

In an effort to keep you informed, please see the attached and following information from Wintrust Community Bank regarding the Coronavirus Aid, Relief and Economy Security Act. Please contact your bank for their guidelines.

Below are some highlights that are subject to change as more information is released:

1. Current Wintrust Community Bank customers **WILL COME FIRST**. So long as your main relationship is with a Wintrust Bank, rest assured we will process your request timely. Your main contact should be your Relationship Manager.
2. Businesses can simultaneously use **both** the Disaster Relief loan (EIDL direct application with the SBA) and the CARES loan (application through a Bank to the SBA) so long as the **purpose of the loan proceeds are different**.
3. Due to the volume of applications expected, Wintrust will be limiting loan amounts to the forgivable portion only (payroll, mortgage interest, rent, utilities, and interest on other debt obligations). This will allow us to help as many businesses as possible.
4. Maximum loan amount will be equal to 2.5x of the average monthly payroll (including compensation < \$100k to US based employees [or commissions or similar compensations], health ins. premiums, state/local taxes assessed on compensation)
5. All payment obligations must have been in existence prior to 02/15/2020.
6. Companies must not exceed 500 employees (including all affiliates, subsidiaries and common ownership businesses).
7. Non-Profit businesses **ARE ELIGIBLE TO APPLY**.
8. Payments on these loans can be deferred for up to 12 months.
9. Original signatures will be required on the application documents (not yet released from SBA yet).

Items the Bank will need to verify – so begin compiling documents that can be used as verification:

1. Number of employees as of 2/15/2020.
2. Payments on mortgage obligations, lease obligations and utilities
 - a. Lease Agreements (for your space)
 - b. Loan Documents for the Mortgage of your building if owned (as a Wintrust loan customer, we have this information)
 - c. Mortgage Loan Statements reflecting amount of principal and interest paid (as a Wintrust loan customer, we have this information)
3. Certification from a representative of the business or organization who is authorized to certify that the document provided is true and correct and that the amount being forgiven was used in accordance with the program's guidelines for use.
4. Payroll information from 2019 and projected May 2020 and June 2020 (more guidance to come on acceptable formats)
5. Utility bills for 2019 to present (electric, gas, water, transportation, telephone, internet)
6. Interim YTD 2020 financial statements (including balance sheet and income statement)
7. Full year 2019 balance sheet and income statement (tax return acceptable if already filed)
8. Last 3 years of business tax returns (2018, 2017, 2016)

9. Proof of liability insurance

10. Up to date Organizational Documents

- a. Bylaws (for a Corporation); Operating Agreement (for an LLC)
- b. Articles of Incorporation (for a Corporation); Articles of Organization (for an LLC)
- c. As a Wintrust client, we should already have these items for the deposit account(s) or loans – but ensure you have a copy available if we do not have these on file.

Example of a sample loan:

- If one (1) month of payroll = \$100,000 (includes related expenses as indicated above)
- Multiply that by 2.5x
- **Result is \$250,000 which is the maximum loan amount for this example**
- Again, the loan amount can be used for payroll, payment of mortgage interest, payment of rent, payment of utilities
 - Loan is forgivable if:
 - Two (2) months (8 weeks) of payroll (including related expenses as indicated above) plus the combination of rent expense and/or mortgage interest paid plus utilities add up to \$50,000 or more for a total of \$250,000 or greater.
 - What if the other “non-payroll expense items included above” only add up to \$10,000 instead of \$50,000? In other words, payroll + \$10,000 of “non-payroll expenses included above” is \$210,000 instead of \$250,000?
 - The \$210,000 would be forgiven. You as the business could have a \$40,000 payment-free loan for 12 months and then the Bank would require monthly payments to fully payoff that balance over the next 24 months (so 36 months in total to repay from when loan granted). Same would apply should the actual 8-week payroll turn out to be lower than originally underwritten.

There will be additional communications to follow and likely additional information will be needed. The SBA has until April 10, 2020 to fully release the requirements for the loans, so patience is needed.

