

# SBA PAYROLL PROTECTION PROGRAM

The Small Business Association Payroll Protection Program (PPP) was created by the 2020 CARES Act to provide a direct incentive to encourage small businesses and eligible entities to maintain employment and bring back workers who have already been laid off. The PPP provides a working capital loan for payroll and covered operational and interest expenses. If all employment obligations are met for eight weeks, the SBA may forgive up to 100% of the loan, with any balance payable over 10 years with interest no greater than 4%.



## PROGRAM INFORMATION:

<p><b>Loan Amounts:</b></p>	<ul style="list-style-type: none"> <li>▪ Up to two-and-a-half months’ payroll (salaries, leave, taxes, insurance, etc.) based on the average total monthly payments for payroll costs incurred by the business during the previous one-year period.</li> <li>▪ Seasonal businesses are calculated using a 12-week period beginning February 15, 2019, or at the election of the eligible recipient, March 1, 2019, and ending June 30, 2019.</li> </ul>
<p><b>Use of Proceeds:</b></p>	<p>During the covered period, eligible expenses include:</p> <ul style="list-style-type: none"> <li>▪ payroll costs:             <ul style="list-style-type: none"> <li>▫ payments of any compensation with respect to employees that is a—                 <ul style="list-style-type: none"> <li>◆ salary, wage, commission, or similar compensation;</li> <li>◆ payment of cash tip or equivalent;</li> <li>◆ payment for vacation, parental, family, medical, or sick leave;</li> <li>◆ allowance for dismissal or separation;</li> <li>◆ payment required for the provisions of group health care benefits, including insurance premiums;</li> <li>◆ payment of any retirement benefit; or</li> <li>◆ payment of State or local tax assessed on the compensation of employees; and costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;</li> </ul> </li> </ul> </li> <li>▪ 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 1 year, as prorated for the covered period; and</li> </ul> <p>For obligations in place and incurred prior to February 15, 2019:</p> <ul style="list-style-type: none"> <li>▪ rent payments (including rent under a lease agreement);</li> <li>▪ utilities payments;</li> <li>▪ payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation); and</li> <li>▪ payments of interest on any other debt obligations.</li> </ul>

## TERMS AND CONDITIONS:

<p><b>Eligible Business:</b></p>	<ul style="list-style-type: none"> <li>▪ Small businesses – including eligible non-profits, veterans organizations, tribal concerns, sole proprietorships, self-employed individuals, and independent contractors described in the Small Business Act – with 500 or fewer employees, in operation on February 15, 2020, and who paid salaries, payroll taxes or independent contractors</li> <li>▪ Businesses should contact their eligible lender for assistance in determining final eligibility.</li> </ul>
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<b>Adverse Impact:</b>	<ul style="list-style-type: none"> <li>▪ Companies do not have to prove hardship; they must only provide a good faith certification including: <ul style="list-style-type: none"> <li>□ that the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient;</li> <li>□ acknowledging that funds will be used to retain workers and maintain payroll or make mortgage, lease, and utility payments;</li> <li>□ that the eligible recipient does not have an application pending for a loan under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan; and</li> <li>□ during the period beginning on 2/15/20 and ending on 12/31/20, that the eligible recipient has not received amounts under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan.</li> </ul> </li> </ul>
<b>Loan Forgiveness:</b>	<ul style="list-style-type: none"> <li>▪ Companies are eligible for loan forgiveness equal to the amount they spend on eligible uses over the eight-week period after the origination date of the loan. The amount of loan forgiveness can be reduced if the loan recipient fails to substantially maintain existing employment and compensation levels, according to specific calculations set forth in the Act. Companies that rehire previously laid-off workers will not be penalized for having a reduced payroll at the beginning of the loan period.</li> </ul>
<b>Term and Rate:</b>	<ul style="list-style-type: none"> <li>▪ Any balance after loan forgiveness remaining on December 31, 2020 remains a loan with up to a 10-year term at not more than 4% interest.</li> </ul>
<b>Collateral:</b>	<ul style="list-style-type: none"> <li>▪ No personal guarantees or collateral are required.</li> </ul>
<b>Eligible Lenders/ Existing Relationship:</b>	<ul style="list-style-type: none"> <li>▪ Applicant must have an existing banking relationship with an SBA Express lender as of the date of the disaster (March 13, 2020).</li> <li>▪ Eligible Lenders in the Upstate NY area are: <ul style="list-style-type: none"> <li>□ Adirondack Bank</li> <li>□ Adirondack Trust Company</li> <li>□ Ballston Spa National Bank</li> <li>□ Berkshire Bank</li> <li>□ Cayuga Lake National Bank</li> <li>□ Chemung Canal Trust Co.</li> <li>□ Citizens Bank, NA</li> <li>□ Community Bank</li> <li>□ Corning Federal Credit Union</li> <li>□ Elmira Savings Bank, FSB</li> <li>□ Empower Federal Credit Union</li> <li>□ Five Star Bank</li> <li>□ First Heritage Federal Credit Union</li> <li>□ First National Bank of Groton</li> <li>□ First National Bank of Scotia</li> <li>□ Glens Falls National Bank &amp; Trust</li> <li>□ JPMorgan Chase Bank, NA</li> <li>□ KeyBank</li> <li>□ Maple City Savings Bank, FSB</li> <li>□ M&amp;T Bank</li> <li>□ NBT Bank. N.A.</li> <li>□ NYBDC/ Pursuit Lending</li> <li>□ Pathfinder Bank</li> <li>□ Saratoga National Bank &amp; Trust Company</li> <li>□ Solvay Bank</li> <li>□ Steuben Trust Company</li> <li>□ TD Bank</li> <li>□ Tioga State Bank</li> <li>□ Tompkins Trust Company</li> <li>□ Trustco Bank, N.A.</li> <li>□ Watertown Savings Bank</li> </ul> </li> </ul>
<b>Eligible Covered Period:</b>	<ul style="list-style-type: none"> <li>▪ The covered period means the period beginning on February 15, 2020 and ending on June 30, 2020;</li> </ul>
<b>Fees:</b>	<ul style="list-style-type: none"> <li>▪ Lenders may charge an EBL applicant an application fee of 2% of the loan amount or \$250, whichever is greater.</li> </ul>
<b>Additional Info:</b>	<ul style="list-style-type: none"> <li>▪ Applicants to the PPP program may apply to the EDIL program for purposes other than the costs covered by this program.</li> </ul>
<b>Application:</b>	<ul style="list-style-type: none"> <li>▪ Contact an approved lender above.</li> </ul>

For full details on this program, consult the SBA website at <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>.