



To Whom It May Concern,

I would like to write on behalf of Lamar National Bank in response to their Pandemic Response over the past year. Like many other communities, COVID hit everyone like no one had ever expected. We, as a Chamber continued to look for ways to help our members and non-members with information and getting their information out to the public on how business was being done. The Chamber membership was a major question heading into this, but we felt it was vital to continue to move forward with Chamber benefits. Members saw the struggle financially and many had to decide on whether a membership was worth it with so many questions out there. Lamar National Bank stepped up like no other. Being a Chamber themselves, they saw the importance of the membership for their customers. Each month, Lamar National Bank paid the Chamber dues for its customers. This was just unheard of, but made such a difference to our members, our Chamber, and our community. They did this out of concern for their customers as well as for the Chamber, who represents our business community in Lamar County.

The other major impact Lamar National Bank had in our community was the service provided when the Small Business Loans began. There were so many questions, and not all banks were taking calls. Lamar National Bank was the first and had an open-door policy from day one. I gave phone numbers to small business owners that needed help, to employees of Lamar National Bank because I knew they were there to help.

Our community was and is blessed to have Lamar National Bank on their side when it comes to help. They proved that during the most difficult time we have ever seen. Please contact me if you have any questions.

Sincerely,

Paul Allen
President/CEO
Lamar County Chamber of Commerce

Shannon Jones

From: Clay Baum
Sent: Wednesday, May 5, 2021 1:13 PM
To: Shannon Jones
Subject: RE: IBAT Community Banking Award

During the pandemic, difficult decisions had to be made through the entire experience, but we never questioned that Lamar National Bank kept employees interests top priority. Employees were encouraged to make the right decisions for themselves and their families without consequences. I appreciated this, and I know my fellow employees did too.

Thanks,



Clay Baum
Chief Information Officer
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www.lamarnational.com
200 S Collegiate Dr. | Paris, TX 75460



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From: Shannon Jones <sjones@lamarnational.com>
Sent: Wednesday, May 5, 2021 10:55 AM
To: LNB Memo Notification <lnbmemo@lamarnational.com>
Subject: IBAT Community Banking Award

Good morning,

We have the opportunity to enter the Pandemic Response category in the IBAT Best of Community Banking Award. I was wondering if any of our employees would be willing to write a small statement about what it meant to them the response of our management in keeping everyone safe, employed, able to work from home, etc. Just whatever you would want to say would be appreciated.

Thank you,



Shannon Jones
Executive Assistant
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200 S Collegiate Dr. | Paris, TX
75460



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May 10, 2021

2020 was a year or that we all saw how much our world could change in a matter of days or even hours. When I came to work for Lamar National, I came from a part of Texas that the pandemic had not quite made it to, so heavily. I was so grateful that the management of the Bank was keeping a close watch on the concentration of COVID-19 and that of our bank, located in different areas of Texas. The Bank's management took every precaution they possibly could. They ensured all of our people that their jobs would be protected, and their health was their first priority. They allowed as many people as possible to work from home, providing them with the necessary tools to be successful. This was not only beneficial to me as an employee of Lamar National Bank, but also to my family. I was able to limit our exposure by staying home and doing what I could to flatten the curve. Lastly, once the vaccine became available for everyone over 16, LNB worked to provide vaccinations to all employees that chose to take part. I could never thank Lamar National Bank for all that they have done to keep everyone as healthy as possible.

Crystal Cobb



May 6, 2021

I'm happy to work for a place that puts high priority on the health and safety of its employees. I have been in banking for forty years and have always been aware of the Pandemic Policy. I never dreamed that we would ever open the book on pandemic protocol let alone implement it but here we were. We were told early on that if we were sick that we should stay at home and would not be charged personal time off. Our IT team made sure we were able to work safely from our home if we were quarantined & we started to be amazed at how we adapted. The decision to close the lobby was difficult for everyone but after another bank in our area lost three employees to Covid, including their Chairman of the Board, our CEO was determined to make our safety priority one. My wife and I tested positive for the virus during the Christmas holidays, and I missed three weeks of on-site work due to Covid and quarantine. It was nice knowing that my health was foremost on the banks mind and not my absence. This only motivates me to give my all for the bank that I love working for.

A handwritten signature in blue ink that reads "Jon H. Sigbert". The signature is written in a cursive style with a large, looped initial "J".



