

Large Houston lenders, community banks prepare for second wave of PPP loans

By [Chris Mathews](#) – Reporter, Houston Business Journal

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Financial institutions of all sizes are gearing up to handle a second wave of applications for Paycheck Protection Program loans.

The program, established in the \$2.2 trillion CARES Act to provide forgivable loans to eligible small businesses, exhausted its original \$349 billion budget in less than two weeks. The Senate passed a long-awaited deal the evening of April 21 [to fund another \\$310 billion in small business loans](#). The measure is expected to pass through the House of Representatives this week.

Before the [program ran out of funding April 16](#), the U.S. Small Business Administration [approved more than 134,000 PPP loans for small businesses in Texas](#) — the most approved of any state. The total dollar volume of those loans was nearly \$28.5 billion.

However, some business owners were left out of the first round, and many in Texas and the Houston region still need to tap into these forgivable loans. Applications for forgivable loans through the PPP have continued to come in, said [Elizabeth Dobers](#), executive director of the small- and medium-sized enterprises (SME) segment for [BBVA USA](#) — [the fourth largest bank in Houston by market share](#), according to the Federal Deposit Insurance Corp.

While BBVA USA is seeing far fewer PPP applications coming in than when the program was first launched on April 3, the bank has a heap of forgivable loan applications already queued up.

"We've been preparing for this second round ever since the last round of funding ran out," Dobers said. "We've continued to process applications to get them in the queue, so that once that money becomes available we can start securing those funds for our borrowers."

BBVA USA will work through the application queue in the order in which they came in, Dobers said. In this second wave, the bank is seeing much smaller companies apply for forgivable loans. While there's [skepticism that the \\$310 billion funding extension ultimately won't be enough](#) to satisfy the high demand for PPP loans, Dobers said there's a chance that smaller loan requests will lead to more businesses getting loans.

"There's a lot of [applications], but they are much smaller," Dobers said. "[There's] the possibility that the dollars will stretch further than they did the first go-around and impact more people."

BBVA USA is anticipating the program will become available again either late Friday or on Saturday, Dobers said.

Out of the proposed \$310 billion funding extension for the PPP, some \$60 billion has been set aside for small- and mid-sized banks, community banks, credit unions and community development financial institutions, or CDFIs, to lend to small business customers. Of that total, \$30 billion will be dedicated to community-based lenders and small financial institutions with assets less than \$10 billion.

[Laurie Vignaud, who took over as president and CEO](#) of Unity National Bank of Houston in January, said that the \$60 billion earmarked for small- and mid-sized lenders is an improvement on the PPP's first round. Without much federal guidance on the loan program's rollout, Unity had to quickly develop procedures to handle the loan request volume, Vignaud said.

Now, the Houston-based community bank has hundreds of PPP loan applications queued up for approval once the program receives new funding. Vignaud just wants to make sure that the money is going to the local business owners who need it the most.

"We're excited to have the program, no doubt. It's a much-needed program," Vignaud said. "But [it would have been better] if there would have been more perimeters around the program so that businesses with 100 employees would have been more eligible, as opposed to a small business with 500 [employees]. I have a challenge calling a small business one that has 500 employees."

From community grocery stores to contractors to doctor's offices, Unity is seeing a wide variety of small businesses seeking forgivable loans, Vignaud said. The bank continues to accept loan applications from existing customers and non-customers.

Headquartered in Houston's Third Ward neighborhood, Unity is the only African American-owned financial institution in Texas and one of a handful of minority depository institutions in the Lone Star State, according to the Office of the Comptroller of the Currency.

Houston-based BBVA USA Bancshares Inc. is the parent company of BBVA USA, the Birmingham, Alabama-based bank.