

## What local banks tell customers now that PPP funds are gone

By Ashley Portero

Reporter, South Florida Business Journal

The Paycheck Protection Program exhausted its \$349 billion limit as of Thursday morning, only weeks after the program launched and days after most South Florida banks began funding loans.

Ginger Martin, CEO of American National Bank in Oakland Park, said she realized the program had dried up when she tried to submit a new application to the U.S. Small Business Administration (SBA) for approval.

“We were in the middle of submitting an application this morning when the SBA closed the process,” Martin said.

Martin said American National Bank has funded 56 loans totaling \$20.8 million as of April 16, and received approvals for another 276 loans totaling \$50.8 million.

A notice posted on the SBA website says the agency is unable to accept new applications for the PPP “based on available appropriations funding.” The loan program, which offers forgivable loans to small businesses as long as most of the money goes to payroll costs, was first authorized as part of the \$2.2 trillion CARES Act.

Despite the announcement, banks say they will continue to accept new loan applications. Bankers anticipate Congress will inject new funding into the program, and want to ensure they have applications verified and processed so their customers are first in line for approval if that happens.

“This week we’ve been telling customers we need to process loans as fast as possible, because we knew we were right at the end of the money,” said Lloyd DeVaux, CEO of Miami-based Sunstate Bank. “So now, we want to make sure applications that haven’t been processed will be ready to go when the SBA starts accepting them again.”

DeVaux said Sunstate had 75 loans approved by the SBA – 30 of which have been funded – as of April 16. The community bank is accepting applications from new customers, he said.

Thomas Wells, CEO of First American Bank, said the bank is contacting all of its customers via email to outline its plans moving forward.

“We’re going to keep taking applications and get them as far as they can go up until the point of SBA approval,” said Wells, who added the bank is accepting applications from new customers. “We’re pretty confident more [PPP] funds will come, it’s just a matter of politics.”

First American Bank, headquartered in Illinois, is one of South Florida’s largest SBA lenders. Nationally, the bank has received SBA approval for 927 loans totaling \$302 million, and has funded 128 of those loans.

Some customers who have received SBA approval, but not yet received funds, are worried about the status of their applications, Wells said.

“If they have a loan approval number assigned from the SBA the funds have been allocated to them, so that shouldn’t be a concern,” Wells said.

While the SBA must approve the loans, American National Bank’s Martin noted the actual PPP funding comes from the lender that processed the application, not the federal agency itself.

“We use our own dollars to fund the loans,” she said. “If a customer is approved, they don’t have to worry about being funded [because] ... it’s not the SBA providing us the money to disperse.”

Jeff Klink, South Florida regional president for Valley Bank, said the bank is processing applications at all hours of the day, and doesn’t expect that to stop.

The SBA approved more than 500 loans totaling \$100 million for Valley’s South Florida customers as of April 16, Klink said. He could not confirm how many loans have been funded.

“We’re going to keep processing applications to make sure everyone is given the best possible shot for approval in the event more [PPP] dollars are appropriated,” he said.

Congress has debated a possible \$250 billion PPP loan extension. The U.S. Senate was scheduled to meet for a brief session at 3 p.m. Thursday.

If they don’t reach an agreement, discussions about additional PPP funding could extend into next week.

American Bankers Association CEO Rob Nichols encouraged bankers Thursday to contact congressional leaders and tell them to immediately approve additional funding for the program.

“As you know, nothing in Congress comes easy,” he said in an email provided to the South Florida Business Journal. “You can help spur action by telling these leaders that small businesses need immediate funding to keep their businesses open and keep employees on the payroll.”