Economic Injury Disaster Loan SBA application – The application process is currently open but the system is very slow.

The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state’s or territory’s Governor, the SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available statewide to small businesses and private, nonprofit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19). This will apply to current and future disaster assistance declarations related to Coronavirus.
- The SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
Once a declaration is made, the information on the application process for Economic Injury Disaster Loan assistance will be made available to affected small businesses within the state.
- The SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- The SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
The SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.
For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.
- To Apply visit <https://covid19relief.sba.gov/>.

In addition there are several other programs that are industry and city/county & state specific becoming available, so reach out to your chamber of commerce and/or municipality for your area as there will be more programs becoming available as we persevere through this pandemic.

Compile all of the documents for the dates listed that will be needed for the loan application for the CARES Act loan so that as soon as the application process begins, you have the information readily available.

Please contact your bank for additional information.

Prepared by the **U.S. CHAMBER OF COMMERCE**

CORONAVIRUS EMERGENCY LOANS

Small Business Guide and Checklist



The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the Paycheck Protection Program, the initiative provides 100% federally guaranteed loans to small businesses.

Importantly, these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

The administration soon will release more details including the list of lenders offering loans under the program. In the meantime, the U.S. Chamber of Commerce has issued this guide to help small businesses and self-employed individuals prepare to file for a loan.

Here are the questions you may be asking—and what you need to know.

1

Am I ELIGIBLE?

You are eligible if you are:

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA's size standard
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

In addition, some special rules may make you eligible:

- If you are in the accommodation and food services sector (NAICS 72), the 500-employee rule is applied on a per physical location basis
- If you are operating as a franchise or receive financial assistance from an approved Small Business Investment Company the normal affiliation rules do not apply

REMEMBER: The 500-employee threshold includes all employees: full-time, part-time, and any other status.

2

What will lenders be LOOKING FOR?

In evaluating eligibility, lenders are directed to consider whether the borrower was in operation before February 15, 2020 and had employees for whom they paid salaries and payroll taxes or paid independent contractors.

Lenders will also ask you for a good faith certification that:

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan)

If you are an independent contractor, sole proprietor, or self-employed individual, lenders will also be looking for certain documents (final requirements will be announced by the government) such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship.



What lenders will NOT LOOK FOR

- That the borrower sought and was unable to obtain credit elsewhere.
- A personal guarantee is not required for the loan.
- No collateral is required for the loan.

3

How much can I BORROW?

Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed **\$10 million**.



How do I calculate my average monthly PAYROLL COSTS?



sum of
INCLUDED
payroll costs

-

sum of
EXCLUDED
payroll costs

=

**PAYROLL
COSTS**

INCLUDED Payroll Cost:

- 1. For Employers:** The sum of payments of any compensation with respect to employees that is a:
 - salary, wage, commission, or similar compensation;
 - payment of cash tip or equivalent;
 - payment for vacation, parental, family, medical, or sick leave
 - allowance for dismissal or separation
 - payment required for the provisions of group health care benefits, including insurance premiums
 - payment of any retirement benefit
 - payment of state or local tax assessed on the compensation of the employee
- 2. For Sole Proprietors, Independent Contractors, and Self-Employed Individuals:** The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

EXCLUDED Payroll Cost:

1. Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
2. Payroll taxes, railroad retirement taxes, and income taxes
3. Any compensation of an employee whose principal place of residence is outside of the United States
4. Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

NON SEASONAL EMPLOYERS:

Maximum loan =

2.5 X Average total monthly payroll costs incurred during the year prior to the loan date

For businesses not operational in 2019:

2.5 X Average total monthly payroll costs incurred for January and February 2020

SEASONAL EMPLOYERS:

Maximum loan =

2.5 X Average total monthly payments for payroll costs for the 12-week period beginning February 15, 2019 or March 1, 2019 (decided by the loan recipient) and ending June 30, 2019

4

Will this loan be FORGIVEN?

Borrowers are eligible to have their loans forgiven.

How Much?

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees

The loan forgiveness cannot exceed the principal.