May 25, 2021

Throughout the PPP experience, I have continued to be delighted to assist our local businesses in understanding PPP and utilizing this lifeline. Mom and Pop shops, local manufacturing hubs, and self-employed entrepreneurs have all been greatly assisted by the program. This critical assistance has helped local shops to stay open without staying up at night and helped ensure that locals could keep our economy moving and thriving in these uncertain times. One local business on the verge of shutting down during the pandemic was able not only to stay afloat but was able to continue to pay employees throughout their shutdown. Without this program their doors would have been shuttered and the employees suddenly without work. While the PPP experience may have been an unexpected adventure for Lamar National Bank, we have come out of it with stronger ties to our community and an appreciation for all the businesses that we have the privilege of serving. The Paycheck Protection Program may be coming to an end, but thanks to the assistance from PPP, local businesses will not be.

A handwritten signature in black ink, appearing to be "John E. [unclear]", written in a cursive style.



Pandemic Response

The Paycheck Protection Program (PPP) not only helped small businesses retain employees, but it also allowed many of our local businesses to continue operating. Lamar National Bank participated in all three rounds of PPP. Concluding the third round of PPP Origination, our bank has executed over 575 PPP loans for small businesses. This program has rewarded our community in many ways. Reflecting to 2019 and 2020, I remember customers calling in such desperate need of assistance. Some customers were in tears and realized without this program they could not keep their businesses open. This was a scary time for small businesses, and it was a true honor to help assist each business. As we are starting to see COVID-19 cases decrease and slowly getting back to normal, I remember the feeling I had when I would call customers to tell them they were approved for the Paycheck Protection Program. Over the course of the program, I feel like I had most rewarding job. I will never forget this experience and how appreciative each customer was whenever they would hear the news of their approval. We here at Lamar National Bank strive to show "Relationship Banking at Its Best", and this is just one of the many ways that we were able to help our community during this pandemic.

A handwritten signature in cursive script that reads "Sydney Hall".

Sydney Hall

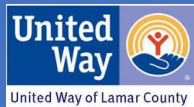
Business Development

Talk about a cool and rewarding job.

June 11, 2021

"Lamar National Bank has been a longtime, committed corporate partner to the United Way of Lamar County. During the pandemic, their support of our mission to help the community was intensified. Last spring when we sent up our Covid Crisis Fund to help those financially impacted by coronavirus with their rent and utility bills, Lamar National Bank was one of the first to step up and donate \$5000 to this fund."

Jenny S. Wilson
Executive Director
United Way of Lamar County





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CENTERPIECE

FEATURED

Small Business Assistance: Local bankers say federal program rollout was bumpy, but process is smoothing out

By Klark Byrd

Apr 12, 2020



Treasury Secretary Steven Mnuchin speaks about the coronavirus in the James Brady Press Briefing Room of the White House, Thursday, April 2, 2020, in Washington, as Jovita Carranza, administrator of the Small Business Administration, listen.

Alex Brandon

As hundreds of thousands of U.S. business owners turn to local banks for government-backed funds to keep them afloat during the sudden economic downturn caused by the nation's Covid-19 response, bankers are working overtime to get applications processed.

There are two available programs to offset losses: The Small Business Administration's Economic Injury Disaster Loan and the Paycheck Protection Program created as part of a \$2.2 trillion rescue package passed by Congress in late March.

Not much has changed with EIDL, SBA spokesman Susheel Kumar said Thursday during a videoconference with Paris Small Business Development Center director Jennifer Johnston and local business owners. Those who apply for EIDL funds can receive up to \$10,000 in advance, and if approved, the advance becomes part of the total to be repaid over a term of up to 30 years with an interest rate of 3.75%. If the request is denied, the \$10,000 advance is forgiven, he said.

But the newest program — the PPP created in the 880-page Coronavirus Aid, Rescue and Economic Security Act — has been causing headaches, especially for the banks tasked with distributing the \$350 billion set aside for businesses with less than 500 employees.

Local bankers say they are ironing out the application process now that the federal government has provided a mechanism to free up funds, but the program's rollout was particularly bumpy.

While government officials were making media rounds telling business owners to apply with local banks for PPP funds, assuring them banks would lend the money because the SBA was going to back the loans, bankers were scrambling to understand how the program would work and what documentation they would need. It didn't help that the SBA's online system was continuously crashing as thousands of banks simultaneously tried to log on, Lamar National Bank President Greg Wilson said.



Greg Wilson
Submitted Photo

Lamar National staff spent more than a day trying to get into the SBA's E-Tran system, and when they did get in after midnight Saturday, they hit another speed bump.

"It took three hours to input the first loan; the system was so screwed up," Wilson said.

With loan applications coming in fast but lacking SBA guidance on how to fund them, the bank quickly reached its cap in available money to commit. Through Saturday, Lamar National received about 60 PPP applications totaling roughly \$17 million.

