FOR IMMEDIATE RELEASE
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Patience encouraged as borrowers begin accessing COVID-19 emergency funds

DENVER – As the U.S. Treasury and Small Business Administration announced they will start distributing emergency funds to small businesses suffering financial hardship due to the COVID-19 outbreak, borrowers are encouraged to be patient. The loans are to start tomorrow morning; the 31-page interim rule came out at 5 p.m. today.

Many banks are not able to proceed without understanding the complex interim rule; others may conclude they can proceed.

“Our banks know businesses are struggling and they want to give borrowers access to the funds they need as soon as humanly possible,” said Don Childears, chief executive officer of the Colorado Bankers association.

“Questions have outnumbered answers,” Childears said. “Lenders just received the necessary guidance on the required loan steps, a dozen hours before the high-demand program starts. That delay and confusion frustrates banks as much as it does the small business customers that need the loans.”

It is important to note that while the loan application process for small businesses affected has been “significantly condensed,” it is believed the verification process required by the government will take more time than many hoped.

And, while the bulk of banks and credit unions are qualified to make SBA loans, not every financial institution currently qualifies. That could lead to some longer wait times as the application volume is expected to be high. To view a list of SBA lenders in Colorado, click here.
About 64 percent of banks in Colorado are approved SBA lenders; 84 of the 131 banks doing business in the state.

That doesn’t mean that small business customers necessarily must wait to get the help they need, added Jenifer Waller, president of the Colorado Bankers Association. The new PPP loans are just another tool banks will have in their toolbox to help their customers.

“Banks are ready to support their small business customers with these loans and other resources. They already have been working with individual customers to meet a variety of needs before this pandemic and they will continue to do so now and once it is over,” said Waller.

Customers in need of capital can use the following steps to assist themselves in securing the money they need:

1: Talk to your lender, if you haven’t already. If you are experiencing or expect to experience cash flow problems, contacting your lender is the critical first step.

2: Plan for the next 3-6 months, if you haven’t already. Many businesses have sufficient funds or access to capital for the first 2-3 months. However, we don’t know how long the pandemic will last, so look ahead, both in terms of a potential lengthening of the pandemic and also in how you will handle recovery and re-opening of the business if you are currently closed.

3: Be ready to produce required information quickly to help your lender with your application. All loan programs still require some information in order for the lender or SBA to underwrite the loan. Be ready to produce required documentation quickly to help your lender with your application.

4: Don’t panic and draw on lines of credit unnecessarily. There is plenty of liquidity in the system (unlike the financial crisis in 2008) so don’t panic and draw on lines of credit unnecessarily. Just like we are encouraging consumers to keep excess cash in insured financial institutions, keep the lines of credit intact until you need to access them. There may be costs associated with accessing those funds and if you don’t need to incur the added expense, don’t.

5: Have patience. The banking industry wants to help you through these unprecedented times, but not all programs are in place yet, and even when they are, technology and other factors can cause hiccups or delays (e.g. communications/computer systems crashing)

**About the Colorado Bankers Association**

The Colorado Bankers Association represents more than 95 percent of the 131 banks in Colorado, which have $146 billion in assets, 1,482 branches, and 21,172 proud professionals. CBA advocates for Colorado banks of all sizes and charter types before governmental bodies and the public to continually promote and improve the banking industry amid challenge and a changing environment. CBA proactively seeks to increase benefits for bank customers, improve value for shareholders, and grow a stronger business climate for banks and our local economies. CBA supplements its effective advocacy with superior industry-specific information and education for bankers, and various high-quality products and services.
CBA focuses on creating a stronger economy and helping Coloradans realize dreams by building better banks.