

CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT

This Act allocated **\$350 billion** to help small businesses keep workers employed amid the pandemic and resulting economic downturn.

Known as the **Paycheck Protection Program** this initiative provides 100% federally guaranteed loans to small businesses who maintain their payroll during this national emergency.

Of utmost importance is that these loans may be forgiven if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

FAQ:

Am I Eligible?

You are eligible if you are:

- * A small business with fewer than 500 employees
- * A small business that otherwise meets with SBA's size standard
 - * A 501(c)(3) with fewer than 500 employees
 - * An individual who operates as a sole proprietor or 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)(9) Veterans Organization that meets SBA size standard

Additionally, 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.

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 good faith certification that:

- * The uncertainties of current economic conditions make the loan request necessary to support ongoing operations.
- * The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease and utility payments.
 - * Borrower does not have an application pending for any other loan for the purposes and amounts applied for here.
 - * From February 15, 2020 to December 31, 2020, the borrower has not received a loan duplicating the purposes and amounts applied for here. (Note: there is an opportunity to fold emergency loans made between January 31, 2020 and the date of 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 Will Lenders Not Be Looking 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.

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. You calculate your average monthly costs by taking the sum of **INCLUDED** payroll costs and subtracting the sum of **EXCLUDED** payroll costs.

Included Payroll Cost:

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 group health benefits;
 - * payment of any retirement benefit;
- * payment of state or local taxes assessed on employee compensations.

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 is no more than \$1000,000 in one year, as pro-rated for the covered period.

Excluded Payroll Cost:

- * compensation of an individual employee in excess of an annual salary of \$100,000 as prorated for the period Feb.15 to June 30, 2020.
- * payroll taxes, railroad retirement taxes and income taxes.
- * any compensation of an employee whose principal place of residence is outside the United States.
- * 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 leave wages for which a credit is allowed under section 7003 of the FFCRA.

Will This Loan Be Forgiven?

Borrowers are 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 same definition of payroll costs used to determine eligibility).
- * Interest on the mortgage obligation incurred in the ordinary course of business.

- * Rent on a leasing agreement.
- * Payments on utilities.
- * For borrowers with tipped employees, additional wages paid to those employees.
- * 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

The loan forgiveness cannot exceed the principal.

What If I Bring Back Employees or Restore Wages?

Reductions in employment or wages that occur during the period beginning 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?

Contact Your Local Bank:



my100bank.com

A Home BancShares Company

Jack Thorley

VP Commercial Loan Officer

Tel 305.676.3017

[**jthorley@my100bank.com**](mailto:jthorley@my100bank.com)

[**my100bank.com**](http://my100bank.com)



William S. Doxey
Vice President Commercial Manager
OFFICE 305-451-5733; **MOBILE** 786-368-9577

wdoxey@centerstatebank.com
CenterStateBank.com

Bette J. Brown
Area Executive - Dade/Monroe
OFFICE 305-245-2211; **MOBILE** 305-394-5852

bbrown@centerstatebank.com
CenterStateBank.com



Richard Engel
305-664-4483
richard.engel@capitalbank-us.com
www.firsthorizon.com



Lori Bailey

VP/Market Lending Leader

(O) 305-809-5510 Cell 305-504-3779

lorib@keybank.com

keybank.com

Available at SBA-approved banks with more banks and non-traditional lenders being approved quickly

Informational Video with FAQ:

<https://www.youtube.com/watch?v=mzpfGsjd2kE>

Stay Calm .. Stay Informed .. Stay Well