 2022 through June 30, 2023, describing meetings, applications, and determinations:

- Meetings/Applications

There were three meetings held with a total of four applications reviewed, from the following counties: Middlesex County (2); Norfolk County (1); and Plymouth County (1).

- Determinations

The Board affirmed that the lenders did not unreasonably deny the four applications reviewed.

The Board has conducted its meetings telephonically for many years and continues to conduct meetings in this format. The pandemic did not delay any of the proceedings of the Board, which continued its practice of conducting its meetings telephonically.

The Honorable Pavel M. Payano
The Honorable Paul M. McMurtry
January 9, 2024
Page 3

The Division notes that as of October 17, 2023, the Board met on July 19, 2023 regarding one application from Essex County and found that the loan was not denied on an unreasonable basis.

Current Board Composition

There are currently six members of the Board. They represent different regions of the Commonwealth, and also are employed in different areas of the financial sector. The Board members work in the following counties: one in Essex County; one in Hampshire County; one in Hampden County; and three in Middlesex County. With regard to their work experience, the membership includes the following: two mortgage lenders; a realtor/mortgage loan originator; a credit union employee; a bank employee; and a member of a professional services firm.

Conclusion

Although the trend in the number of applications for the Board's review continues to diminish, the Board's review process remains timely and responsive to applicants.

Attached for your reference is the Division's Industry Letter dated November 5, 2015 regarding the Board, and the instructions for applicants to the Board on the Division's website. On a related note, also attached for your reference is the Report of the Small Business Loan Review Board on the Availability of Credit for Small Businesses within the Commonwealth as of June 30, 2023.

The Division also will submit this report on this date to the Clerk of the Senate and the Clerk of the House of Representatives, for publication on the Legislature's website at www.malegislature.gov.

If you have any questions or would like additional information, please contact me at 617-956-1523.

Sincerely,

/s/

Cynthia A. Begin
First Deputy Commissioner of Banks

Enclosures



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MARY L. GALLAGHER
COMMISSIONER

January 9, 2024

The Honorable Barry R. Finegold
Senate Chair
Joint Committee on Economic Development
and Emerging Technologies
State House – Room 511-A
Boston, MA 02133

Email: Barry.Finegold@masenate.gov

The Honorable Jerald A. Parisella
House Chair
Joint Committee on Economic Development
and Emerging Technologies
State House – Room 42
Boston, MA 02133

Email: Jerald.Parisella@mahouse.gov

Dear Chair Finegold and Chair Parisella:

The Division of Banks (Division) is submitting this report describing the activities of the Small Business Loan Review Boards (Board) from July 1, 2022 through June 30, 2023 to the Chairs of the Joint Committee on Community Development and Small Businesses, the Joint Committee on Economic Development and Emerging Technologies, and the Joint Committee on Revenue in accordance with the provisions of G.L. c. 167, § 14C.

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The Honorable Barry R. Finegold
The Honorable Jerald A. Parisella
January 9, 2024
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Sincerely,

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MARY L. GALLAGHER
COMMISSIONER

January 9, 2024

The Honorable Susan L. Moran
Senate Chair
Joint Committee on Revenue
State House – Room 312-D
Boston, MA 02133

Email: Susan.Moran@masenate.gov

The Honorable Mark J. Cusack
House Chair
Joint Committee on Revenue
State House – Room 34
Boston, MA 02133

Email: Mark.Cusack@mahouse.gov

Dear Chair Moran and Chair Cusack:

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January 9, 2024
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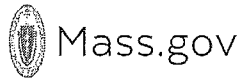
If you have any questions or would like additional information, please contact me at 617-956-1523.

Sincerely,

/s/

Cynthia A. Begin
First Deputy Commissioner of Banks

Enclosures



File an appeal with the Small Business Loan Review Board

If you are a small businesses with gross revenues of \$1 million or less in the preceding fiscal year and your small business loan has been denied, you may be eligible to file an appeal with the Small Business Loan Review Board.

CONTACT

Division of Banks

Phone

Main (617) 956-1500 (tel:6179561500)

Open Monday through Friday 9:00 am - 5:00 pm.

