US Small Business Administration Paycheck Protection Program Loan

OVERVIEW

OneSouth Bank appreciates your business, and it is our goal to keep you informed of developments related to the new Coronavirus Aid, Relief and Economic Security Act (the CARES Act) signed into law March 27, 2020. The $2.2 trillion fiscal stimulus package includes a $350 billion loan program for small businesses known as the Paycheck Protection Program (PPP). The PPP will be administered by the Small Business Administration (SBA) under its Section 7(a) lending program and is intended to provide loans to those businesses impacted by the challenging economic environment resulting from the Coronavirus-driven health crisis.

OneSouth Bank supports the federal government's efforts to help American small businesses keep their workers paid and employed via the Paycheck Protection Program. We encourage borrowers to review the details of the PPP by visiting the U.S. Small Business Administration website at www.sba.gov.

To apply for the PPP through OneSouth Bank, please complete the following Paycheck Protection Program Package.

- OneSouth Bank Application & Certification
- Completed Paycheck Protection Program Application Form (SBA Form 2483)
- Completed OneSouth Bank Beneficial Ownership Form
- Completed Checklist
- Completed Addendum A if applicable
- Completed Use of Proceeds Spreadsheet

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FACT SHEET

ELIGIBILITY:

- You are eligible for a PPP loan if you have fewer than 500 employees whose principal place of residence is in the US or are a business that operates in a certain industry and meets the applicable SBA employee-based size standards for that industry, and you are:
  - A small business concern as defined in section 3 of the Small Business Act (15 USC 632)
  - A 501(c) (3), a tax-exempt Veterans organization, a tribal business concern, or any other business
- To be eligible, you must have been in business on February 15, 2020 and either had salaried employees for whom you paid salaries and payroll taxes or paid in-dependent contractors as reported on a Form 1099-MISC

LOAN AMOUNTS AND TERMS:

- The maximum loan amount is 2.5 times your average monthly payroll costs for the prior year, up to $10 million
- The loan purpose is to cover certain operating expenses for the period from February 15, 2020 to June 30, 2020 including payroll costs, healthcare costs, mortgage interest, rent and utility payments established prior to February 15, 2020
- No collateral is required
- The guarantee percentage is 100%
- Payroll costs including salaries, wages, tips, retirement benefits, severance pay, state and local payroll taxes, will be considered in the calculation of the loan amount
- The maturity is two years
- No personal guaranty required
- Interest rate is 1% per annum
- Unsecured
- No prepayment fee
- No SBA or lender fee
- Non-Eligible salary and wages include:
  - Salary payments in excess of $100 thousand per employee
  - Compensation of employees living outside the U.S.
- A Sample Payroll Calculation and Loan Forgiveness Estimator is Available for Your Reference

  (Provided by OneSouth Bank)

USE OF FUNDS:

- The proceeds of a PPP loan may be used for:
  - Payroll costs
  - Group health care benefits during periods of paid sick, medical or family leave, and insurance premiums
  - Mortgage interest payments *(not principal payments)*
  - Rent payments
  - Utility payments
  - Interest payments on other debt obligations that were incurred before February 15, 2020
  - Refinancing an SBA EIDL loan made between January 31 2020 and April 3, 2020

LOAN FORGIVENESS:

- Loan recipients will be eligible for loan forgiveness on the portion of the loan used as prescribed by the SBA program to cover the following expenses over the eight-week period following the date of the loan:
  - Payroll costs
  - Rent payments on leases dated before February 15, 2020
  - Utility Payments under service agreements dated before February 15, 2020.
  - Mortgage Interest on debt incurred before February 15, 2020
  - Interest on other debt incurred prior to February 15, 2020
- Loan forgiveness will be reduced if there is a reduction in the number of employees or employee compensation during the loan period
- No more than 25% of the forgiven amount may be attributable to non-payroll costs
- For the portion of the loan that does not qualify for forgiveness, the loan maturity will be 2 years with a fixed interest rate of 1% with no prepayment penalty
- To apply for forgiveness borrower must provide: documentation of payroll expense over the period to include payroll tax filings, cancelled checks, and documentation of payments for allowable purposes such as rent, utility payments, mortgage interest and interest on other debt incurred prior to February 15, 2020

DEFERMENT:

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