



SBA Paycheck Protection Program Summary of Expected Terms

Information contained herein is subject to change at any time and is based on current understanding of regulatory guidance. Version 040320v1

Application:	Applications are being taken as of April 3, 2020. Independent contractors and self-employed individuals can apply starting April 10, 2020.
Loan Amount:	The lesser of: 2.5X average monthly payroll costs (see page 3 for definition of payroll costs) or \$10,000,000. <u>PER CURRENT FINAL INTERIM RULE GUIDANCE AT LEAST 75 PERCENT OF THE PPP LOAN PROCEEDS SHALL BE USED FOR PAYROLL COSTS WITHIN 8 WEEKS OF THE DATE OF THE LOAN</u>
Pricing:	1.00%, fixed (current rate as of 04/02/20, subject to change)
Term:	Two Years
Monthly Payment:	The initial 6 months of payments will be deferred. Thereafter, to the extent not forgiven, payment requirements are TBD.
Loan Fee:	None
Prepayment Fee:	None
Collateral:	None
Guarantors:	None
Use of Funds:	The proceeds of a PPP loan are to be used for: <ul style="list-style-type: none">i. payroll costs (see page 3 for definition of payroll costs);ii. costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;iii. mortgage interest payments (but not mortgage prepayments or principal payments);iv. rent payments;v. utility payments;vi. interest payments on any other debt obligations that were incurred before February 15, 2020; and/orvii. refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020. If you received an SBA EIDL loan from January 31, 2020 16 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

REQUIREMENTS FOR A PAYCHECK PROTECTION PROGRAM APPLICATION

- Paycheck Protection Program Application Form - SBA Form 2483 (04/20)
 - Applicants who answer YES to Question 3 shall provide a list of all affiliate businesses with common ownership or common management
 - Applicants who answer YES to Question 4 shall provide details of the EIDL loan obtained.
 - Applicants who answer YES to Questions 1, 2, 5 or 6 are NOT eligible for a PPP loan.
 - If you have completed a prior version of the PPP Application Form that may be acceptable – will provide an update as soon as possible.
- Your calculation of average monthly payroll for 2019. (A summary of the regulatory guidance regarding how this is calculated is provided on page 3 of this document.)
 - For seasonal businesses, the above but only using payroll data for the dates from February 15, 2019-June 30, 2019.
 - For companies not in business for full year 2019, the above but only for January and February 2020.
- The source documents you used to calculate the average monthly payroll figure.
 - Such documentation may include payroll processor records, payroll tax filings, and/or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.
- Your company's number of employees on or around February 15, 2020.
 - This can be accomplished through a payroll census report, payroll summary report, register or similar document.
- Date Borrower Established
- In addition to the above, prior to final loan approval, the Borrowers must make sure that all organizational documents are current with Busey Bank ("Busey") and you may be required to complete Beneficial Ownership documents if there have been any changes in ownership since completing those forms for Busey.
- Other items that may be requested or required by Busey or SBA.

By submitting an application to Busey for a loan under the Paycheck Protection Program (the "PPP"), the applicant(s): (a) certify that all information contained in such application or otherwise delivered from time to time in connection with such application is true in all material respects, (b) understand that Busey will rely on such information in deciding whether or not to grant or continue credit to the applicant(s) and in the administration of any loan to applicant(s) under the PPP, (c) understand that an application will only be considered a complete application upon the submission of all supporting documentation required by the application and that the applicant(s) may be asked for additional information based upon SBA rules from time to time in effect and/or required by Busey, (d) understand that Busey's acceptance of an application does not constitute a promise or commitment to lend to applicant(s), (e) understands that Busey can only make a loan if funds remain available under the PPP and Busey does not control how quickly the SBA will respond to any application or in what order and Busey will not be responsible if applicant(s) do not receive a loan because funds are no longer available under the PPP, and (f) understands such application and any potential loan to applicant(s) is subject to the requirements of the PPP, which may change at any time, without notice.

For the purposes of calculating your loan amount:

DISCLAIMER: The below sections are all taken directly from the Small Business Administration Form 13 CFR Part 120 titled Business Loan Program Temporary Change; Paycheck Protection Program. You, as the borrower, are being asked to provide Busey with a calculation of your average monthly payroll as defined below. If you are unclear on any of the provisions below or seek guidance on how it compares to the formal legislation that was passed or any other materials that have been provided by SBA or Treasury, Busey will not be providing an opinion. It is your interpretation of these items and your calculation of the payroll amount that Busey is being asked to confirm. Therefore, please complete your calculation and provide it to Busey so that Busey can process your application.

- **What qualifies as “payroll costs?”**

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

- **Is there anything that is expressly excluded from the definition of payroll costs?**

Yes. The Act expressly excludes the following:

- i. Any compensation of an employee whose principal place of residence is outside of the United States;
- ii. The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;
- iii. Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and
- iv. Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).

- **How do I calculate the maximum amount I can borrow?**

The following methodology, which is one of the methodologies contained in the Act, will be most useful for many applicants.

