

April 2, 2020

Payroll Protection Program (PPP) is a SBA 7A Loan product that may be forgivable under the right conditions. The information below was taken from a lender application instruction sheet.

Below are the minimum documentation requirements plus Q&A for the PPP loan are:

Borrower

- SBA Loan Application
- Payroll Information as of last 12 months

a. W-2 or W-3 and any 1099 Misc issued for all employees

b. Detailed List of all Employees with

- annual compensation including salary, commissions, cash tips, payment for vacation, parental, family, medical or sick leaves, and any severance payment,
- payment required for group health benefits, payment for retirement benefits, and payment for State and/or Local payroll tax
- EXCLUDING payment of Compensation of any individual employee in excess of an annual salary of \$100,000, Certain Federal Taxes withheld under payroll taxes (Ch. 21, 22 & 24 of IRS Code of 1986), Any compensation of any employee residing outside of US & Qualified Sick leaves/ Family Leaves under Families First Coronavirus Response Act

Sole Proprietor, Independent Contractors and Eligible Self-Employed Individuals

- Evidence of Payroll Taxes filings reported to IRS, and Form 1099-Misc
- Income and Expenses Report as of

Hospitality AND Restaurant

- If the borrower has multiple locations, provide Payroll information on all locations

SBA Required Documents

- SBA Form 1919 – Section I For Business information and Section II for all shareholders/owners (All 100 % of ownership must be filled out. If not, this can delay the loan request to SBA).

Misc Documents

- Copy of Driver's License for all signer
- Borrower's Entity Documents – Articles of Incorporation, Articles of Organization, Partnership Agreement, or Trust Documents, By-laws, Operating Agreement, Fictitious Name Statement, Business License (whichever is applicable).
- Franchise Documents – Executed copy of Franchise Agreement.

Do I need to first look for other funds before applying to this program? No. The SBA is waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., waiving the Credit Elsewhere requirement).

How long will this program last? Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and we need time to process your loan.

How many loans can I take out under this program? Only one.

What can I use these loans for? You should use the proceeds for the following:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs? Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

How large can my loan be? Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

How much of my loan will be forgiven? You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

How can I request loan forgiveness? The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. We will make a decision on the forgiveness within 60 days.

What is my interest rate? 0.50% fixed rate.

When do I need to start paying interest on my loan? All payments are deferred for 6 months; however, interest will continue to accrue over this period.

When is my loan due? In 2 years.

Can I pay my loan earlier than 2 years? Yes. There are no prepayment penalties or fees.

Do I need to pledge any collateral for these loans? No collateral is required.

Do I need to personally guarantee this loan? No. There is no personal guarantee requirement. ***However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.***

What do I need to certify? As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.