How could the forgiveness be reduced?

The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. Specifically:

Reduction based on reduction of number of employees



PAYROLL COST
Calculated on page 2

X

Average Number of Full-Time Equivalent Employees (FTEs) Per Month for the 8-Weeks Beginning on Loan Origination

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Option 1:

Average number of FTEs per month from February 15, 2019 to June 30, 2019

Option 2:

Average number of FTEs per month from January 1, 2020 to February 29, 2020

For Seasonal Employers:

Average number of FTEs per month from February 15, 2019 to June 30, 2019

Reduction based on reduction in salaries



PAYROLL COST
Calculated on page 2

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For any employee who did not earn during any pay period in 2019 wages at an annualized rate more than \$100,000, the amount of any reduction in wages that is greater than 25% compared to their most recent full quarter.

What if I bring back employees or restore wages?

Reductions in employment or wages that occur during the period beginning on February 15, 2020, and ending 30 days after enactment of the CARES Act, (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness **IF** by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.

WHAT'S NEXT?

Look out for more information about eligible lenders and additional guidance from the SBA soon.

For more guidance and resources for small businesses, visit uschamber.com/co

Late last week, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act. This \$2 trillion relief package covered a number of areas, with \$350 billion specifically set aside to help businesses like yours.

The United States Small Business Administration (SBA) has not yet published guidance or established the process for businesses to apply for loans or relief. While we are waiting for specific guidance from the SBA, we want to make sure you have the information we know at this time so you can begin your path forward. *Please keep in mind that these are general guidelines and subject to final rule-making and eligibility requirements from the SBA.*

WHAT WE KNOW SO FAR

- To qualify, companies and nonprofits must have fewer than 500 total employees, including all affiliates, subsidiaries and companies under common ownership. Certain exceptions apply for small businesses in the food service sector, franchises and SBIC-financed businesses.
- You can apply for both an Economic Injury Disaster Loan (through the SBA) and a Payroll Protection Program Loan, but there may be no duplication in the use of funds.
- The maximum loan amount is 2.5 times your monthly payroll, up to \$10 million, with a maximum interest rate of 4%.
- A portion of the loan can be forgiven. Subject to certain restrictions, the portion of the loan eligible for forgiveness can include payments made during an eight-week period following your loan funding (the eight weeks cannot go beyond June 30, 2020) for the following: payroll and benefits, interest payments on mortgages, rent payments, health insurance, and utility payments.
- These will be unsecured loans that do not require personal guarantees.
- You may be able to defer payments up to 12 months.

WHAT YOU CAN DO NOW

- **DO NOT FILL OUT ANY FORMS YET. THE SBA HAS NOT YET PROVIDED THE APPLICATION PROCESS.**
- Identify and compile records for those expenses that can be covered by the program.
- If you've already had to reduce your workforce due to COVID-19, determine if you would like to rehire them. They will be covered.
- Collect the documentation you typically need for a loan application:
 - ◇ **Financial statements** – Interim 2020 income statement and balance sheet and full year 2019 income statement and balance sheet
 - ◇ **Tax Returns** – last three (3) years of federal returns for business
 - ◇ **2019 payroll information**
 - ◇ **Current organizational documents** – Bylaws, articles and operating agreements
 - ◇ **General liability insurance information**
 - ◇ Current **building lease & any amendments**
- Watch for updates from your banker. The SBA will provide processes and forms as this week progresses.

[CLICK HERE](#) to visit our resource center with the additional available options for businesses in one place. It will be updated regularly as we gather more and get more information about the SBA programs and how they will work.

We know many of you have never had to apply for an SBA loan, and the process may seem daunting under the current circumstances. As one of the top SBA lenders in the area, we are here and uniquely qualified to help you and your business navigate this process.

Your financial security, both during and after this crisis, is a top priority for us. We have dedicated our experts and resources from around our network to help you. We know you need answers, and we are going to do our very best to get them for you and work with you through this process.

Please do not hesitate to call us if you have any questions.