

# EL PASO INC. ■

EDITOR'S PICK

## El Paso bank sees booming rescue loan demand, has already processed \$100 million for clients

By David Crowder / El Paso Inc. staff writer

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WestStar Bank's headquarters at 500 N. Mesa.

Jorge Salgado

The Small Business Administration rolled out its new business loan and forgivable loan programs Friday only to run into technical difficulties that bankers and businesses expect will be straightened out this week.

But Rick Francis, chairman and CEO of WestStar Bank, said they started processing loans Friday morning and worked through the weekend.

"Our mission at WestStar is to play a leadership role in this community, and when we saw this coming, we ramped up our team to focus on it because this is money that will keep people employed and help companies stay around," Francis said Monday afternoon. "So far today we've had over 1,000 requests for these Paycheck Protection loans."

That meant working from 7 a.m. to 7 p.m. every day from Friday through the weekend with a team of 50 people that worked with lenders, clients and back office administrators to put loan applications together.

"We are proud that so far today we've processed successfully for our clients over \$100 million that will help keep over 12,000 jobs," Francis said.

Congress approved and the president signed the \$349 billion Coronavirus Aid, Relief and Economic Security Act, or CARES, almost two weeks ago but this past Friday's rollout didn't go as planned.

"The problem is the SBA website keeps crashing. But this is all new stuff, and I think it'll get ironed out," Jody Mullings, the El Paso market president of Bank of Texas, said Friday. "Everybody wants to do the right thing and help businesses and people hurt in this economic environment."

The programs are the Economic Injury Disaster Loans, or EIDL, and the Payroll Protection Plan, or PPP.

Dante Acosta, director of the SBA's El Paso District office, said the first place anyone looking for relief should go is the agency's website, [www.sba.gov](http://www.sba.gov).

The agency is taking EIDL applications online for 3.75% loans of up to \$2 million for businesses and 2.75% for nonprofits directly affected by the disaster COVID-19 has brought. They offer a 30-year repayment period.

"You can use the funds for working capital, so you can pay fixed debts, payroll, accounts payable and other bills that could have been paid had the disaster not occurred," Acosta said.

EIDL loans aren't intended to replace lost sales or profits or to expand.

"Basically, you're not going to be able to put profit in the business, but you're able to keep your business afloat," he said.

Loans over \$25,000 require collateral, but the SBA will not decline a loan for the lack of collateral.

"But they do require the borrower to pledge what is available," Acosta said.

Applications are made directly to the SBA through its website, and the El Paso Chamber and El Paso Hispanic Chamber of Commerce are offering assistance.

"I am encouraging people to apply before they need it," he said. "I would say dig your well before you're thirsty."

“Don’t wait until the mortgage, rent or payroll is due to apply because it could take some time.”

However, there’s another piece of the program called the EIDL Advance Loan that can make \$25,000 available, \$10,000 of which is forgivable, meaning it will not have to be repaid.

“You can get a \$10,000 advance in a matter of days,” Acosta said. “It’s kind of weird because they’re calling it a loan, but \$10,000 is forgivable.”

The Payroll Protection Plan is intended to keep people employed and can make up to \$10 million available – with deferred payments for six months and no collateral requirement.

“Personal guarantees are required, but neither the government nor lenders will charge any fees to a small business,” Acosta said. “But here’s the kicker.

“If you maintain your workforce or rehire the people that you just laid off last week, say, the SBA will forgive the portion of the loan proceeds that are used to cover the first eight weeks of payroll.”

Friday was the first day applications could be made and that will be done through a local bank, not the SBA or a website process.

“You go straight to the bank, and they may be able to process these very quickly,” Acosta said.

“They’re eager to help.”

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