- i. Step 1: Aggregate payroll costs (defined in detail at the top of the page.) from the last twelve months for employees whose principal place of residence is the United States.
- ii. 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.
- iii. Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- iv. Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
- v. 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).

The examples below illustrate this methodology.

- i. Example 1 – No employees make more than \$100,000 Annual payroll: \$120,000 Average monthly payroll: \$10,000 Multiply by 2.5 = \$25,000 Maximum loan amount is \$25,000
- ii. Example 2 – 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

- iii. Example 3 – No employees make more than \$100,000, outstanding EIDL loan of \$10,000. Annual payroll: \$120,000 Average monthly payroll: \$10,000 Multiply by 2.5 = \$25,000 Add EIDL loan of \$10,000 = \$35,000 Maximum loan amount is \$35,000
- iv. Example 4 – Some employees make more than \$100,000, outstanding EIDL loan of \$10,000 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 Add EIDL loan of \$10,000 = \$260,000 Maximum loan amount is \$260,000

What should a borrower know?

b. Am I eligible?

You are eligible for a PPP loan if you have 500 or fewer employees whose principal place of residence is in the United States, or are a business that operates in a certain industry and meet the applicable SBA employee-based size standards for that industry, and:

- i. You are:
 - A. A small business concern as defined in section 3 of the Small Business Act (15 USC 632), and subject to SBA's affiliation rules under 13 CFR 121.301(f) unless specifically waived in the Act;
 - B. A tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code (IRC), Tax-exempt veterans organization described in section 501(c)(19) of the IRC, Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, or any other business; and
- ii. You were in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.

You are also eligible for a PPP loan if you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual, you were in operation on February 15, 2020. You must also submit such documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount. SBA intends to promptly issue additional guidance with regard to the applicability of affiliation rules at 13 CFR §§ 121.103 and 121.301 to PPP loans.

c. Could I be ineligible even if I meet the eligibility requirements in (a) above?

You are ineligible for a PPP loan if, for example:

- i. You are engaged in any activity that is illegal under federal, state, or local law;
- ii. You are a household employer (individuals who employ household employees such as nannies or housekeepers);
- iii. An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years Or
- iv. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government.

d. How do I determine if I am ineligible?

Businesses that are not eligible for PPP loans are identified in 13 CFR 120.110 and described further in SBA's Standard Operating Procedure (SOP) 50 10, Subpart B, Chapter 2, except that nonprofit organizations authorized under the Act (501(c)(3)'s and others) are eligible.

e. Can I apply for more than one PPP loan?

No. The Administrator, in consultation with the Secretary, determined that no eligible borrower may receive more than one PPP loan. This means that if you apply for a PPP loan you should consider applying for the maximum amount.

f. Is the PPP “first-come, first-served?”

Yes.

g. When will I have to begin paying principal and interest on my PPP loan?

You will not have to make any payments for six months following the date of disbursement of the loan. However, interest will continue to accrue on PPP loans during this six-month deferment.

h. Can my PPP loan be forgiven in whole or in part?

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes described below and employee and compensation levels are maintained. The actual amount of loan forgiveness will depend, in part, on the total amount of payroll costs, payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, and utility payments under service agreements dated before February 15, 2020, over the eight-week period following the date of the loan. However, not more than 25 percent of the loan forgiveness amount may be attributable to nonpayroll costs. While the Act provides that borrowers are eligible for forgiveness in an amount equal to the sum of payroll costs and any payments of mortgage interest, rent, and utilities, the Administrator has determined that the non-payroll portion of the forgivable loan amount should be limited to effectuate the core purpose of the statute and ensure finite program resources are devoted primarily to payroll. The Administrator has determined in consultation with the Secretary that 75 percent is an appropriate percentage in light of the Act’s overarching focus on keeping workers paid and employed. Further, the Administrator and the Secretary believe that applying this threshold to loan forgiveness is consistent with the structure of the Act, which provides a loan amount 75 percent of which is equivalent to eight weeks of payroll (8 weeks / 2.5 months = 56 days / 76 days = 74 percent rounded up to 75 percent). Limiting non-payroll costs to 25 percent of the forgiveness amount will align these elements of the program, and will also help to ensure that the finite appropriations available for PPP loan forgiveness are directed toward payroll protection. **SBA will issue additional guidance on loan forgiveness.**

i. Do independent contractors count as employees for purposes of PPP loan forgiveness?

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower’s PPP loan forgiveness.

j. What happens if PPP loan funds are misused?

If you use PPP funds for unauthorized purposes, SBA will direct you to repay those amounts. If you knowingly use the funds for unauthorized purposes, you will be subject to additional liability such as charges for fraud. If one of your shareholders, members, or partners uses PPP funds for unauthorized purposes, SBA will have recourse against the shareholder, member, or partner for the unauthorized use.

k. What certifications need to be made?

On the Paycheck Protection Program application, an authorized representative of the applicant must certify in good faith to certain items. See application to review.

This document is not a full list of terms and conditions. Other terms and conditions can be found in the Small Business Administration Form 13 CFR Part 120 titled Business Loan Program Temporary Change; Paycheck Protection Program that can be provided to you upon request.