

Paycheck Protection Program Summary (Part of CARES Act)

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| Eligible Businesses | <ul style="list-style-type: none"> • Small businesses, 501(c)(3) nonprofits, Tribal business concerns, and 501(c)(19) veteran's organizations. • Have less than 500 employees or the applicable size standard for the industry as provided by the SBA, if higher. • Sole proprietors, self-employed individuals, or independent contractors eligible. • Were in business on 2/15/2020. |
| Loan Amount | <p>The lesser of:</p> <ul style="list-style-type: none"> • 2.5x the average <u>monthly</u> Payroll Costs during the one-year period immediately preceding the date on which the loan is made, <i>or</i> • \$10 million. |
| Allowable Uses of Funds | <p>The following costs of the <u>borrower</u>:</p> <ul style="list-style-type: none"> • Payroll Costs, including health care benefits (paid sick or medical leave, insurance premiums) • Mortgage interest payments on loans that were outstanding prior to 2/15/2020 • Rent paid • Utility payments. |
| Interest Rate | SBA website says .50% for the life of the loan. |
| Fees | None |
| Prepayment | Allowed in part or in full at any time without penalty. |
| Repayment | No payments of principal or interest for the first 6 months after the loan is closed. |
| Maturity | 2 years. |
| Collateral | Unsecured |
| Guaranties/Recourse | No personal guaranties or recourse unless proceeds are used for a purpose not authorized under the program. |
| Application Certifications | <ul style="list-style-type: none"> • Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make required payments for Allowable Uses. • Borrower must also certify that they are not receiving this assistance and duplicative funds for the same uses from another SBA program. |
| Timing | Small businesses, nonprofits, tribal concerns, veterans organizations and sole proprietorships can begin applying 4/3/2020. Independent contractors and self employed individuals can begin applying 4/10/2020. |
| Application Process | Simple application process through a SBA approved lender. Village Bank is an active SBA approved lender. |



Source: Village Bank

Paycheck Protection Program Loan Forgiveness Opportunity

- Eligible for loan forgiveness in an amount up to the lesser of:
 - The loan amount, *or*
 - Sum of the costs incurred and payments made by the borrower on the following obligations during the 8-week period beginning on the funding date of the loan:
 - Payroll Costs
 - Payment of interest on mortgage obligations on mortgage debt that was in place prior to 2/15/2020,
 - Rent paid, *and*
 - Utility payments.
 - Non-payroll costs limited to 25% of the forgiveness amount.
- The forgiveness amount will be proportionally reduced if the average number FTEs during the 8-week period after the loan is funded is lower than prior periods.
- Borrower is not penalized if you rehire laid off employees. Rehiring is encouraged and rewarded.
- The forgiveness amount will be reduced for salary and wage cuts >25% for individual employees (excluding highly compensated).
- Borrowers applying for forgiveness will need to present documentation (cancelled checks, invoices, payroll tax receipts, etc.)
- Borrowers can apply for forgiveness after the 8-week covered period ends.
- Forgiveness of principal on PPP loans is not considered taxable income

**Why? Keep people on payrolls instead of unemployment and social welfare programs
Keep businesses poised to recover more quickly**