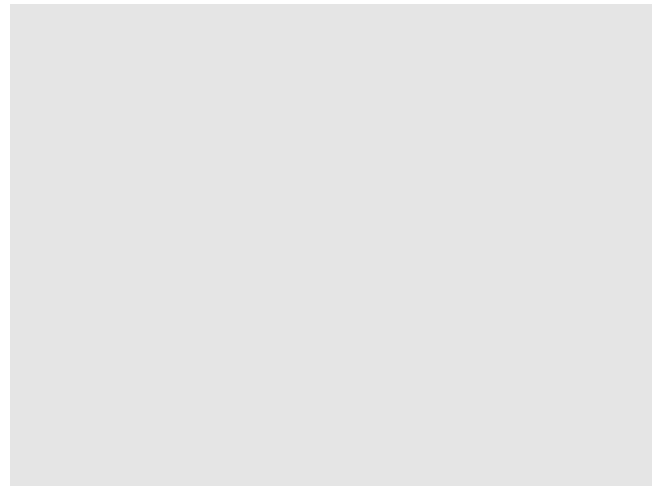
Applications that came in after that were put on a waiting list until additional funds were freed up by the

federal government, Wilson said.

Still trying to process applications on Monday, U.S. bankers were pulling their hair out as the SBA's system began crashing again. Meanwhile, bank customers were starting to get antsy about whether their loan was approved, especially as government officials continued to press them to go after the forgivable first-come, first-served aid.

"What they were scared of was that the government was going to run out of guaranteed money," Wilson said. "We weren't worried about the money running out, but through Wednesday, the SBA had not even given us guidance about what the loan documents were supposed to say or what loan documents to use."

Liberty National Bank President Carl Cecil on Tuesday said his bank was having similar trouble. It was processing loan applications as fast as it could, but it was still waiting on an SBA note or guarantee form. By Tuesday, the bank had received loan numbers on about \$5 million in requests. That was a good sign, Cecil told customers, and the bank became "cautiously optimistic" about receiving SBA guidance.



Carl Cecil

"The situation is still very fluid as information and directives continue from the SBA," Cecil said Friday, adding the bank had funded some loans.

To business owners seeking PPP funds but who are worried about delays, Kumar offered this advice: Be patient, and don't apply more than once.

"It only clogs up the system, makes it slower," he said. "This is a nationwide effort, a nationwide application process, all coming into Dallas, which is one of our sites for processing the loans, and Sacramento. So the sheer volume of applications is the reason why potentially there might be a delay in your funds being deposited in your bank account."

He also directed those on Thursday's call to the U.S. Department of the Treasury homepage, home.treasury.gov, to click on a small red banner that takes visitors to an information page for lenders and borrowers. In order to lend PPP funds, a bank must be an SBA approved lender, Kumar said. The information page includes a map of those lenders by zip code.

"The Treasury website is very friendly. Make it your best friend," he said.

In response to a concern Johnston heard about funds running out, Kumar said it won't

happen.

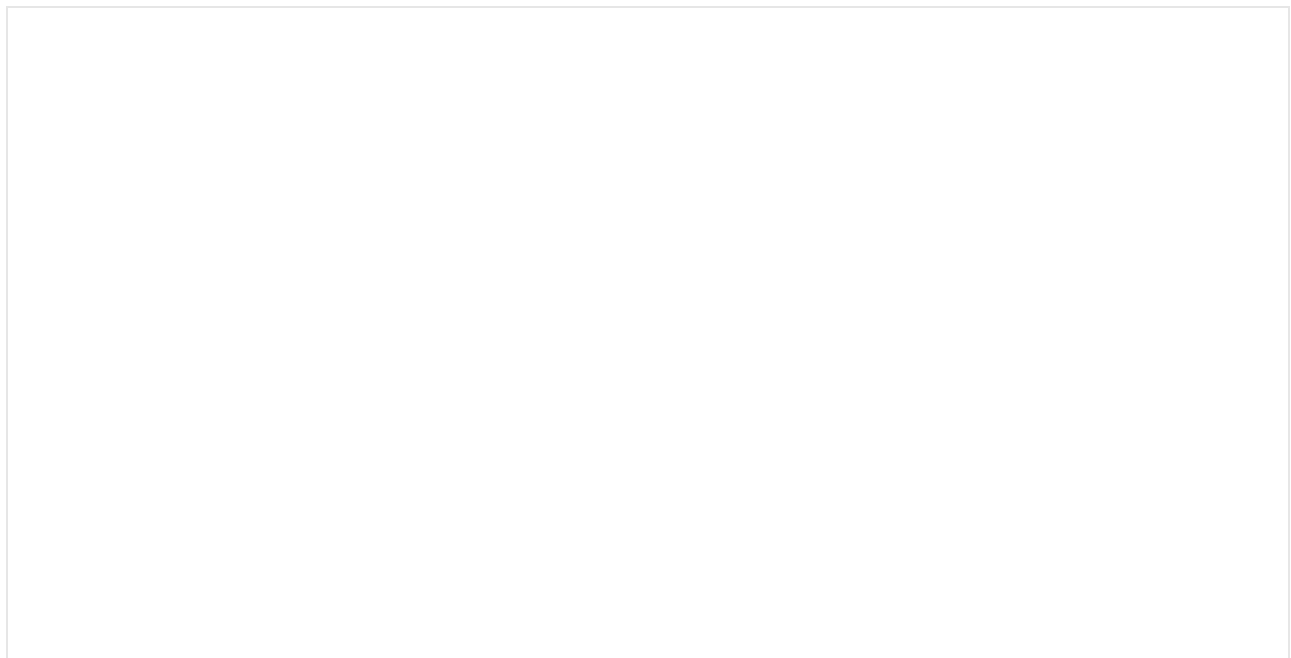
"In these unprecedented crises, the Treasury is being backstopped by the Federal Reserve," he said. "(Thursday) morning, the Federal Reserve announced that they were going to open up through their main street lending facility \$2.3 trillion worth of money. So, the fact that there may be some concern that the money's going to run out is misplaced."

