Paycheck Protection Program (PPP)

What you need to know to get started

April 2020

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What is the Paycheck Protection Program?

On **Friday, March 27, 2020**, Congress passed a $2 trillion federal stimulus package which includes the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The CARES Act features a Paycheck Protection Program which is designed to assist businesses with certain expenses.

We are ready to help our client:

- **Small businesses and sole proprietors** can apply with M&T starting **April 6, 2020**
- **Independent contractors and self-employed individuals** can apply with M&T starting **April 10, 2020**
Highlights of the Paycheck Protection Program:

**Borrowers will need to certify that they’ve been impacted by COVID-19 as well as meet other SBA eligibility requirements (e.g. size standards).**

**Loan amount maximum is determined by a formula based on 2.5 times average monthly payroll costs or up to $10 million.**

**Help small businesses cover costs related to:**

- Payroll (including healthcare and certain related expenses)
- Interest on existing debt
- Mortgage interest
- Leases
- Rent
- Utilities

**Loan Term: 24 Months**

6-month deferment on payments followed by 18 months of Principal & Interest
Who is eligible?

All businesses who were in operation on or before February 15, 2020 including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply.

Special notes:

- Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries. For more information please visit: www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp

- The program will be available **retroactive from Feb. 15, 2020**, so employers can rehire their recently laid-off employees through June 30, 2020

**REMEMBER: The 500-employee threshold includes all employees: full-time, part-time, and any other status**
Payroll Costs

How do I calculate my average monthly PAYROLL COSTS?

Sum of INCLUDED payroll costs

- Sum of EXCLUDED payroll costs

PAYROLL COSTS

What payroll costs are included?

<table>
<thead>
<tr>
<th>EMPLOYERS</th>
<th>SOLE PROPRIETORS/INDEPENDENT CONTRACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary, wages, commissions, or tips (capped at $100,000 on an annualized basis for each employee)</td>
<td>Wages</td>
</tr>
<tr>
<td>Employee benefits including costs for vacation, parental, family, medical, or sick leave</td>
<td>Commissions</td>
</tr>
<tr>
<td>Payments required for the provisions of group health care benefits including insurance premiums</td>
<td>Income</td>
</tr>
<tr>
<td>Payment of state and local taxes assessed on compensation</td>
<td>Net earnings from self-employment</td>
</tr>
<tr>
<td>Allowance for separation or dismissal</td>
<td>Capped at $100,000 on an annualized basis for each employee</td>
</tr>
<tr>
<td>Payment of any retirement benefit</td>
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</tbody>
</table>

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Can this loan be forgiven?

Borrowers are eligible to have their loan forgiven; however, you will be required to apply for loan forgiveness with the Lender that originates your Paycheck Protection Program loan.

How much can be forgiven?

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- **Payroll costs**
- **Mortgage interest**
- **Rent**
- **Utilities payments**

Loan forgiveness could be reduced if...

- You decrease your full-time employee headcount.
- You decrease salaries and wages by more than 25% for any employee that made less than $100,000 annualized in 2019.

**Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Note: not more than 25% of the loan forgiveness amount may be attributable to nonpayroll costs.
What do I need to complete and supply when applying?

1. M&T Bank Online Banking for Business User ID and Passcode
2. Gather your ownership information, including your Tax Identification Number and breakdown of ownership
3. Calculate your total payroll for the last year
4. Gather supporting documentation to demonstrate payroll

Documentation to demonstrate the loan amount including but not limited to:

- **2019 IRS Quarterly 940, 941 or 944 payroll tax reports**
- **Payroll Reports (previous 12 months or 2019)**
  (e.g. gross wages for each employee, paid time off for each employee, vacation pay for each employee)
- **1099s for 2019 for independent contractors that would otherwise be an employee of your business**
- **Documentation showing total of all health insurance premiums paid by the Company Owner under a group health plan**
- **Document the sum of all retirement plan funding that was paid by the Company Owner**
  (do not include funding that came from the employee’s out of their paycheck deferrals)

NOTE: All loans are subject to other requirements and availability of funds under the SBA program.
Where do I go to apply?

Visit www.mtb.com/business-informed to begin your application process.

Applicants must have an M&T Business checking account, opened as of 2/15/20.

Application tips:

- Have all of your documentation ready before you begin
- Complete your application directly online

If you need assistance, please call:

- Your Relationship Manager or Branch Manager
- Telephone Banking Center: 1-800-724-6070

Please check our website at www.mtb.com/business-informed for updates

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