

FREQUENTLY ASKED QUESTIONS CARES ACT'S PAYCHECK PROTECTION PROGRAM (PPP)

Question: What is the Paycheck Protection Program (PPP)?

Answer: The Paycheck Protection Program provides 100% federally guaranteed loans to small businesses. It is part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn.

The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy to snap-back quicker after the crisis.

Question: What is the role of the Small Business Administration (SBA)?

Answer: The SBA is the federal organization that will administer the program on behalf of the federal government. Their activities will include dissemination of information and working with the banks that will be the lenders of the loans.

Question: What is the role of the banks?

Answer: The SBA approved banks will be providing the loans for the PPP to the small businesses and work directly with these small business in applying and lending the money.

Question: What is the role of the small business?

Answer: Small Businesses should begin organizing their documentation needed for this program (see below). It is strongly suggested the small business reaches out to their bank and their banking relationship manager to begin discussing this program and understanding what the small business needs to provide the bank to apply and receive the loan.

Eligible applicants can apply for the PPP loan until June 30, 2020.

Question: What small businesses and organizations are eligible for the PPP loan?

Answer: A variety of small businesses and organizations are eligible, as well as independent contractors and sole proprietors:

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA's size standard
- A 501(c)(3) with fewer than 500 employees
- •An individual who operates as a sole proprietor
- An individual who operates 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)(19) Veterans Organization that meets the SBA size standard
- 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

Please note that employees include full-time, part-time and any other status.

Question: What will the bank ask when applying for the PPP loan?

Answer: Unlike traditional and alternative financing, this program is intended to provide financial relieve as quickly as possible. Therefore, 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.

In addition, banks will also ask companies for a good faith certification that provides the following information:

- The uncertainty of current economic conditions makes 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 a loan duplicative of the purpose and amounts applied for in the PPP loan
- From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan)

Question: How do I know if my bank is an SBA preferred lender and if not, which banks are?

Answer: The SBA has a list of SBA preferred lenders through their Lender Match tool on their website. A full list of lenders in Florida can be found at the end of this document.

Question: What payroll components can I pay with the PPP loan?

Answer: These are the payroll items that can be covered by the PPP loan:

- Compensation (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 the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

Question: What other cost can I pay with the PPP loan?

Answer: In addition to covering the payroll of the employees, the loan can be used for:

- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

Question: What is not eligible for to be covered by the PPP loan?

Answer: There are several business expenses that cannot be covered by the PPP loan:

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code

- Compensation of employees whose principal place of residence is outside of the U.S
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

Question: How do I know how much I can borrow under the PPP loan program?

Answer: The amount of each loan is limited to the lesser of (a) \$10 million or (b) the borrower's average total monthly "payroll costs" for the 1-year period ending on the date the loan is made multiplied by 2.5, plus any refinanced SBA economic injury disaster loan obtained after January 31, 2020.

Payroll Cost include:

- 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 the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee

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 that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

Please note that payments to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

Question: Do I include federal taxes when determining my payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For

example, an employee who earned \$4,000 per month in gross wages, from which \$500 in federal taxes was withheld, would count as \$4,000 in payroll costs. The employee would receive \$3,500, and \$500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the \$4,000 in wages are excluded from payroll costs.

Question: Will my bank calculate the loan amount based on the guidelines from the SBA?

Answer: Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs.

If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.

Question: The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
- payment of state and local taxes assessed on compensation of employees.

Question: Do I need to put up collateral in order to receive the PPP loan?

Answer: During the Covered Period, Borrowers are not required to provide collateral security for the loans or cause owners or affiliates to guarantee the loans. I.e. no personal guaranty and no collateral are required for the covered loan.

Question: Although this is called a loan, there is the opportunity to get the loan forgiven. How is the amount calculated?

Answer: Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8-week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000):

- Payroll costs plus any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation plus and any covered utility payment.

