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Here's how some community banks are preparing for the next round of PPP

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Several community banks in North Texas are preparing for the second round of stimulus — and some said clients could have a better experience with locally based institutions in the Payment Protection Program.

Leaders at [Vista Bank](#) and [Texas Security Bank](#) said it's all hands on deck as they iron out technology solutions and workflow among employees so they're ready when the renewed PPP opens applications. Marcus Williams, senior vice president of lending and PPP director at Vista, said as a community bank, he thinks his institution is accountable for providing for the businesses around it.

"I feel like we, as a community bank, we build more of an obligation to the communities we serve," Williams said. "We're involved in the communities we shop at these businesses. We feel like a part of the fabric and feel like we

need to be able to deliver and help these businesses that we live with.”

The \$900 billion stimulus bill, signed into law at the end of December to provide relief from the effects of the COVID-19 pandemic, includes \$285 billion to renew PPP, only about half of the original amount designated for the program last summer.

The government hasn’t specifically stated when most eligible businesses will be able to begin applying, though the regulations for which will be accepted are more stringent. Additionally, the time frame for businesses to apply is compacted from last summer’s months-long program. Last summer, small banks approved 45 percent of all PPP loans nationwide, according to the Houston Business Journal.

Craig Scheef, founder, chairman and CEO of Texas Security Bank, said his bank was working to help local businesses stay afloat prior to the original creation of PPP last spring. The program highlighted the primary function of community banks — elevating the community.

He said 46 percent of the PPP loans that his bank did were for new customers, which he said was partly due to those business owners being unable to secure loans with larger banks.

“(PPP) really accentuates the need for community banks,” Scheef said. “Community banks are designed to basically go into an economic area that they’re responsible for, and really provide leverage to the success of those businesses. So they know their market really well.”

Williams of Vista Bank said it’s possible there will be more new customers at Vista on this round of loans because there could be business owners who didn’t have a positive experience with a larger bank while trying to work out a loan last summer, and will now look to a community bank.

Vista Bank completed more than \$88 million of PPP loans in North Texas, per Small Business Administration data, and Williams said it's tough to anticipate how many applicants the bank is expecting for this round, but is working on over-preparing. He said it's all hands on deck, and that everyone in the bank needs to know about the program and know Vista's plan.

Texas Security Bank did more than \$221 million of PPP loans in North Texas, SBA data showed, while its equity capital in the bank is about \$70 million, Scheef said. He added it felt like Texas Security Bank was "born for the situation," in regard to the loan program, because the folks working there see their roles as being a resource for local business owners.

Scheef added he expects the amount of applicants for this upcoming round of loans will drop off to about 20 to 25 percent of prior applicants for Texas Security Bank.

The program last summer ended up providing \$12.8 billion to businesses across 13 counties in North Texas. This time, the bank leaders said they're better equipped to handle the challenges PPP could produce.

Scheef said Texas Security Bank is currently working on optimizing workflow to avoid bottlenecks, which involved re-engineering the bank's typical loan operation from a linear process to four separate teams simultaneously handling different aspects of PPP. Williams said that Vista introduced several new technology solutions to help accommodate the program last summer, which are still useful, but the shorter application window for the renewed PPP forces the bank to handle more applications quicker.

Williams said with Vista, and likely most community banks, every employee will play a role in the program because there aren't spare people for extra projects. At Texas Security Bank, a large majority of the workforce was involved in the program, Scheef said.

Both bank leaders emphasized their institutions were committed to providing the loans to local businesses in need.

“It gave us a lot of pride to be able to help these businesses in our communities and I genuinely think that people are excited for that opportunity again,” Williams said.

Catherine Leffert

Staff Writer

Dallas Business Journal

