

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/small-business-loans-face-delays-even-as-coronavirus-program-expands-11586511002>

## ECONOMY

# Small-Business Loans Face Delays Even as Coronavirus Program Expands

First applicants are still waiting for funds, fueling anxiety among business owners



Small Business Administration Administrator Jovita Carranza and Treasury Secretary Steven Mnuchin have said the Paycheck Protection Program is off to a strong start.

PHOTO: KEVIN DIETSCH/BLOOMBERG NEWS

*By Yuka Hayashi*

April 10, 2020 5:30 am ET

WASHINGTON—Despite the Trump administration’s promise to deliver aid quickly, small-business owners who have applied for federally guaranteed loans to keep them afloat during the coronavirus pandemic are still largely waiting for the money, according to business advocates and banking industry officials.

The \$350 billion Paycheck Protection Program opened a week ago with loans to companies with 500 or fewer employees and expands Friday to include independent contractors and self-employed individuals.

Yet even as the program expands, the first applicants are still waiting for funding, fueling anxiety among business owners whose revenue has tanked and whose bills are piling up.

“There are very few business owners who have successfully gotten the money,” said Amanda Ballantyne, executive director of the Main Street Alliance, a small-business advocacy group. “Money isn’t flowing yet.”

Ms. Ballantyne and others point to several reasons for the delay. Chief among them is inadequate guidance given to banks from the Small Business Administration related to loan closing, as well as the agency’s technology used to process loans and approve new lenders.

The SBA’s loan portal, called E-Tran, has some banks inputting borrower information manually, with bank employees spending anywhere from 25 to 75 minutes per application, a trade association executive said. And banks say they have experienced crashes repeatedly, including a lengthy outage that at least some experienced Tuesday.



Eric Sandoval, who runs an exotic-car-rental business in Golden, Colo., says he is still waiting for a response after applying for loans.

PHOTO: ERIC SANDOVAL

“The sheer volume of people trying to get into the system at the same time overwhelmed it,” said Paul Merski, group executive vice president of the Independent Community Bankers of America, a group representing roughly 5,000 community banks.

The SBA said more than 550,000 loans worth \$141 billion have been approved under the program as of Thursday. Banks said only small portions of approved loans have been disbursed to businesses. Citing strong demand, the Treasury Department and lawmakers have vowed to add \$250 billion in funding, although the legislation was bogged down Thursday in partisan wrangling.

“SBA, working closely with Treasury, launched an unprecedented \$350 billion assistance program in just one week,” said Jim Billimoria, an SBA associate administrator and spokesman. “This is a historic achievement in an incredibly short amount of time. During this time, issues identified by lenders and borrowers have been quickly resolved.”

The Paycheck Protection Program is a linchpin of the government's roughly \$2 trillion stimulus plan to help the economy deal with fallout from the coronavirus pandemic.

The loans, which have a 1% interest rate, are designed to keep employees on payrolls for eight weeks, limiting the mounting ranks of workers applying for unemployment checks. Borrowers who retain or rehire most of their employees can generally be reimbursed for the entire loan amount and interest. Borrowers may also use the money for rent and utilities.

Meanwhile, the separate Economic Injury Disaster Loan program, which is administered directly by the agency and promises up to \$10,000 in grants for eligible applicants, is also struggling to deliver money.

The SBA said nearly four million businesses have applied for funding under this program—seeking \$383 billion—while Congress has allocated far less, \$17 billion.

Eric Sandoval, who runs an exotic-car-rental and driving-tour business in Golden, Colo., has applied for loans under both programs and said he is still waiting for a response. Mr. Sandoval said six banks initially rejected his application for a Paycheck Protection Program loan, although he was later able to file through an online broker and his main bank.

Mr. Sandoval, 42 years old, counts himself as a fan of President Trump, but said he rolled his eyes when Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza said the Paycheck Protection Program is off to a strong start.

“I just know that it's not getting in the hands of actual businesses,” Mr. Sandoval said. “Getting the money out of the government's hands, out of the banks' hands into the actual business owners' hands. That's where the problem is.”

Similar complaints are being made by business owners and those helping them file loan applications across the country.

---

## MORE ON CORONAVIRUS

---

- [U.S. Coronavirus Death Toll Climbs to World's Second Highest](#)
  - [Live Q&A: Join Us to Discuss Small-Business Loans and Unemployment](#)
  - [Virus Crisis Legacy: Mountains of Debt](#)
  - [Live Updates: Coronavirus and Business](#)
  - [What We Know About the Virus](#)
  - [A Guide to State Coronavirus Lockdowns](#)
  - [Coronavirus en Español](#)
- 

At Robinson Brog, a New York law firm, attorney Adam Greene said the loans of 20 of his nearly 50 clients have been approved by lenders ranging from top national banks to smaller regional banks. But none of the loans has been funded.

“They were expecting money within one day,” he said. “Now it’s become more realistic to think it will be within 30 days.”

Banking industry executives said all but a handful of banks were reluctant to disburse funds because of confusion over the format for a promissory note, a document needed to close a loan, until the Treasury Department finally sent a clarification.

Some are still worried that the SBA hasn’t provided authorization to allow banks to fund loans with its full guarantee.

“A week into the program, there is still a lack of clarity and conflicting guidance,” said Richard Hunt, chief executive of the Consumer Bankers Association, which represents large national and regional banks.

Mr. Hunt, however, said that the SBA has made progress over the past several days in helping banks to process loans more smoothly. Of the group’s 65 members, more than a dozen banks have started funding some loans, he said.

**Write to Yuka Hayashi at [yuka.hayashi@wsj.com](mailto:yuka.hayashi@wsj.com)**

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.