It was that action that freed up banks to fund more PPP loans, Wilson said.

"We didn't come up with this program. We're community banks, so we're trying to help the community. We feel like this is absolutely critical for our community," he said. "I would highly encourage anybody who is trying to figure out how to make payroll to absolutely use this program. I know that we've certainly built our process to become much more efficient. The first loans were brutal because we didn't have the information necessary to do it, but now that we have it, we've got a process in place and it'll start to pick up and move a lot faster."

Klark Byrd is the managing editor of The Paris News. He can be reached at 903-785-6960 or klark.byrd@theparisnews.com.

MORE INFORMATION





Business owners in Lamar, Red River counties focusing on reaching customers, staying afloat

Local essential businesses feeling virus pressures

Governor plans to announce how he'll reopen Texas businesses with restrictions

Texas leads in small business loans with help from community banks

Lamar County banks loan \$56M in Paycheck Protection Program funds impacting more than 5,700 jobs

Lamar National Bank discusses plans to reopen lobby

Paycheck Protection Program loan forgiveness complicated; Banks, customers working through a 'comprehensive' process

Klark Byrd

Managing Editor

Klark Byrd is the managing editor of The Paris News and the editor of Paris Life Magazine. He

resides in Paris with his wife, Krystle, and their three children, Charlie, Annalise and Willow.

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Some Lamar County businesses find relief in federally back, forgivable loans; others struggle to get the funding

By Julia Furukawa Special to The Paris News
May 3, 2020



Stock Photo

In the era of Covid-19, nothing has been certain for businesses. With nonessential businesses experiencing precipitous drops in sales as the state told them to close their doors, the financial future is murky for many business owners.

The federal government threw small businesses a lifeline several weeks ago by instituting the Paycheck Protection Program through the Small Business Administration, initially approving \$349 billion for low-interest, forgivable loans. After funds quickly ran out, an additional \$310 billion was approved for the program last week.

More than \$56 million of that first round money went to Red River Valley small businesses, allowing them to cover expenses like rent and keep employees on payrolls. So far, Lamar National Bank alone has given out 249 loans totaling \$41 million, which has provided payroll for 3,700 employees during the next two months, bank president Greg Wilson said.

"We made a large commitment," he said. "Obviously our community is going to be under significant economic stress, so we want to do everything we can to help our employers keep people on payroll."

One local recipient of a PPP loan, Karon Pasquill, said the money she received was a lifesaver for her business, South Main Cafe. Pasquill, who received her loan this week, said her bank worked hard to get it through for her, but the most challenging part was the wait and uncertainty. She has six employees on payroll, and she's relieved she'll be able to cover their wages for the next two to three months while paying for utilities. She encourages other local business owners to apply for money that could save them from going under.

"Just don't lose hope. They will get to you," she said. "But just hang in there."

Others, however, have not been as fortunate. Claudia Hunt, who owns the home goods store Claudia at Liberty in downtown Paris, has found herself tied up in a confusing and tedious loan process that hasn't resulted in any cash thus far. After being forced to close because her store was not considered essential, Hunt has barely been able to sell any of her products.

"(Claudia at Liberty) will be three years old in September. And so I was looking through the books, and each month from the second year compared to the first year, I'd doubled sales. And going into the third year, I'd again doubled — and then, screeching halt," she said.

In an effort to help herself financially while shut down, Hunt filed for a PPP loan, but kept running into barriers. Hunt doesn't have employees. She runs the shop herself and owns the building, so she can't really allocate money toward payroll or rent, which the loans are intended for, yet she still needs to keep herself afloat.

