



Small Business Administration (SBA) Paycheck Protection Program (PPP)

Please refer to wintrust.com for regularly updated information on our PPP loan application portal and links to the latest guidelines and forms.

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FAQS

Does Wintrust plan to participate in this next round of PPP?

Yes, Wintrust and its family of charter banks will facilitate access to PPP loans as it did in the previous rounds of the program.

When will Wintrust begin accepting applications for new PPP loans?

Like all lenders, we are awaiting the new forms and guidelines from the SBA for this next round. We anticipate receiving this information on or just before January 6 (10 days from December 27). We anticipate beginning to accept applications shortly after based on the SBA's timeline for opening its application portal. Clients should check wintrust.com for regular updates on the timing.

Will Wintrust accept PPP loan applications from new customers?

We plan to bring the same commitment, innovation, and sense of urgency to bear for organizations that qualify for this new round of PPP. Given the time and resources required to fulfill regulatory requirements applicable to new customers, priority—at least initially—will be given to existing clients, and we recommend that you consult your existing lender for the most expeditious PPP loan application processing. Once we see the demand for the new round of PPP loans, we may extend participation to new customers as our resources allow. We will communicate participation updates via wintrust.com.

Does an organization's existing PPP loan need to be paid off before it can receive a second draw?

Organizations that received PPP loans previously and still have outstanding loan amounts will be eligible for a second draw loan if they otherwise qualify. (Note that qualification will require, among other things, that the organization have used all of the PPP funds disbursed for its first loan prior to disbursement of a second draw loan.) Nevertheless, we recommend that those organizations consider submitting their application for forgiveness of the first loan as soon as practicable based on the advice of their financial, legal, or tax advisors.

When will my remaining PPP loan balance be forgiven?

For borrowers who have or plan to seek partial or full forgiveness of their loans from the SBA, forgiveness determinations will be reached, in most cases, within 150 days after the borrower's submission of a complete application to its PPP lender (60 days for the lender's initial review and 90 days for the SBA's review of the lender's initial forgiveness determination). The process may take longer in certain cases, including where a borrower submits an incomplete forgiveness application, the SBA subjects the borrower's loan to further "loan review," or the borrower appeals the forgiveness decision with the SBA. Once the SBA determines the forgiveness amount, the borrower then has the period prescribed in the promissory note to pay off any remaining amount.

The borrower had a balance owing after forgiveness due to the netting of an EIDL advance. Should the borrower continue to make payments on this loan? If not, are there any negative consequences?

Forgiveness payments with "Payment Confirmed" status of December 28 or earlier will contain the EIDL advance deductions in the forgiveness amount. The SBA has not provided information on how and when it will reverse the EIDL advance deduction or otherwise reimburse the EIDL advance to borrowers who have already completed the forgiveness process. Additional detail is due by law on or about January 11 (15 days from December 27). We'll only know more on this issue once the SBA issues further information. Wintrust stands ready to do our part in whatever process the SBA may lay out to facilitate required EIDL advance deduction reversals or reimbursements.

The borrower paid off the remaining EIDL advance portion remaining on their PPP loan. How will the organization get reimbursed by the SBA? Will funds flow through the bank like the forgiveness proceeds or will the organization be paid directly?

The SBA has not provided information on how and when it will reverse the EIDL advance deduction or otherwise reimburse the EIDL advance to borrowers who have already completed the forgiveness process or paid off the EIDL advance. Additional detail is due by law on or about January 11 (15 days from December 27). We'll only know more on this issue once the SBA issues further information. Wintrust stands ready to do our part in whatever process the SBA may lay out to facilitate required EIDL advance deduction reversals or reimbursements.

What organizations can apply for the new round of PPP?

Small businesses, some nonprofit organizations (now including certain 501(c)(6) organizations), self-employed workers, and independent contractors are among those eligible. Most existing PPP borrowers may apply for a second loan, provided they have 300 or fewer employees and can demonstrate they experienced a 25% reduction in gross receipts during a quarter in 2020 compared with the same quarter in 2019 (with special rules for seasonal employers and new companies). First-time PPP borrowers largely will be subject to the program's original eligibility rules. The original PPP program was generally open to businesses with up to 500 employees (or that otherwise qualified based on SBA's alternative size standards), and there was no requirement to demonstrate a revenue loss.

How much is a business eligible for?

The maximum for second-draw loans is \$2 million, less than the \$10 million cap for PPP's first round. Loan amounts will be based on an applicant's payroll, consistent with the program's original terms. Second-time PPP borrowers will generally be eligible to borrow an amount equal to 2½ times their average monthly payroll costs, up to \$2 million. A notable exception: Applicants in the accommodation and food services industries, based on an NAICS code beginning with 72, will be eligible for loans equal to 3½ times their average monthly payroll, up to \$2 million.

What are the forgiveness requirements?

Borrowers are still required to spend at least 60% of the funds on payroll to receive full forgiveness. The other 40% may be used on eligible costs. As before, these costs include certain mortgage expenses, rent, and utility payments. The bill expands forgivable expenses to include expenditures for group life, dental, disability, and vision insurance; personal protective equipment and other gear to protect workers; certain supplier costs; operations expenditures for certain business software and cloud computing services; and property damage costs due to public disturbances during 2020.

Borrowers remain responsible for any amount not forgiven by the SBA.

Importantly, the legislation also clarifies that businesses that received PPP loans may take tax deductions for the expenses covered by forgiven loans. In making the decision to apply for this latest round of PPP and subsequent decisions related to a PPP loan or related tax filings, organizations should consult with their legal, tax, accounting, or financial advisors, as necessary.

What about minority-owned businesses or LMIs?

Wintrust and its charter banks have and will continue to make serving these clients a priority. The new law allocates \$15 billion each to community lenders and small depository lenders to issue loans. Lawmakers have said community lenders, such as community development financial institutions, are a key pipeline for PPP loans in minority and rural communities as well as businesses that may not have ties to traditional lenders. The bill also earmarks a portion of the PPP funding for both first- and second-time borrowers with 10 or fewer employees and loans of less than \$250,000 in low-income areas. We await more specific information from the SBA on how these priorities will be addressed in the program guidelines.

Anything else to know?

The law provides a simplified forgiveness process for PPP loans under \$150,000 for this round of loans. These borrowers will need to complete a one-page certification attesting they complied with program requirements, along with providing other information. Previously, the SBA and the Treasury issued a two-page forgiveness form meant to simplify the process for borrowers with loans of up to \$50,000. We should know more details when the SBA issues the new forms and guidelines on or about January 6.

What other forms of small business aid are available?

The legislation provides \$15 billion for the SBA to make grants to hard-hit live venue operators, such as theaters and live performing arts organizations. It's important to note that organizations can receive either a "Shuttered Venue Operator Grant" or a PPP loan, but cannot receive both. The legislation also provides \$20 billion for advance grants for applicants to the SBA's Economic-Injury Disaster Loan (EIDL) program.

Finally, the bill extends a provision that pays the principal and interest on behalf of borrowers that have certain SBA loans, such as 7(a) loans. It provides support for the 7(a) program by increasing the amount of the SBA's guarantee for lenders. Additionally, the SBA is waiving certain of their borrower fees (including SBA's guarantee and annual fees) on SBA 7(a) loans until September 30, 2021.