

As we await guidance from the SBA on the final details of this program, we have highlighted the information we know as of March 27, 2020.

## **FAST FUNDING WHEN YOU NEED IT MOST**

The Paycheck Protection Program, part of the new CARES stimulus package, is a federal loan program aimed at helping small businesses who have been severely impacted by COVID-19. The main objective of this loan is to help these businesses retain their workforce and assist with other operational expenses.

### **UNIQUE LOAN FEATURES**

- No payments on your loan for the first 6-12 months
- No collateral or personal guarantees are required
- Competitive rates and terms
- Fast funding
- Apply for potential loan forgiveness after receiving the funds

### **EASY TO APPLY**

Submit a simple application through Live Oak Bank and get funding as quickly as possible.

### **FLEXIBLE USE**

- Payroll expenses
- Employee salaries
- Mortgage interest
- Rent
- Utilities
- Interest on debt obligations incurred before February 15, 2020

# FREQUENTLY ASKED QUESTIONS

## WHAT IS IT?

The Paycheck Protection Program is a federal loan program aimed at helping small businesses who have been impacted by Coronavirus retain their workforce. The loan is an SBA 7(a) loan with the following terms:

- 4.00% fixed interest rate
- No payments for first 6-12 months
- Repaid over a 10-year term
- Up to 100% of the principal amount may be forgiven

## HOW IS THIS LOAN UNIQUE?

This loan program was created by the Federal Government in the wake of the COVID-19 global health crisis. One of this program's significant features is that you can apply for loan forgiveness after receiving the funds. Another unique feature is that you won't have to pay on your loan for the first 6-12 months.

## HOW DO I APPLY FOR A LOAN?

This loan will be packaged as an SBA 7(a) loan, and businesses can apply through qualified lenders including Live Oak Bank. SBA application fees will be waived for both borrowers and lenders. Due to the minimal program requirements, the approval and funding process will be streamlined; resulting in getting capital in the hands of businesses who need it most. If you are a current Live Oak customer, reach out to your Business Analyst or loan officer. If you are not a Live Oak customer, we encourage you to research your options on our website and determine which program is the best fit for your business.

## AM I ELIGIBLE FOR A LOAN?

Small businesses that were in operation prior to Feb 15, 2020, with 500 or less contract or salaried employees, are eligible to apply for this loan. Business must have paid salaries and payroll taxes and/or independent contractors as reported on Form 1099-MISC.

## HOW IS THE LOAN AMOUNT DETERMINED?

We'll calculate your loan amount by taking your business's average monthly payroll and multiplying it by 2 1/2. Your monthly payroll includes wages, tips, group health, retirement benefits and taxes but excludes the amount of compensation to individuals in excess of \$100,000. The maximum loan amount is \$10 million. There are other important details in calculating the average monthly payroll. If you are not a Live Oak customer, we encourage you to research your options on our website and determine which program is the best fit for your business. If you are a current Live Oak customer, reach out to your Business Analyst or loan officer. If you are not a Live Oak customer, we encourage you to research your options on our website and determine which program is the best fit for your business.

## WILL I NEED TO PLEDGE COLLATERAL OR A PERSONAL GUARANTEE TO QUALIFY?

No.

## HOW LONG WILL IT TAKE TO GET MY LOAN PROCEEDS?

Once the SBA releases details and guidance on the Paycheck Protection Program, Live Oak can approve your loan and disburse funds as fast as possible by ACH payment.

## WHAT ARE THE APPROVED AREAS I CAN SPEND THE MONEY ON?

Approved uses of proceeds include:

- employee salaries (including commissions and tips)
- group health premiums
- rent and utilities
- interest payments on mortgages or debt incurred before 2/15/20, not principal payments
- retirement benefits
- state or local tax assessed on compensation
- vacation, paid leave (family, medical, etc.)

## WHAT IS MY INTEREST RATE?

The interest rate for Paycheck Protection Program loans is 4.00% fixed.

**This information is accurate and updated as of 3.27.2020. Terms and conditions are subject to change.**

### **IF I TAKE THIS LOAN NOW, CAN I GET ADDITIONAL SBA FUNDS IN THE FUTURE?**

It is our understanding that it will not affect your future SBA loan runway or total dollars allowed from the SBA, but we are awaiting guidance from SBA.

### **HOW DOES FORGIVENESS WORK?**

Up to 100% of the principal amount of the loan may be forgiven if you use the proceeds on qualifying expenses. The forgiveness program is designed to support employment – if you don't maintain certain levels of employees or compensation, then part of the loan will not be forgiven. The finer details of the forgiveness program are still being determined – we look forward to sharing more details and explaining the process better once we have the guidance from the SBA.

### **IF MY LOAN IS NOT FORGIVEN, HOW MUCH IS MY MONTHLY PAYMENT?**

Any amount not forgiven will have an interest rate of 4% fixed for a period of 10 years. No payments are due until after the 6-12 month deferment period.

### **I ALREADY HAVE A LOAN WITH LIVE OAK BANK, CAN I USE THESE FUNDS TO PAY THAT (SBA) LOAN?**

Yes, customers can use the Paycheck Protection Program loan proceeds to pay Live Oak Bank interest. However, any amount applied to non-mortgage debt or principal payments will not qualify for loan forgiveness.

### **I WOULD LIKE TO SPEAK WITH SOMEONE TO BETTER UNDERSTAND MY OPTIONS, WHERE CAN I GET HELP?**

If you are a current Live Oak customer, reach out to your Business Analyst or loan officer. If you are not a Live Oak customer, we encourage you to research your options on our website and determine which program is the best fit for your business.

### **CAN I APPLY FOR BOTH AN ECONOMIC INJURY DISASTER LOAN AND A LOAN THROUGH THE PAYMENT PROTECTION PROGRAM?**

We are seeking confirmation as to whether you can qualify for a Paycheck Protection loan and a disaster loan. At this point, we believe you can qualify for both, but you would need to certify that your disaster loan was used for purposed other than the Paycheck Protection loan. As we learn more, we will share that information with you real time.

It's critical for you to weigh all options available to you to ensure the best financial decision for your business. To apply for an EIDL, you must apply directly through the Small Business Administration **here**.

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