"I have applied (for a loan) but all I do is keep getting more stuff I have to fill out and send back, and I have a feeling I'll probably be denied," Hunt said. "I mean, I sent them everything — utility costs, sales tax cost, my net profit for the year, all my bookwork for the year, my 1040, my schedule, everything. When you listen to the news, they make it sound like it's all just out there."

Hunt applied for a loan during the first round of funding, and she didn't hear back about it. Wilson said people who applied right away may have run into roadblocks because not only did the money run out quickly, but the initial roll-out of the process was rocky and banks were given little to no information about how to process loan applications.

"There was no guidance from the very beginning on the whole program... There wasn't even an application, there were no guidelines," Wilson said. "(The SBA's) system wasn't cut out to handle it in any way, shape or form. So nobody could get into the system and then you would start entering all this information and it would just crash. So that was maddening. And finally, everybody was able to get (the applications) through just by pure tenaciousness and working in the middle of the night."

As some of the kinks were ironed out, this week alone, Wilson said Lamar National was able to file 150 loan applications in about a day and a half. The SBA has been helping to slow online traffic and streamline the application process for small banks like Lamar National by reserving time for banks with less than \$1 billion in assets to input their information. Wilson encouraged businesses that have yet to receive loans to keep trying, especially now that more money has been made available.

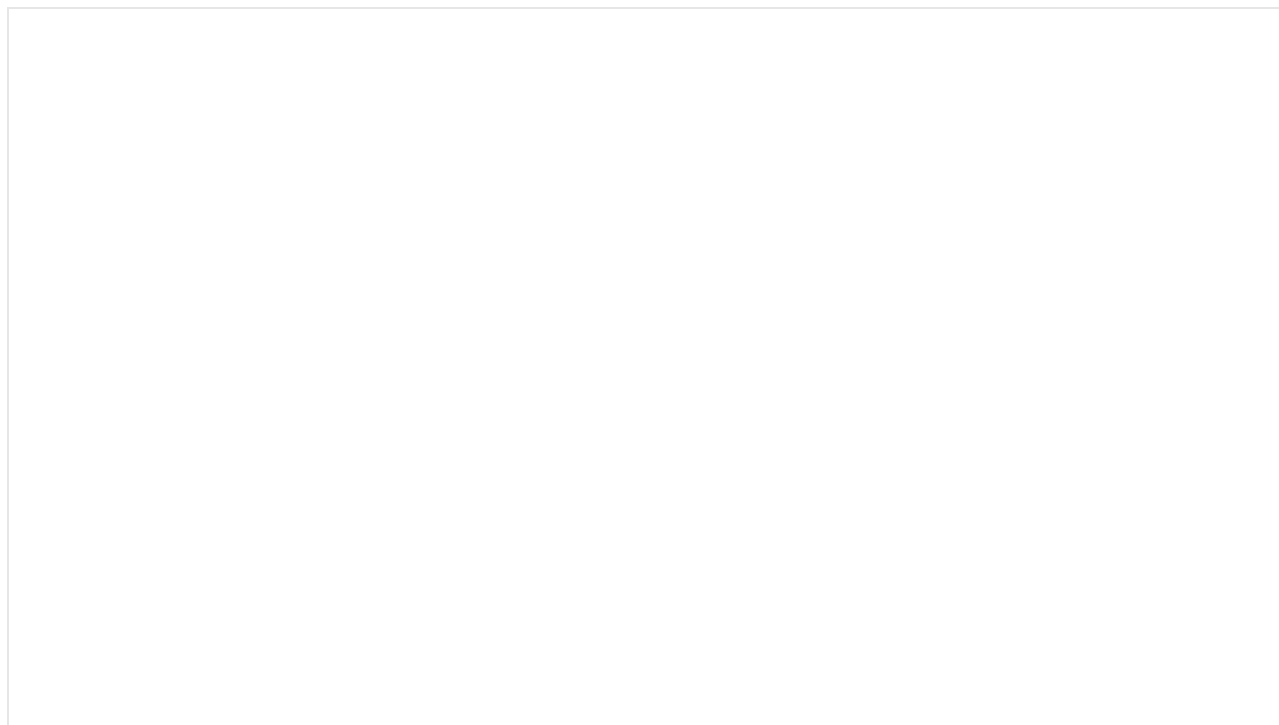
“There’s plenty of money still available and now there’s not a waitlist,” he said.

Despite the initial stress and long hours, Wilson’s spirits have been kept high knowing that his bank has been able to help local business owners through this difficult time. He’s been receiving thank you calls and emails from loan recipients elated that their applications went through.

“One (recipient) wrote: ‘I want to thank you from the bottom of my heart for all your hard work and determination to help me and my team. I’m overwhelmed and skipping around the house like a unicorn,’” Wilson said.

