



BOK FINANCIAL®

PAYCHECK PROTECTION PROGRAM

IS MY BUSINESS ELIGIBLE TO APPLY?

Quick eligibility test:

- Your business has \leq 500 employees (full-time, part-time or other basis)
- Your business was in operation as of February 15th, 2020
- You do not have a loan application pending with the SBA for an Economic Injury Disaster Loan for purposes of paying payroll, rent, mortgage or utility expenses
- You have not received an Economic Injury Disaster Loan after February 15th, 2020 that is duplicative in amount or usage, except that such loan may be refinanced as a PPP loan

If you can attest to the affirmative on the above four items, your business is eligible to apply*

Additional Considerations:

- Sole proprietors, independent contractors and other self-employed individuals are eligible to apply
- Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations with fewer than 500 employees will also be eligible for the program. Nonprofit organizations are subject to SBA's affiliation standards.
- SBA affiliation standards regarding commonly controlled entities apply for businesses not under North American Industry Classification System ("NAICS") code 72

My business employs > 500 employees, what options are available to me?

- Businesses that are assigned a NAICS code 72 are eligible so long as they do not employ > 500 employees per physical location
 - o Major industries under this code include (but not limited to)
 - Hotels
 - Restaurants
 - Bars
- Franchises may be eligible to apply if the individual Franchisee employs \leq 500 employees (or \leq 500 per physical location if they fall under NAICS code 72)
- Additional industries may be eligible if they have > 500 employees, per SBAs Size Standard Chart which may be found at <https://www.sba.gov/size-standards/>; such as but not limited to:
 - Mining
 - Oil and gas extraction
 - Manufacturing
 - Publishing
 - Textile mills
 - Transportation

***Subject to final regulations forthcoming from the United States Small Business Administration**



Which SBA Loan Program is Right for My Business?

Loan Name	Economic Injury Disaster Loan	Paycheck Protection Program
Who lends the money?	You interact directly with the SBA	You interact directly with your primary banking institution
Where do I apply?	www.sba.gov or via mail in application	Directly with your bank once SBA makes the application available
Who is eligible?	Businesses with < 500 employees and businesses with > 500 employees in certain instances	Businesses with < 500 employees and businesses with > 500 employees in certain instances
What does the loan cover?	Operating expenses over the next 6 months	Payroll, mortgage, rent, utilities and other interest expenses
What is the maximum loan amount?	\$2,000,000	Lesser of 2.5 x average monthly payroll costs or \$10,000,000
Does it require personal guaranties?	Yes	No
Does it require collateral?	Yes for loan > \$25,000	No
What is the initial repayment terms?	No payments through the first 12 months	No payments up to first 12 months
What are the repayment terms after initial period?	Up to 30-year term loan	Up to 10-year term loan
What is the interest rate during the term out period?	3.75% for for-profits, 2.75% for non-profits	4%
Is the loan forgivable?	No	Yes if used for payment of payroll, mortgage interest, rent and utility expenses during the 8-week period after origination
Does the loan have a prepayment penalty?	No	No
What is the estimated time from application to receiving loan funds?	3 - 4 weeks	1 - 2 weeks
Are there any fees?	Minimal recording fee	No
Is this loan part of the CARES Stimulus Package?	No	Yes
How much is allocated nationally towards this loan program?	\$50 billion	\$350 billion
Who should apply?	Businesses that don't have an immediate need for a cash infusion but anticipate needing a source of low cost funding to handle operating expenses during the downturn and additional support to help the business coming out of the downturn	Businesses that need an immediate cash infusion to help keep employees on the payroll and businesses that may need additional support paying mortgages, rent and utilities through June 30, 2020

Note that this chart does not detail the terms on the \$10K EIDL Grant under the CARES Act.

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HOW DO I CALCULATE THE AMOUNT OF MY PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN FORGIVENESS?

A borrower of a PPP loan is eligible for forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination:

- Payroll costs including tipped employees
- Interest on mortgage obligations of the business in place before Feb 15th, 2020
- Rent on a leasing agreement in force before February 15th, 2020
- Payments on utilities (electricity, gas, water, transportation, telephone or internet) for which services began before February 15th, 2020

Reduction in PPP loan forgiveness

- The amount of forgiveness of the PPP Loan is reduced if there is a reduction in (a) employee workforce or (b) reduction of salary of employees making less than \$100K on an annualized basis by more than 25%.
 - If the average monthly full-time equivalent employees of the borrower during the 8-week period from the date of the PPP loan origination is less than the average monthly full-time employees of the borrower during, at the election of the borrower, (i) the period from February 15, 2019 to June 30, 2019, or (ii) the period beginning on January 1, 2020 and ending on February 29, 2020, then the amount of PPP loan forgiveness is reduced by a percentage equal to 100% minus (x) the average monthly full-time equivalent employees of the borrower during the 8-week period from the date of PPP loan origination divided by (y) the number of average monthly full-time equivalent employees under “(i)” or “(ii)” as applicable. CARES Act Section 1106(d)(2). Note that there are alternative calculations for seasonal employers.
 - If the borrower reduces the total salary or wages of any employee with wages or salary during any period in 2019 with annualized salary of less than \$100K by more than 25%, then the amount of forgiveness of the PPP loan will be reduced by the amount of the salary reduction in excess of 25%. CARES Act Section 1106(d)(3).

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HOW WILL THE PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN AMOUNT BE CALCULATED? *

Step 1 – Calculate your eligible payroll costs:

- Combine the following figures from the one-year period prior to the date of application for the PPP
 - o Salary, wage, commission or similar commissions
 - o Payments of cash tips of equivalent
 - o Payment for vacation, parental, family, medical or sick leave
 - o Allowance for dismissal or separation
 - o Payments required for the provisions of group health care benefits, including insurance premiums
 - o Payment of any retirement benefit
 - o Payment of State or local tax assess on the compensation of employees
 - o Sum of any payments to an independent contractor that is not more than \$100,000
- Subtract out the following figures from the one-year period prior to the application
 - o Any amount of compensation above \$100,000 to one single employee
 - o Compensation to an employee whose principal place of residence is outside of the US
 - o Sick leave or family leave already covered under Families First Coronavirus Response Act
- Note that alternative calculations apply for seasonal businesses

Step 2 - Take the sum of the above calculation, average it out on a monthly basis, and multiply the average monthly eligible payroll amount by 2.5x and take the lesser of

- The above sum or;
- \$10,000,000

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