1. **Who is eligible?**

   You are eligible if you are:
   - A small businesses with fewer than 500 employees
   - A small businesses that was in operation before February 15, 2020.
   - A small businesses that had employees on, or before, February 15, 2020.

2. **What amount am I eligible For?**

   Loans can be up to 2.5x the borrower’s average monthly payroll costs, not to exceed $10 million

   **How do I calculate my average monthly PAYROLL COSTS?**

   \[
   \text{sum of INCLUDED payroll costs} - \text{sum of EXCLUDED payroll costs} = \text{PAYROLL COSTS}
   \]

   **INCLUDED**
   - Salary, wage, commission, or similar compensation;
   - Payment of cash tip or equivalent;
   - Payment for vacation, parental, family, medical, or sick leave;
   - Severence payment;
   - Group health benefit payment;
   - Retirement benefits;
   - Payment of State or local tax assessed on compensation.

   **EXCLUDED**
   - Compensation to an individual employee in excess of an annual salary of $100,000;
   - FICA, FUTA, and wage taxes;
   - Leave payments under the Families First Coronavirus Response Act.

3. **What can the proceeds be used for?**

   Loan funds can be used to cover:
   - payroll costs
   - employee salaries/commissions
   - health benefits
   - rent
   - utilities
   - payments of mortgage interest

   75% of loan proceeds must be used for payroll costs to be considered for forgiveness.
4 What documents will my lender need?

- SBA Paycheck Protection Program Application
- Two Corporate Documents (ex: Articles of Incorporation & Operating Agreement).
- Calculation of average monthly payroll and supporting documents. (see next page)

5 Do I need collateral and is there a personal guarantee?

No, you will not need collateral and there is no personal guarantee.

6 What will my interest rate be?

Your interest rate will be 1%

7 What is the deferment period?

Your loan will be deferred for up to 6 months.

8 Will this loan be forgiven?

Forgiveness is available of up to 100% of the principal balance.

How much can be forgiven?

The amount equal to the sum of the following costs incurred and payments made by the borrower during the Covered Period: payroll costs, payments of interest on any mortgage obligation (no principal or prepayments), rent, and utilities. The amount forgiven is also subject to reduction if the borrower has recently reduced its employee headcount and does not rehire them.

How do I become eligible for loan forgiveness?

The borrower will need to apply for forgiveness after the deferment period has ended.
Payroll Calculations

Under the PPP, the maximum loan amount is the lesser of $10 million or an amount that you will calculate using a payroll-based formula specified in the Act. It is the borrower’s responsibility to calculate and support the requested loan amount.

How is this calculated?

Step 1: Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of $100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of $100,000 per year.

Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).

Example:

- Some employees make more than $100,000
- Annual payroll: $1,500,000
- Subtract compensation amounts in excess of an annual salary of $100,000: $1,200,000
- Average monthly qualifying payroll: $100,000
- Multiply by 2.5 = $250,000
- Maximum loan amount is $250,000

How do I support my payroll calculation?

SBA guidance suggests providing one or more of these documents:

- Payroll Processing Records
- Form 1099-Misc
- Payroll Tax Filings
- Income and Expenses from a Sole Proprietorship

Visit www.mybrb.com/sba for more information, or to apply!