Pentucket Bank jumps on Paycheck Protection Program applications

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HAVERHILL — Pentucket Bank commercial lenders got a jump on procuring loans for the bank’s customers through the Small Business Administration’s new Paycheck Protection Program, a $349 billion emergency loan program created last week with the president’s signing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Ten of the bank’s lenders arrived by the stroke of midnight on Thursday expecting to begin submitting applications to the SBA, but a glitch in the system delayed the process.

“We returned in the morning and completed our first application about 8 a.m.,” said Jonathan Dowst, executive vice president of the bank. “As of 2:20 p.m. on Friday, we had approved and the SBA had confirmed 17 applications for a total of $6.8 million.”

A few hundred or more additional applications are in process, he said.

“When the money is gone, the program is over,” he added. “The SBA had to react to this pretty quickly, so compliments to them.

“The point of the program is to keep payroll going,” Dowst said. “The option for businesses is to send people home and save on payroll, or keep people on and continue their operations. The government is providing this eight week period.’’

Dowst said the applications for these loans of up to $10 million for businesses that promise to keep paying their employees for eight weeks came in from the bank’s Haverhill and North Andover, as well as its Hampstead and Salem, New Hampshire branches.

“The sizes of the first loans we processed varied from $10,000 to a high of $800,000,” Dowst said. “We expect to be writing our first checks on Monday.”

One of the first businesses to secure funding was the nonprofit UTEC organization, which works with high-risk young adults in Lowell, Lawrence and Haverhill who have past criminal involvement to reduce recidivism and increase their educational and employment goals.

UTEC CEO Gregg Croteau said the loan he will receive will go to keeping about 55 staff on the job, at least for the next eight weeks as the program requires.

If he adheres to the program’s requirements, the loan will be forgiven.

“This particular program will be a huge boost for us, most importantly, to continue to provide services to our young adults but also intensify those services to help address some of the isolation some of them are feeling at this time,” Croteau said.

He noted that UTEC’s three social enterprises, a mattress recycling program in Lawrence, a catering business and a woodworking business annually bring in about $1 million. They provide job training and jobs for the high-risk young adults UTEC serves.

“Since the virus impact, we’ve lost about $200,000 from the closures of our businesses,’’ Croteau said.

Other sources of funding include government contracts and philanthropy, which have also been negatively impacted.

Croteau praised Pentucket Bank for its quick response allowing local businesses to take advantage of the program before it’s too late.

“These resources are critical to us as we’re focused on workforce development (job training and placement) particularly in Lawrence and Haverhill,’’ he said.

According to the SBA, these loans are available to cover up to eight weeks of average monthly payroll (based on 2019 figures) plus 25% and payments are deferred for six months (interest does accrue). The SBA will forgive the portion of loan proceeds used for payroll costs and other designated operating expenses for up to eight weeks, provided at least 75% of loan proceeds are used for payroll costs.

For more information, visit online at sba.gov/coronavirus.