



May 7, 2020

Dear House Jobs Committee members:

At the committee hearing on April 24th, a question was raised about how some providers had not yet disbursed loan funds made available through DEED as outlined in Executive Order 20-15 issued on March 23rd. Since that time, loan requests have exceeded funding availability. The Hmong American Partnership ("HAP") is sharing the information below to give examples of how the process has worked thus far, in hopes that the processes in place will be streamlined and work better for all involved.

1. What challenges are HAP's borrowers experiencing?

HAP has been able to serve a diverse group of borrowers from around the Twins Cities area. The biggest challenges borrowers are facing with applying for the DEED SBEL loan include:

- a. Limited access to basic technology such as a computer, scanner, and printers necessary to complete an application; this is commonplace among our borrowers.
- b. Language barriers. Specifically, there are no clear communications available for clients with low English proficiency on how to access and complete an application.
- c. Cultural/social barriers. Many clients remain confused about the what the application requirements are and which loan(s) they may qualify for. HAP's Business Development Specialist staff have been working diligently with clients to ensure they understand the available loans and documents required for completion of the DEED SBEL application.
- d. Example: A borrower at Hmong Village has stressed that many food vendors have been left in the dark. Many of them do not know where to even begin the process of applying for the DEED SBEL. Food vendors are struggling and need help.

2. Why did borrowers choose HAP over another Lender?

Since day one, HAP has been laying groundwork and encouraging the community to apply for the SBA EIDL loan, PPP, and the DEED SBEL, through webinars, radio shows and other means of media. Some clients chose HAP because they have heard HAP's message via those various media platforms. Some clients chose HAP because of HAP's turnaround time in responding to an initial inquiry. HAP has also been recommended as a loan provider by friends, family and allies of the organization. HAP is also listed on the MN DEED website.

3. How many times do we have to connect with a borrower to get their application ready?

HAP's staff indicates that connecting with the clients is one of the most rewarding yet time-intensive factors of processing the DEED SBEL. Depending on the client's needs, staff may need to connect with a client 2-10 times from initial inquiry to application submission for underwriting. In underwriting, clients may be contacted an additional 2-3 times for finalizing details. The numbers of time it takes to connect with a client depends on their ability to understand the application process and submission of the necessary documents. Another factor that may require additional connection with the client is dependent on their access to and familiarity with technology. Connection with clients are done via phone calls or communications through email.

4. What is the estimated number of hours that we spend to support a borrower?

The Business Development Specialists at HAP have spent hundreds of hours helping borrowers



in applying for the DEED SBEL and other government driven loan services. Time spent assisting individual borrowers can range from five minutes per call to one hour or more, dependent on the borrower's needs. Some clients' problem can be resolved in one call while others may be stretched out for a few hours or over a few days. Many of our clients have expressed their gratitude for the time that we have spent helping them through this hard time.

Example: Elderly hair salon owner who was proficient in English but was not comfortable using the computer. It took 2 emails, 3 phone calls, one phone call lasting over 30 minutes to explain the purpose of the DEED SBEL program and helping her fill out the initial application.

5. Who are HAP's borrowers?

Communities of all backgrounds, languages, cultures and business experience have reached out to HAP for assistance in applying for the DEED SBEL. While we have been able to service a lot of people, most of the borrowers who are applying with us have limited financial acumen, and limited English proficiency. Most of the loan applications have come from Southeast Asian small business owners, but we have also supported Caucasian and African American business owners.

HAP has responded to 216 inquiries from business owners since March 19th, providing guidance on available resources, screening for loan eligibility and providing time-intensive assistance to walk clients through the loan application process. Of the 216 prospective borrowers, 91 did not qualify for SBEL.

To date, HAP has processed 7 loans totaling \$144,500, which have been approved by DEED; 8 applications totaling \$280,000 have been denied. Fifteen loan applications totaling \$451,000 are currently waiting for DEED approval. HAP also assisted five prospective borrowers who contacted multiple lenders and ultimately had loans approved through another lender. Four additional clients are on the waitlist hoping that additional loan funds will become available.

Despite information shared to the contrary at the committee hearing, HAP allocated all the SBEL funding, but still has clients waiting for final loan approvals through DEED. This waiting and not knowing adds frustration for all involved.

I hope this is helpful as you continue to work to find ways to support our community's businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Bao Vang", written in a cursive style.

Bao Vang