

# COVID-19 SBA PAYCHECK PROTECTION PROGRAM (PPP)

## FREQUENTLY ASKED QUESTIONS



One Florida Bank is working to ensure that our clients receive timely updates regarding the actions of the Federal Government and the Small Business Administration in regards to Covid-19 and the CARES Act.

The Federal Government has dedicated more than \$350B in relief for small businesses throughout the U.S. Below is an update based on information provided to One Florida Bank by the U.S. Secretary of the Treasury, Steven Mnuchin, and the SBA regarding the Paycheck Protection Program (PPP).

If you intend to apply for a PPP loan, it is our recommendation to begin preparing financial statements and tax returns for the previous three (3) years, including all payroll records. At this point in the process financial institutions have very limited information and are awaiting direction from the SBA on how to process PPP loans. We encourage you to stay in contact with your One Florida relationship banker and we will update you as more information becomes available.



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### Intention of PPP:

- To keep people employed at the same level of income as before the COVID-19 outbreak.
- To allow companies to bring back employees that have been laid off or furloughed due to the outbreak.

### Eligibility:

- Businesses with ≤ 500 employees, including full-time and part-time employees
- Corporations, Partnerships, Sole Proprietorships, Independent Contractors, and certain Non-Profits are eligible
- Restaurants and hotels are eligible to apply the employee limitation to each location

### Loan Amounts and Terms:

- The lesser of \$10MM or average monthly payroll for one-year period ending on the loan date multiplied by 2.5%
- Payroll costs include salaries, wages, tips, retirement benefits, severance pay, state and local payroll taxes
- No personal guaranty
- Unsecured
- No prepayment fee
- No SBA fee
- Non-eligible salary/wages
  - Excess of an annualized salary > \$100M
  - Compensation of employee living outside United States

### Deferral:

- Complete payment deferral for 6 – 12 months
- Maturity date – up to 10 years after application of forgiveness amount
- Interest rate – 4%

### Loan Forgiveness:

- The intention is to forgive 100% of the loan if the proceeds are used as intended which is for the purpose of keeping people employed or bringing back employees that have been let go.
- To calculate the forgiveness amount, the following expenses will be aggregated for the period specified by SBA to include the following costs incurred from that date through 8 weeks:
  - Payroll
  - Rent
  - Utility payments
  - Mortgage interest
  - Interest on personal property loans
- SBA will reimburse Lender the forgiven amount + accrued interest within 90 days of determination of forgiveness amount.
- Forgiven amount could be reduced based on the substantiations of proper qualified expenses
- Forgiven amount will not be considered income to borrower and will not be taxable