For more information on PPP loans and how to apply for one, visit sba.gov.

MORE INFORMATION





Lamar County banks loan \$56M in Paycheck Protection Program funds impacting more than 5,700 jobs

Paris's self-employed in limbo for state benefits

Paris gyms, salons awaiting state's Phase 2

Lamar National Bank discusses plans to reopen lobby

Paycheck Protection Program loan forgiveness complicated; Banks, customers working through a 'comprehensive' process

Liberty National Bank to open bank lobbies

Nearly 6,300 Texas companies got PPP loans of more than \$1M

PPP loan forgiveness is underway, banker says process not as chaotic as application



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FEATURED

PPP loan forgiveness is underway, banker says process not as chaotic as application

By Klark Byrd
Nov 15, 2020



Greg Wilson
Submitted Photo

Not long ago, local banks were scrambling to process applications for local businesses seeking Paycheck Protection Program loans. The federal CARES Act made possible the loans intended to provide emergency financial relief for businesses during the height of public lockdowns as the Covid-19 pandemic began.

Those businesses have since August been applying for loan forgiveness — a staple selling point in getting them to apply in the first place — and local bankers say the process is going smoother than the rollout, even as the Small Business Administration continues to change the forgiveness application.

“There are two new forgiveness applications that have been announced by the SBA,” Lamar National Bank President Greg Wilson said. “One is specifically for loans over \$2 million. These are very long applications, and the applicant must prove that they did in fact need the PPP loan to remain fully employed. Fortunately, these borrowers likely have accounting staff to help through these applications.”

Lamar National Bank funded more than \$45 million in PPP loans to 332 companies, representing two months of payroll for almost 4,000 jobs, Wilson said. The bank accepted its first forgiveness application on Aug. 10, the day the SBA announced that applications could begin, and it submitted that application on Sept. 29. The first approval came Oct. 7, and funds were received 48 hours later to pay the loan in full, Wilson said.

The bank has received forgiveness on 63 loans so far, totaling more than \$5.8 million. The largest loan forgiven was more than \$1.24 million while the smallest was \$2,009, Wilson said. The average was \$92,990.83. There are 70 forgiveness applications pending, Wilson said.

Liberty National Bank reports it also has begun receiving funds from the U.S. Department of the Treasury, and it also is waiting on some approvals from the SBA. In the first round of PPP loan funding, Liberty National made 86 loans totaling \$7.7 million that impacted 940 jobs, bank President Carl Cecil said.

"Starting in mid-August, Liberty National Bank began the process of inputting loan forgiveness applications for our customers," said Levi Graham, a credit analyst with Liberty National Bank who is processing its forgiveness applications. "So far, Liberty National Bank has seen a smooth transition into the forgiveness part of the program as no problems have surfaced to date. We have told customers when applying for forgiveness to be sure and provide all documentation that provides validation for full forgiveness on the PPP loans. That documentation includes any payroll summary reports, third-party payroll reports, and government forms such as Form 941s. Other eligible expenses that would require documentation such as rent/lease payments, business mortgage interest payments and utility payments should be provided for forgiveness on a borrower's PPP loan."

The smooth rollout of the forgiveness portion of the PPP loan program is an about-face from the initial application period in March and April. At that time, banks were still waiting on details from the SBA on how loan forgiveness would work when government officials started telling business owners to apply for their piece of the \$349 million set aside by the CARES Act. The SBA's application portal also crashed several times as banks across the nation tried to access it.

"The release of the program was quick-paced and bumpy," Graham said.

The only bump in the road bankers see now is how Economic Injury Disaster Loans affect PPP loan forgiveness. EIDL loans typically are unforgivable, but the CARES Act allowed for advances up to \$10,000 that could be considered as grants, regardless of whether the borrower was approved for their loan request. If EIDL funds received were not considered a grant, a customer may owe the bank. Wilson said he's encountered at least one such loan in which the SBA deducted EIDL funds from PPP forgiveness, leaving the bank to collect the remaining funds.

"We are now tasked with telling the customer that even though his loan was forgiven, he still has to pay us back and payments begin next month," Wilson said. "The SBA has put community banks in a very awkward position, especially since we did not make the EIDL loan and many EIDL customers thought the money was a grant."