The amount forgiven cannot exceed the principal balance of the loan. The forgiven amount is reduced by multiplying the amount forgiven by a fraction; the numerator is the average number of full-time employees per month during the eight-week period following origination of the loan, and the denominator is, at the election of the borrower, one of the two following values: (a) the average number of full-time employees per month between Feb. 15, 2019, and June 30, 2019; or (b) the average number of full-time employees per month between January 1, 2020 and ending on February 29, 2020. Employees terminated between February 15, 2020 and 30 days after passage of the CARES Act, but rehired by June 30, 2020, qualify in the numerator so long as they're fully paid as if they weren't terminated. A borrower will need to calculate their average number of full-time employees in both 2019 and between January 1, 2020 and ending on February 29, 2020 to determine the most favorable result. Accordingly, if a borrower's workforce is 60% of the workforce during the applicable comparison period, then only 60% of the maximum expected forgiveness amount qualifies for forgiveness. If the borrower maintains 100% of the workforce, then 100% of the forgiveness amount qualifies for forgiveness. The forgiveness amount is also subject to reduction based on salary reductions. Generally, the borrower's forgivable amount is reduced by salary reductions greater than 25%. Lastly, if any portion of a borrower's loan is forgiven, then the borrower cannot defer their 2020 payroll tax obligations.

Question: How do I get forgiveness on my PPP loan?

Answer: You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the

amount that is being forgiven was used in accordance with the program's guidelines for use.

Please note that the details will be provided by the SBA.

Question: What happens after the forgiveness period?

Answer: Any loan amounts not forgiven at the end of one year is carried forward as an ongoing loan with your bank.

Please note that the details will be provided by the SBA and your bank.

Question: What if I have let go of employees and want to bring them back as part of this program, is that possible?

Answer: Reductions in employment or wages that occur during the period beginning on 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.

Question: Do I include my independent contractors (1099 employees) in my employee count and do I thus apply for them?

Answer: Independent contractors or 1099 workers will file their own Paycheck Protection Program Loan application using the same form through their bank. Therefore, any amounts that a company has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs.

Question: What if my company contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation.

Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

Question: Can I get more than one PPP loan?

Answer: No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

Question: What do I need to do if I have other SBA loans?

Answer: Prior to applying for PPP loan, all prospective borrowers should review all existing loan agreements, notes and bond or trust indentures to determine if the incurring additional debt will cause a default or otherwise violate the terms of those agreements. Companies may also be guarantors of their parent entity's existing debt, and may, therefore, be subject to the same restrictions. Financial covenants, permitted debt definitions, permitted investments, and other terms of loan documents may need modifications to allow borrowers to access this government relief without technical defaults. Businesses with existing debt should consult with their legal counsel and lenders now about any necessary amendments or waivers to allow these loans. Existing lenders will likely support and encourage borrowers to obtain these loans.

Question: Are there other programs a small business could take advantage of dealing with the COVID-19 crisis?

Answer: There are other programs that could assist small businesses through this crisis. These include programs on federal level, such as the Economic Injury Disaster Loan (EIDL), Florida level, including the Florida Small Business Emergency Bridge Loan Program, and others that are linked to certain industries and occupations.

Question: My business is an international company impacted by the COVID-19 crisis in the United States. What are my options for assistance?

Answer: At this point the SBA rules are not completely clear on the assistance provided to individuals and foreign companies that have an immigration status other than green card holder.

The State of Florida Department of Economic Opportunity Emergency Bridge Loan requires U.S. personal taxes, U.S. business taxes and U.S. issued license/identification. Also review SunBiz information to show the business was in business prior to the incident, is registered to do business in Florida, and has a primary location in the disaster area.

Question: Which banks are SBA Preferred Lenders?

Answer: Below is the list of SBA approved lenders.

Bank	City	State
Regions Bank	BIRMINGHAM	AL
BBVA USA	BIRMINGHAM	AL
Centennial Bank	CONWAY	AR
Bank OZK	LITTLE ROCK	AR
TD Bank, National Association	WILMINGTON	DE
PNC Bank, National Association	WILMINGTON	DE
Santander Bank, National Association	WILMINGTON	DE
BankUnited, National Association	MIAMI LAKES	FL
CenterState Bank, National Association	WINTER HAVEN	FL
Paradise Bank	BOCA RATON	FL
First Home Bank	Saint Petersburg	FL
First Federal Bank	LAKE CITY	FL
Seacoast National Bank	STUART	FL
BanESCO USA	CORAL GABLES	FL
City National Bank of Florida	MIAMI	FL
IBM Southeast Empl CU	DELRAY BEACH	FL
Central Bank	TAMPA	FL
The Bank of Tampa	TAMPA	FL
Florida Capital Bank, National Association	JACKSONVILLE	FL
Marquis Bank	CORAL GABLES	FL
Freedom Bank	SAINT PETERSBURG	FL
Pilot Bank	TAMPA	FL
Achieva CU	DUNEDIN	FL
First Citrus Bank	TAMPA	FL
Terrabank, National Association	MIAMI	FL
Amerant Bank, National Association	CORAL GABLES	FL
Professional Bank	CORAL GABLES	FL
Axiom Bank, National Association	MAITLAND	FL