Toll-Free (800) 495-BANK (2265) (tel:8004952265) [inquiry \(/lists/division-of-banks-staff-directory\)](#)

Open Monday through Friday 9:00 am - 5:00 pm.

TDD (617) 956-1577 (tel:6179561577)

Open Monday through Friday 9:00 am - 5:00 pm. Use this number if you are hearing impaired.

Online

[Contact us](#)

[Contact detail by unit or](#)

THE DETAILS

What you need

Small business loans that have been denied on an unreasonable basis may appeal to the Small Business Loan Review Board. Types of small business loans that are eligible for review include:

- ☐ Lines of credit
- ☐ Term loans
- ☐ Overdraft protection on corporate accounts
- ☐ Corporate credit cards

Requests for the acquisition or refinancing of commercial real estate or investment properties are not eligible for review.

How to file

By mail

Mail your appeal to the DOB's Small Business Loan Review Board Administrative Secretary.

Administrative Secretary
Small Business Loan Review Boards
Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118-6400

By fax

Fax your appeal to the DOB's Small Business Loan Review Board Administrative Secretary.

Administrative Secretary
Small Business Loan Review Boards
Division of Banks
(617) 956-1599

Next steps

DOB contacts lender

The Small Business Loan Review Board's Administrative Secretary contacts the lender requesting copies of your entire loan package be sent to the DOB.

Loan package presented for review

Your loan package is presented for review at the Small Business Loan Review Board's next scheduled meeting.

Members of the Small Business Loan Review Board review each loan denial to determine if the basis of the denial was unreasonable.

Neither you nor the lender attend the Small Business Loan Review Board meeting.

Decision

You are notified by mail of your small business loan appeal decision.

Contact

Division of Banks

Address

Main Office

1000 Washington Street, 10th Floor, Boston, MA 02118-6400

directions (<https://maps.google.com/?q=1000+Washington+Street%2C+10th+Floor%2C+Boston%2C+MA+02118-6400>)

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Contact us

Contact detail by unit or inquiry (/lists/division-of-banks-staff-directory)

Fax

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Did you find what you were looking for on this webpage?

☒ Yes ☐ No

SEND FEEDBACK



THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
1000 Washington Street, 10th Floor, Boston, Massachusetts 02118

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

JOHN C. CHAPMAN
UNDERSECRETARY

DAVID J. COTNEY
COMMISSIONER OF BANKS

November 5, 2015

**INDUSTRY LETTER REGARDING THE REGIONAL MORTGAGE REVIEW BOARDS AND REGIONAL
SMALL BUSINESS LOAN REVIEW BOARDS**

TO: All Interested Parties

The Division of Banks (the Division) has issued this industry letter to provide guidance relative to the operation and procedures of the mortgage review boards and small business loan review boards, which were established pursuant to M.G.L chapter 167, sections 14A and 14C.

Mortgage Review Boards

The regional Mortgage Review Boards provide an independent review option for an applicant who received a residential mortgage loan denial and who believes his/her application was denied on the basis of the location of the property. For the purpose of reviews conducted by the Mortgage Review Boards, "residential mortgage loan denial" is defined as the denial of an extension of credit to finance or refinance the purchase of a first lien on residential property located in the Commonwealth of four units or less and occupied in whole or in part by the mortgagor.

A mortgagee must include with each residential mortgage loan denial, as defined above, a notice instructing the applicant of the right to appeal the denial to the appropriate mortgage review board. The content of the notice shall conform substantively with the form attached as Appendix A.

The Mortgage Review Board shall review all documentation relative to each appeal to determine whether the loan was denied because the property is located in a specific neighborhood or geographical area. If the Mortgage Review Board determines that the denial was made on the basis of the location of the property, the Mortgage Review Board shall refer the application back to the mortgagee, with a recommendation that the mortgagee reconsider the decision. The Board may also take such other action it deems appropriate including, but not limited to, referring any apparent violation of applicable law or regulation to the appropriate state or federal regulator for further investigation.

