

Community Bank Launches Innovative Friends & Family Fund to Support Entrepreneurs of Color

Berkshire Bank Takes Aim at the Growing Racial Wealth Gap with New Loan Fund

Martha's Vineyard, Massachusetts - Berkshire Bank announced the launch of their new Friends & Family Fund powered by The Runway Project aimed at helping entrepreneurs of color access the seed capital necessary to fund their dreams and spur economic growth in underserved communities. The fund is one of the first offerings under Berkshire's new Be First initiative, the bank's social impact strategy.

Background

There is no shortage of great business ideas among communities of color but what they have historically lacked is the access to seed capital to launch their businesses. The most common funding path for burgeoning business owners begins with asks of support from family and friends, but a stark wealth gap exists that limits minority entrepreneurs' ability to access significant capital—for example, white households in the United States have a median household wealth of \$142K while Black households have a mere \$11K in wealth.

This racial wealth gap can be traced to the long history of discrimination in America, including discriminatory “redlining” practices through which the federal government and banks conspired to block Black homeownership (and access to other lines of credit and banking services), thereby stunting the community's ability to build and transfer generational wealth. And it persists today because many banks are still unwilling to lend to, or invest in, communities of color. Yet despite this lack of access to capital Black entrepreneurs, particularly Black women, are starting businesses at a rate that far outpaces the majority.

About the Friends & Family Fund

Berkshire Bank's new Friends & Family Fund powered by The Runway Project is designed to bridge the gap in access to capital by providing early stage loans to seed big bold ideas and invest in promising new minority-owned businesses. Key features:

- The fund is fueled by a **specialty Certificate of Deposit** that provides a safe depositors' FDIC insured, market-rate return on investment while providing liquidity for the loans.
- Loan applications will be reviewed through a **community-based underwriting process** designed to eliminate historical barriers like an over reliance on credit scores, personal collateral, or historical tax and financial reporting as an indicator of futures success.
- **Trusted advisors** provide holistic business support and ongoing financial coaching to entrepreneurs as they build their companies.

Statements from Executives

“Our strategy at Berkshire Bank is to be a bank of and for the community. We recognize that all too often banks have been seen as an obstacle rather than a partner—we want to change that. Our new Friends & Family Fund will serve as a model of how banks can expand access to capital in communities that have traditionally been boxed out of the investments needed to help spark economic growth. We are doing our part to invest in our communities because we know that banks can't continue to grow future profits unless

we help to grow wealth across the board. We anticipate that the seed loans we provide to entrepreneurs of color will help generate wealth that returns dividends for decades to come,” said Richard Marotta, CEO of Berkshire Bank.

“Our positive social impact is our strategic advantage,” says Malia Lazu, EVP and Chief Experience Officer of Berkshire Bank who is the architect of the Be First initiative and will oversee the new Friends & Family Fund. “We thrive when the people we serve thrive, which is why we are committed to doing our part to help close the racial wealth gap rather than perpetuate it. Berkshire Bank recognizes the responsibility we have to invest in the communities we serve. We are a community bank; which means our products and programs have to be focused on helping our neighbors build businesses, generational wealth and thrive. There are plenty of reasons why new businesses fail, but the lack of access to seed capital shouldn’t be one of them.”

“We are excited to partner with Berkshire Bank to administer the Friends & Family Fund. This virtually risk-free community investment will be a great win-win for everyone and go a long way towards bridging the seed funding gap for minority entrepreneurs,” said Jessica Norwood, founder of The Runway Project.

The Friends and Family Fund was launched at an event today hosted by lawyer and real-estate executive Richard Taylor on Martha’s Vineyard, a historic vacation hub for African American business, political, and community leaders.

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ABOUT BERKSHIRE BANK

Berkshire Bank is recognized for its entrepreneurial approach, relationship customer experience, and distinctive culture embracing and celebrating the diversity of all customers, employees and, suppliers - as its commitment to diversity continues to grow. With \$13.9 billion in assets, Berkshire provides business and consumer banking, mortgage, wealth management, investment and, insurance services through 132 branch offices in New York, Connecticut, Vermont, New Jersey, Pennsylvania, Rhode Island and Massachusetts, including Commerce Bank, a division of Berkshire Bank. Berkshire Hills Bancorp (NYSE: BHLB) is the parent of Berkshire Bank. Berkshire Bank was named one of Massachusetts' Most Charitable Companies by the Boston Business Journal in 2018. To learn more, visit www.berkshirebank.com, call 800-773-5601 or follow us on: [Facebook](#), [Twitter](#), [Instagram](#) and, [LinkedIn](#). Berkshire Bank is the official bank of [NESN's Boston Bruins coverage](#). Life is Exciting. Let us help®

ABOUT THE RUNWAY PROJECT

The Runway Project is a national initiative solving the "Friends & Family" seed funding gap for entrepreneurs of color. The Runway Project seeks to fix broken infrastructure surrounding entrepreneurs of color by providing early stage funding options and holistic business support as a wealth-building strategy.