Cogent Bank	ORANGE CITY	FL
Flagship Bank	CLEARWATER	FL
Addition Financial CU	LAKE MARY	FL
Flagler Bank	WEST PALM BEACH	FL
Legacy Bank of Florida	BOCA RATON	FL
Intercredit Bank, National Association	MIAMI	FL
Sunrise Bank	COCOA BEACH	FL
U.S. Century Bank	DORAL	FL
Seaside National Bank & Trust	ORLANDO	FL
Marine Bank & Trust Company	VERO BEACH	FL
Beach Community Bank	FORT WALTON BEACH	FL
Ocean Bank	MIAMI	FL
Wauchula State Bank	WAUCHULA	FL
Valley Bank	FORT LAUDERDALE	FL
The First National Bank of Mount Dora	MOUNT DORA	FL
Fairwinds CU	ORLANDO	FL
Black Business Investment Fund Inc.	Orlando	FL
Suncoast CU	TAMPA	FL
Prime Meridian Bank	TALLAHASSEE	FL
Midflorida CU	LAKELAND	FL
121 Financial CU	JACKSONVILLE	FL
First Bank	CLEWISTON	FL
Lafayette State Bank	MAYO	FL
GTE FCU d/b/a GTE Financial	TAMPA	FL
Community CU of Florida	ROCKLEDGE	FL
Encore Bank	NAPLES	FL
Drummond Community Bank	CHIEFLAND	FL
Florida Business Development Corporation	Tampa	FL
First Commerce CU	TALLAHASSEE	FL
The First National Bank of South Miami	SOUTH MIAMI	FL
Columbia Bank	LAKE CITY	FL
McCoy FCU	ORLANDO	FL
Citizens State Bank	PERRY	FL
Home Federal Bank of Hollywood	HALLANDALE BEACH	FL
Sanibel Captiva Community Bank	SANIBEL	FL
Calusa Bank	PUNTA GORDA	FL
Fountainhead SBF LLC	LAKE MARY	FL
Neighborhood Lending Partners of West Florida,	Tampa	FL

Inc.		
Farm Credit of South Florida, ACA	Royal Palm	FL
First Florida Integrity Bank	NAPLES	FL
Madison County Community Bank	MADISON	FL
Sunshine State Economic Development Corporation	Clearwater	FL
Capital City Bank	TALLAHASSEE	FL
Campus USA CU	JONESVILLE	FL
Preferred Community Bank	FORT MYERS	FL
Florida Business Bank	MELBOURNE	FL
Insight CU	WINTER SPRINGS	FL
First National Bank Northwest Florida	PANAMA CITY	FL
Florida CU	GAINESVILLE	FL
San Antonio Citizens FCU	SAN ANTONIO	FL
Interamerican Bank, FSB	MIAMI	FL
Banco Do Brasil Americas	MIAMI	FL
Synovus Bank	COLUMBUS	GA
IBERIABANK	LAFAYETTE	LA
Hancock Whitney Bank	GULFPORT	MS
BancorpSouth Bank	TUPELO	MS
Peoples Bank	MENDENHALL	MS
First-Citizens Bank & Trust Company	RALEIGH	NC
Bank of America, National Association	CHARLOTTE	NC
Trustco Bank	GLENVILLE	NY
JPMorgan Chase Bank, National Association	COLUMBUS	OH
Fifth Third Bank	CINCINNATI	OH
KeyBank National Association	CLEVELAND	OH
U.S. Bank, National Association	Cincinnati	OH
Wells Fargo Bank, National Association	SIOUX FALLS	SD
Citibank, N.A.	SIOUX FALLS	SD
Comerica Bank	DALLAS	TX
HSBC Bank USA, National Association	MCLEAN	VA
Northwest FCU	HERNDON	VA
Capital One, National Association	MCLEAN	VA
Navy FCU	VIENNA	VA