Small Business Loan Review Boards

The regional Small Business Loan Review Boards provide an independent review option for small businesses that were denied an extension of credit. For the purpose of the reviews conducted by the Small Business Loan Review Boards, a "small business" is defined as a business that had gross revenues of \$1,000,000.00 or less in its preceding fiscal year.

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A lender must include with each small business loan denial a notice instructing the applicant of the right to appeal the denial to the appropriate Small Business Loan Review Board. The content of the notice shall conform substantively with the form attached as Appendix B.

The Small Business Loan Review Board shall review all documentation relative to each appeal to determine whether the loan was denied on an unreasonable basis. If the Small Business Loan Review Board determines that a loan application was denied on an unreasonable basis, the Small Business Loan Review Board shall refer the application back to the lender, with a recommendation that the application be reconsidered. The Small Business Loan Review Board shall also provide information on its findings to the applicant and the Commissioner of Banks. Additional resources on alternative sources of financing, technical assistance programs, and information on other relevant programs offered by the Commonwealth are available to applicants at the Division's website at www.mass.gov/dob.

Guidance for persons who may be interested in filing an appeal of a residential mortgage denial or small business loan denial is available on the Division of Banks' website at www.mass.gov/dob.

Sincerely,

A handwritten signature in black ink, appearing to read 'DJP1C5', is written over the printed name.

David J. Cotney
Commissioner of Banks

MASSACHUSETTS MORTGAGE REVIEW BOARD NOTICE

[Date]

[Name of Mortgagee]

[Address of Mortgagee]

[Contact Person]

[Telephone]

[Address of Property]

[Name of Applicant(s)]

Dear:

If you believe that we denied your mortgage application on the basis of the neighborhood where the property is located, you can appeal this denial to a Mortgage Review Board (the Board). The Board is made up of lenders and citizens from your area who are appointed by the Massachusetts Commissioner of Banks.

The Board will review the application to determine if it was denied because the property is located in a specific neighborhood or geographical area. If the Board finds that your loan was denied because of the property's location, the Board will recommend that we reconsider the denial.

If you wish to appeal your denial, you must sign the statement below and return it in the enclosed addressed envelope to:

Administrative Secretary
Mortgage Review Boards
Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118-6400

The confidential information in your mortgage application and appeal to the Board will be released only to the members of the Mortgage Review Board and the Administrative Secretary.

If you have any questions about this process, please contact the Administrative Secretary of the Board at the Division of Banks at (617) 956-1500.

The Board will notify you of its decision.

Notice of Appeal

I/We believe that my/our mortgage application was denied based on the location of the property and I/we wish to appeal the denial of my/our mortgage application to the appropriate mortgage review board. I/We authorize the release of the confidential material in my/our application solely for the purpose of this review.

Applicant

Date

Applicant

Date

Telephone:

Telephone:

Appendix B

MASSACHUSETTS SMALL BUSINESS LOAN REVIEW BOARD NOTICE

[Date]

[Name of Lender]

[Address of Lender]

[Contact Person]

[Telephone]

[Name of Applicant(s)]

[Address of Business]

Dear:

If you believe that we denied your loan application on an unreasonable basis, you can appeal this denial to a Small Business Loan Review Board (the Board). The Board is made up of lenders and small business representatives from your area who are appointed by the Massachusetts Commissioner of Banks.

The Board will review the application to determine if it was unreasonably denied. If the Board finds that your loan was declined on an unreasonable basis, the Board will recommend that we reconsider the application.

If you wish to appeal your denial, you must sign the statement below and return it in the enclosed addressed envelope to:

Administrative Secretary
Small Business Loan Review Boards
Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118-6400

The confidential information in your loan application and appeal to the Board will be released only to the members of the Small Business Loan Review Board and the Administrative Secretary.

If you have any questions about this process, please contact the Administrative Secretary of the Board at the Division of Banks at (617) 956-1500.

The Board will notify you of its decision.

Notice of Appeal

I/We wish to appeal the denial of my/our loan application to the appropriate Small Business Loan Review Board, and I/We authorize the release of the confidential material in my/our application solely for the purpose of this review.

Applicant

Date

Applicant

Date

Telephone:

Telephone: