

## **‘It was just so disappointing:’ El Paso small businesses await more payroll loan money**

El Paso store owner Armida Alvarez’s heart sunk when she heard the \$349 billion federal forgivable loan program to help small businesses meet payrolls for two months had run out of money last week.

When the Small Business Administration's Payroll Protection Program, or PPP, opened April 3, the owner of Holy Spirit Christian Bookstore and gift shop in East El Paso submitted an online loan application at Chase Bank, where her store has an account, she said. But the application apparently never was approved and submitted for funding, she said.

“It was just so disappointing. My plans were to pay my (six-person) staff because they are hurting,” said Alvarez, 70, who has operated the small store for 23 years. She just started selling items via the store's Website, holyspirit.net, in hopes of generating some revenue. She plans to dip into her store's cash reserve to pay them some wages, she said.

She's hoping her store still has a shot at getting a small loan if the payroll loan program gets refunded by Congress. Alvarez estimated her loan would likely be around \$6,000, based on an SBA formula she'd seen.

Almost 1.7 million businesses received payroll loans from almost 5,000 lenders nationwide, SBA data show. Texas led the nation with 134,737 loans for \$28.5 billion. However, California had a larger dollar amount at \$33.4 billion for 112,967 loans.

The payroll loan program was part of the \$2.2 trillion federal stimulus package designed to help businesses, employees, and others weather the business shutdowns and other restrictions implemented to help stop the spread of coronavirus.

Many El Paso lenders and government leaders expect Congress will inject more money into the program in coming days. A deal between Congress and the Trump administration is reportedly close to add another \$300 billion to the loan program.

U.S. Rep. Veronica Escobar, D-El Paso, said she hopes Congress can approve a supplemental appropriation for the payroll loan program next week. But the Republican-controlled U.S. Senate’s resistance to some funding problem fixes, sought by House Democrats, is delaying things, she said in a short phone interview Friday.

"With the rollout of the first tranch of money, we were able to see a lot of problems that we (House Democrats) are trying to fix going forward in any future disbursements," Escobar said.

"One of the things we heard from constituents is, for example, very small businesses that don't have relationships with banks," such as food trucks, "had a real problem accessing the funding because they spent a lot of time trying to find a bank to engage with them."

"We (House Democrats) are trying to carve out money for credit unions and other small community lending institutions" with requirements they provide loans for the smallest of businesses, Escobar said.

Most El Paso banks and other lenders are holding onto loan applications that didn't get through in time, and many continue to take applications in anticipation of the program reopening.

## **El Paso banks' loan volumes dramatically increase with PPP**

The Payroll Protection Program had many El Paso banks and other lenders working overtime and doing loan volumes that usually take them months to reach.

WestStar Bank, a large El Paso community bank chain, processed 1,054 loans for \$231 million, reported Rick Francis, WestStar chief executive officer. That amount likely is one of the largest totals in El Paso for the Paycheck Protection Program. However, the SBA is not reporting loan totals by city or lender.

"What we got processed is more than one year's worth of loans" in about two weeks, Francis said. "Unfortunately 206 applications were still in process and did not get approval numbers" when the SBA stopped the program, Francis said.

The \$231 million in loans helped preserve 33,109 jobs in the El Paso-Las Cruces area, Francis said.

The largest loan was \$7.1 million for a restaurant operator with multiple locations and about 1,800 jobs, and the lowest was \$1,500 for a sole proprietor, Francis reported.

Westar, and other lenders could end up making money off of the loans through loan fees and the loans' small 1 percent interest charges. Those would be paid by the SBA if most of the loans are forgiven, which will happen if businesses meet all the requirements.

"We didn't get in to make money," Francis said. "This is the right thing to do for the community. It's free money for companies, and it helps employees. I hope we make a profit, but it remains to be seen."

United Bank of El Paso Del Norte, a small El Paso community bank, processed 313 PPP loans for about \$42 million, which is the dollar amount of loans it would do in about two years, said Monty Rogers, the bank's CEO.

The largest loan was \$1.5 million, and the smallest was \$3,500, he said.

Western Heritage Bank, another small community bank, had about 230 loan applications and got about \$29.5 million in PPP loans approved, or about half the bank's loan volume in a year, said Jim Volk, chairman of the bank's holding company.

The largest loan was \$2.5 million, and the smallest was about \$7,000, Volk said.

GECU, El Paso's largest credit union, received about 500 applications mostly from businesses that are members of GECU, a GECU official said. About \$10 million in PPP loans were approved before the money ran out, the official said. GECU officials are asking members who have not applied to have everything needed ready to apply if the payroll program reopens.

## **LiftFund has more than 800 applications waiting for more money**

LiftFund, a not-for-profit small business lender based in San Antonio, was only able to fund nine loans in Texas, none in El Paso, for \$800,000 before the Payroll Protection Program ran out of money.

LiftFund received 819 PPP loan applications, including 28 in El Paso, for a requested amount of almost \$68 million. It still has access to most of the \$25 million commitment it recently received from Goldman Sachs for PPP loans, said Janie Barrera, LiftFund CEO.

It's now trying to get the applications in its pipeline ready to go if the payroll loan program opens again, Barrera said. It's not taking new applications.

"It's devastating for these small businesses" that did not receive a loan, Barrera said. Many have no or reduced revenue coming in, she said. "The purpose is to keep people on the payroll."

Volk, at Western Heritage Bank, said, "It's a worthy program. I think it will help. But 2 ½ months of payroll (for a business) won't be enough if this lasts longer."

## **Baseball academy owner says PPP loan not enough to survive**

Lisette Wyno-Brough, who owns and operates with her husband, Christopher Brough, El Paso Legends Baseball and Softball Academy, is hoping the business is getting a \$10,000 PPP loan through WestStar Bank.

The business operates 17 batting cages and pitching machines in a redone warehouse opened in February in East-Central El Paso. The business originally opened in July 2019 in a smaller location.

"We got a call from the bank that our loan application was approved," but Wyno-Brough has not been able to get in touch with WestStar bank representatives to determine if her loan was funded before the money ran out, she said.

And while the money would help sustain the El Paso Legends' 13 mostly part-time employees for a while, it can only use 25 percent of the loan, or \$2,000, to pay its rent, which is \$6,000 per month, Wyno-Brough said.

"I'm not the only one sitting in the same boat. For a lot of little businesses, our rent exceeds our payroll," and all these businesses are wondering what to do next, she said.

And even when businesses reopen, Wyno-Brough wonders if her business can survive likely continued social-distancing requirements.

"If we can't use all our batting cages, we'll lose revenue," she said. Filing for bankruptcy and closing the doors is an unfortunate possibility, she said.

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