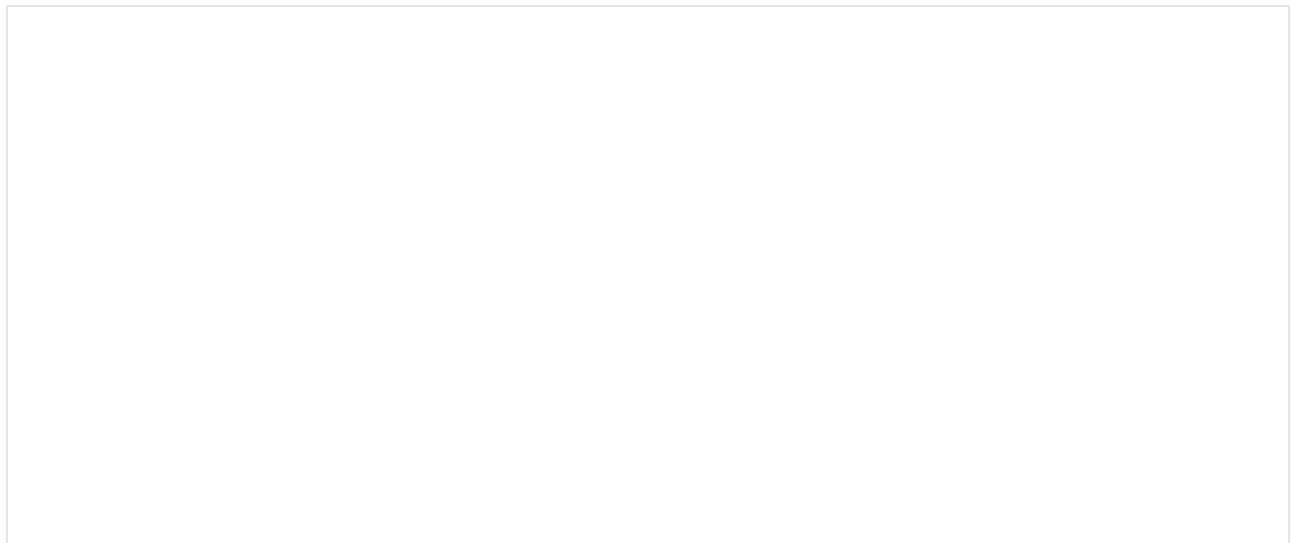
The SBA's Covid-19 EIDL program came under fire by the SBA inspector general in late October when it was found that the agency issued potentially fraudulent loans and loans to potentially ineligible businesses. Billions of dollars of capital became available during the SBA's initial response to implement the Covid-19 EIDL program, and to expedite the process, the SBA "lowered the guardrails ... which significantly increased the risk of program fraud," the report states.

As of July 31, the SBA approved \$14.3 billion and disbursed \$13.4 billion in Covid-19 EIDLs to accounts that differed from the original banks accounts listed on the loan applications; \$62.7 billion with \$58 billion disbursed in multiple Covid-19 EIDLs to applicants using the same IP addresses, email addresses, bank accounts or businesses listed at the same address; and about \$1.1 billion in Covid-19 EIDLs and emergency advance grants to potentially ineligible businesses, the report states.

The inspector general offered 10 recommendations to strengthened SBA controls and lower fraud risk, including reviewing all loans with differing bank numbers from original application to disbursement, suspending undisbursed funds on duplicate loans to IP addresses, email addresses and businesses addresses and reviewing advance grants to determine if the application was legitimate.

Klark Byrd is the managing editor of The Paris News. He can be reached at 903-785-6960 or klark.byrd@theparisnews.com.

MORE INFORMATION





Paycheck Protection Program loan forgiveness complicated; Banks, customers working through a 'comprehensive' process

Some Lamar County businesses find relief in federally back, forgivable loans; others struggle to get the funding

Lamar County banks loan \$56M in Paycheck Protection Program funds impacting more than 5,700 jobs

Liberty National Bank makes board appointments

Liberty National Bank honors 10 long-time employees

Lamar National Bank names new director, officers

Klark Byrd

Managing Editor

Klark Byrd is the managing editor of The Paris News and the editor of Paris Life Magazine. He resides in Paris with his wife, Krystle, and their three children, Charlie, Annalise and Willow.

THE WALL STREET JOURNAL.

When Loans Can Be Grants Eludes Some

By RUTH SIMON
AND PETER RUDGEBAIR

Small businesses that received government-backed loans to ease the pain of the coronavirus pandemic are beginning to turn to a process some say is as complex as getting the money: figuring out whether they have to pay it back.

Some small-business owners have spent dozens of hours wading through the 11-page forgiveness application for Paycheck Protection Program loans. Others are trying to determine how or whether legislation President Trump signed earlier this month changes the math. Some lenders say the government is putting them in a difficult spot by making them responsible for determining forgiveness, and they fear being saddled with unprofitable loans.

"This is not an easy thing to figure out without help," said Tyler Coates, vice president of sales at Ultimate Sales & Services, a 32-person convenience-store food broker and sales-and-marketing agency based in Savannah, Ga., that received a \$420,000 loan. Mr. Coates said he has spent at least 25 hours on an application that estimates it takes 180 minutes to complete. "There are too many question marks and too many errors you can make."

