



Paycheck Protection Program Summary (based on the bill passed by the Senate and House)	
Eligible Businesses	<p>Small businesses, 501(c)(3) nonprofits, Tribal business concerns, and 501(c)(19) veteran's organizations that:</p> <ul style="list-style-type: none"> • Either: <ul style="list-style-type: none"> ○ Have less than 500 employees or the applicable size standard for the industry as provided by the SBA (whichever is higher), <i>or</i> ○ Are sole proprietors, self-employed individuals, or independent contractors; <i>and</i> • Were in business on 2/15/2020.
SBA Guaranty Amount	100% SBA guaranty for 7(a) loans originated through 12/31/2020.
Loan Amount	<p>The lesser of:</p> <ul style="list-style-type: none"> • 2.5x the average <u>monthly</u> Payroll Costs during the one-year period immediately preceding the date on which the loan is made, <i>or</i> • \$10 million. <p>For a business that was not in business a full year as of the loan date, the measurement period would be 1/1/2020 to 2/29/2020.</p> <p>Payroll Costs include salary, wages, commission, cash tips, vacation/parental/family/medical/sick leave, severance, employer cost of group health benefits, retirement benefits payments, state and local tax assessed on compensation, up to \$100,000 annualized pay for self-employed or sole proprietor.</p> <p>Fully funded at closing.</p>
Allowable Uses of Funds	<p>The following costs of the <u>borrower</u>:</p> <ul style="list-style-type: none"> • Payroll Costs • Health care benefits (including paid sick or medical leave, insurance premiums) • Mortgage interest payments on loans that were outstanding prior to 2/15/2020 • Rent paid • Utility payments • Interest on other debt obligations that were outstanding prior to 2/15/2020.
Forgiveness Opportunity	<p>Eligible for loan forgiveness in an amount up to the lesser of:</p> <ul style="list-style-type: none"> • The loan amount, <i>or</i> • Sum of the <u>costs incurred and payments made by the borrower</u> on the following obligations during the 8-week period beginning on the funding date of the loan: <ul style="list-style-type: none"> • Payroll Costs (salary, wages, commission, cash tips, vacation/parental/family/medical/sick leave, severance, employer cost of group health benefits, retirement benefits payments, state and local tax assessed on compensation, up to \$100,000 annualized pay for self-employed or sole proprietor), • Payment of <u>interest</u> on mortgage obligations on mortgage debt that was in place prior to 2/15/2020, • Rent paid, <i>and</i> • Utility payments. <p>The forgiveness amount will be proportionally reduced (but not increased) if the average number of full time equivalent employees ("FTEs") during the 8-week period after the loan is funded is lower than the following (at the option of the borrower):</p> <ul style="list-style-type: none"> • the average number of FTEs for the period 2/15/2019-6/30/2019, <i>or</i> • the average number of FTEs for the period 1/1/2020-2/29/2020. <p>If the SBA determines that the borrower is a seasonal employer, they may require that the borrower use 2/15/2019 to 6/30/2019 as the comparison period.</p> <p>If the borrower has laid off employees and rehires them by June 30, they will not be penalized for having a smaller workforce at the beginning of the period.</p>



	<p>The loan forgiveness amount will be further reduced if the salary and wages of any employee is reduced by more than 25% from the salary and wages paid to that employee during the most recent full quarter during which that employee was employed before the loan funded. Employees who were paid at a rate of more than \$100,000 annualized during any pay period during 2019 are not included in this. In other words, a reduction in the pay of these highly compensated employees will not reduce the forgiveness amount.</p> <p>Payroll costs counted toward forgiveness shall not include:</p> <ul style="list-style-type: none"> • Individual compensation exceeding \$100,000 annualized • Certain taxes imposed or withheld • Compensation of employees whose principal residence is outside the U.S. • Qualified sick leave for which a credit is allowed under 7001 or 7003 of the Families First Coronavirus Response Act. <p>Borrowers applying for forgiveness will need to present extensive documentation (such as cancelled checks, payroll tax filings, etc.) of these payments to the lender, who will present them to the SBA. Village Bank will provide a list of the documentation requirements to borrowers at closing.</p> <p>Borrowers can apply for forgiveness after the 8-week covered period ends.</p> <p>Forgiveness of principal on a Covered Loan is <u>not</u> considered taxable income.</p>
Interest Rate	4.0% for the duration of the loan.
Fees Paid By Borrower	None
Prepayment	Allowed in part or in full at any time without penalty.
Repayment	No payments of principal or interest for the first 12 months after the loan is closed.
Maturity	Up to 10 years from the date on which the borrower applies for forgiveness. Full P&I amortization over the life of the loan at that point. No negative amortization.
Collateral	Unsecured
Guaranties/Recourse	No personal guaranties or recourse to the shareholders, members or partners of a borrower except to the extent that the proceeds are used for a purpose not authorized under the program. See Allowable Uses for examples.
Application Certifications	<ul style="list-style-type: none"> • Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make required payments for Allowable Uses. • Borrower must also certify that they are not receiving this assistance and duplicative funds for the same uses from another SBA program.
Application Process and Requirements	We are anticipating a fairly simple and efficient application and approval process for these but are awaiting clarification clarity from the SBA once legislation is signed into law.