

COVID-19 Early Steps to Assess Impact on ACC Borrowers, their customers, and ACC Operations



The Appalachian Region consists of all of West Virginia and portions of 12 other states; 42% of the region is rural compared to 20% nationally.

Appalachian Community Capital (ACC) is a CDFI lending intermediary created to raise capital for its 20 members so that they, in turn, can fund small businesses and entrepreneurs in underserved areas in Appalachia. The members, many of whom have been operating for more than 20 years, and their affiliates manage over \$1 billion in assets supporting economic development in Appalachia.

In places like Appalachia, access to capital continues to be a challenge for growing businesses, especially for those located in the region's more economically distressed areas. Parts of the region are still recovering from the Great Recession. **The coronavirus pandemic has left the region bracing for the fallout, which could further erode the economic ecosystem and significantly impair the livelihoods of Appalachian communities and small business owners.**

What is ACC doing to assess impact and take action?

Connecting with ACC Members to assess impact

Offering interest payment deferrals to ACC borrowers in good standing up to 90 days

Scrutinizing our operating budget, conferring with our fellow lenders and gathering information through national networks to better summarize what we think the health crisis and economic disruption means for us and our ability to serve the needs of our borrowers.

Impact of COVID-19 on ACC Members

ACC members are putting into place emergency preparedness plans, and many report that they are answering 15-20 calls a day from customers seeking emergency funds, loan deferrals and/or modifications, as well as other types of assistances. Initial discussions with members indicate that they anticipate cash loan loss on their existing portfolios and significant losses related to emergency relief interest deferments.

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Surveyed ACC members to find out whether they:

- Had emergency preparedness plans for customers in place and, if so what are they? (i.e. loan deferrals, loan modifications, emergency funds)
- Are tracking the volumes of calls/contacts from customers and which sectors were causing the most concern
- Are conducting/or planning to conduct any stress tests on their loan portfolios
- Could recommend the type of ACC support that would be most helpful to them
- Could identify how they would use technical assistance funding if it became available

ACC Member Feedback

“Many businesses are closed.. [causing] a ripple effect”

“I have fielded 120+ calls this week and it’s not slowing down. We set up a weekly call with our economic development partners to support them. Our loan closing attorney will now provide Loan Forms, on the smaller loans \$20,000 under, so to keep closing costs down and quicker turn around.”

“[How can ACC help?] Loan reserve resources, co-lending or participation opportunities, and help simplifying what’s coming down from DC.”

“Multiple businesses have contacted us needing support. Mostly, Main Street, Restaurants and Retail businesses. Most aren’t concerned about profits but managing costs, employee retention so that their business exists when we come out of it.”

Top Concerns of Appalachian Small Business Owners

Revenue due to sales declines

Cash flow

Inability to meet payroll

Potential layoff of staff

Cash shortfalls

Inability to make debt payment

No-low working capital

Mortgage concerns

Health of staff

Supply chain issues impacting business

Personal bills

Uncertainty of COVID-19’s impact