The Treasury Department and the Small Business Administration have issued 18 "interim final rules" and 48 pieces of guidance in the form of "frequently asked questions" for the program. The government has approved \$512 billion in loans to nearly 4.6 million businesses since the program's April rollout.

The new law lengthens from eight weeks to 24 the time that borrowers have to use PPP funds and qualify for forgiveness. It also lets them

spend 40% of the loan on rent and certain other expenses, up from 25%. The changes came in response to requests for more flexibility from small businesses that remain closed, were slow to reopen or spend more on rent and other overhead.

For many small-business owners, the program's biggest selling point was that the loans would essentially turn into government grants. "Until you see how the forgiveness goes, I don't think we can call it a success or failure," said Wesley Veach, chief executive of Bankcda, a lender based in Coeur d'Alene, Idaho, that has funded roughly \$23 million in PPP loans for nearly 300 businesses.

Nearly one-third of businesses that received PPP loans will have passed the original eight-week deadline by June

'This is not an easy thing to figure out without help,' said Tyler Coates.

14, according to a recent survey from the National Federation of Independent Business. That means a large share of loan recipients had already spent much of the money before the extension was granted.

Efforts to add flexibility have created new complications. Small-business owners worry that accepting the extension locks them into maintaining staffing at pre-pandemic levels for another four months—even if business doesn't fully recover, another bout of Covid-19 hurts sales or they simply don't need as many employees, said Bethany Novis, a partner with the Lancaster, Pa., accounting firm

RKL LLP.

The Treasury Department and SBA still need to release a new forgiveness application form reflecting the new law; the agencies previously veered from congressional mandates when setting up the program, the SBA's inspector general said last month. They haven't yet said how lenders should submit forgiveness applications to the SBA, what happens if borrowers can't repay loans in the allotted time and how businesses can appeal if their loan isn't forgiven.

Treasury and the SBA have tightened oversight requirements. In an interim final rule issued May 22, the SBA instructed applicants for forgiveness to hold on to records for six years and said they could be subject to a review at any time.

Senate Democrats in a letter Friday urged the SBA and Treasury to streamline the forgiveness process, recommending several changes including a simpler application for low-dollar loans.

Some business owners say they are concerned about how the SBA would treat good-faith efforts that fall short. Bonnie Kallenberg, co-owner of three Finders Keepers consignment shops in the Atlanta area, tried to put her \$172,000 PPP loan to work as soon as she got it in late April. She hired graduating high-school seniors to replace employees who were afraid to return to work. She paid her husband, another co-owner, for his work setting up an online store.

Ms. Kallenberg now worries she could run afoul of a cap on how much PPP money could go to owner-employees, a provision in the forgiveness application released in May.

"If I have to pay that back, too, on top of everything else that's happening, forget it," she said. "We're done."

An SBA spokesman said ad-



From top clockwise: Guy England received roughly \$45,000 in PPP funds. Bonnie Kallenberg worries about paying back her loan. Tyler Coates said he has spent at least 25 hours on an application.

ditional guidance would be forthcoming. "The SBA will conduct ongoing due diligence to ensure taxpayer funds are being used appropriately," he added.

The new law has eased some small-business owners' concerns about frequent program changes and heightened scrutiny. Polly Bart said she "celebrated all day" when she heard the new legislation had passed because it gives her more time to figure out how to spend a roughly \$17,000 PPP loan for Greenbuilders Inc., a remodeling contractor in Sparks, Md., that she owns.

"My business has no debt, and discovering after we have spent the money that it is a

loan instead of a grant would kill me," Ms. Bart said.

The process is particularly daunting for small companies such as Reddell's Glass & Metal Inc., a provider of commercial storefronts, windows and mirrors in Paris, Texas, that received a roughly \$45,000 PPP loan. "If you have a 100-person company, most likely you will have a CFO, a controller, people that deal with this," said Reddell owner Guy England, who writes payroll checks manually each week for his six full-time employees.

Mr. England's banker, H. Gregory Wilson, CEO of Paris-based Lamar National Bank, which has about \$260 million

in assets, worries that he doesn't have enough resources to help the bank's roughly 300 PPP customers with the forgiveness process.

Mr. Wilson said the application seems more complicated than the spreadsheet he used to manage a derivatives portfolio when he worked for a hedge fund. "I have people who want their forgiveness now and have got what looks like the bar exam or a CPA exam."

With the new, longer time frame for forgiveness, he added, banks will be fielding even more questions from borrowers and "choking on these SBA loans for the rest of the year or even longer."

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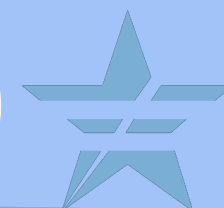
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