

Going the extra mile to help minority-owned businesses weather pandemic



By John Reosti - Reporter, [American Banker](#), June 12th 2020

The Paycheck Protection Program is providing a number of banks with a timely opportunity to connect with minority-owned businesses.

The coronavirus pandemic has caused pain for many businesses — especially those in the African American community. Social upheaval in recent weeks has drawn more attention to their struggles.

Uwharrie Capital in Albemarle, N.C., and Valley National Bancorp in New York are among lenders making a concerted effort to get PPP funds into the hands of minority-owned businesses.

The efforts have provided more loans to a segment of the population that has historically struggled to gain access to capital. At the same time, bankers said reaching out to underserved communities is the right thing to do.

“It’s about having a purpose-driven culture,” said Ira Robbins, president and CEO of the \$39 billion-asset Valley National. “Diversity is a large part of that.”

Uwharrie and Valley National have taken slightly different paths to connect with those borrowers, showing that there are many avenues for banks and other lenders to provide capital to underserved communities.

The \$671 million-asset Uwharrie was working on affordable housing initiatives in Charlotte’s West End district before the pandemic hit. The emergency loan program gave the company a chance to have more conversations about borrower needs in the predominantly African American neighborhood.

Charlotte's West End has several projects in development, including Mosaic Village, a \$25 million mixed-use facility spearheaded by Johnson C. Smith University. The Knight Foundation last year announced nearly \$700,000 in funding for nine projects in the neighborhood.

Still, community leaders “told us there were 110 businesses that had not heard anything” from their bank, “had been turned down or told they couldn’t apply,” said David Beaver, president of Uwharrie Bank.

The company has since made more than a dozen PPP loans to businesses in that district, gaining a stronger toehold in a city with a nearly a million residents. (Uwharrie’s mortgage unit has been based in Charlotte since 2015.)

J'Tanya Adams, program director at the nonprofit Historic West End Partners, received one of the loans. Adams who noted many West End neighborhoods have been without banks branches or grocery stores for decades, said she believes Uwharrie's reputation is “already starting to skyrocket.”

Anybody who could produce the proper documentation, if [Uwharrie] could help them, they did,” Adams said Friday.

Valley National, which has operations around New York and across Florida, made a decision early on to make more PPP funds to minority-owned small businesses, Robbins said.

The company has enlisted about 600 bankers to reach out to potential borrowers about the paycheck program. Lenders specifically contacted minority-owned accounting firms and legal practices as they searched for leads and referrals.

Robbins said 25% to 30% of Valley National’s 11,500 Paycheck Protection loans have gone to minority-owned businesses.

Those efforts are coming at a time when the Small Business Administration and Treasury Department have faced demands to do more to prioritize women-, veteran- and minority-owned businesses under the \$659 billion program.

While the agencies have not collected demographic data for the program, they have disclosed that community development financial institutions and minority depository institutions accounted for about 3.1% of all in PPP funds approved through June 6.

The SBA and Treasury recently earmarked \$10 billion of PPP funds for community development financial institutions, which focus on underserved communities and include several minority depository institutions.

At Uwharrie, a bank named after a mountain range in southwestern North Carolina, the push to access minority communities is an extension of its original mission to help underserved groups in rural parts of the state.

Overall, the company has made about 1,000 PPP loans totaling \$80 million.

Minority groups “face the same struggles we’ve dealt with in rural America — lack of upward mobility, lack of job opportunities, lower wages,” Beaver said.

“We think we’ve got a good partnership” in Charlotte’s West End, he added. “We understand what the dilemma is and what the struggles are. We have some of the same struggles and we’ve fought the same battles.”

“We’re still locking down loans, closing loans and funding loans,” said Jason Andrew, Uwharrie’s chief information officer. “We haven’t stopped. “We’re in” the paycheck program “until we’re told funding is exhausted.”

The push has also provided Uwharrie with more local exposure, including coverage on a Charlotte-area television station. Still, executives know they have more work to do and more lessons to learn about the community’s needs.

“I think the relationship has deepened, but in reality we’re still very new to that market,” Beaver said.