



The SBA CARES Act Loan Program

We want you to know that Flagler Bank is here for you during these challenging times. We know that many of you and your businesses have been negatively impacted by the recent COVID-19 outbreak and subsequent shutdowns and we are working diligently to help you through this difficult environment.

As you may have seen, the CARES Act was recently signed into law. While many of the details have yet to be unveiled, we do know approximately \$367 billion in direct loans, grants, and other subsidies will be made available through June 30, 2020, via the Small Business Administration (SBA) funded directly through financial institutions such as Flagler Bank.

Flagler Bank, as a preferred SBA Lender, will have prioritized access to getting those available funds to our customers. Importantly, many of the specific guidance surrounding the plans remain unknown and will be drafted by the SBA in the coming days and weeks. For now, we can provide some insight towards eligibility, proposed borrowing limitations, and minimal documentation requirements. If you foresee requesting access to these relief funds, we urge you to begin preparation of documentation so that we may expedite your requests when we receive final agency guidance.

Eligibility

- Applies to businesses with fewer than 500 employees or those that meet SBA's current size standards for 7(a) loans.
- Applies to self-employed or individual contractors.
- Applies to certain nonprofits including 501(c)(3) organizations and 501(c)(19) veterans' organizations, and tribal business concerns with fewer than 500 employees.
- Authorizes \$17 billion to cover six months of payments for payroll and interest for existing SBA 7(a) borrowers. This provision provides relief on existing obligations.

Borrowing Parameters

The maximum borrowing amount will be limited to the **lesser of**:

- a. 250% of the average total monthly payments by the applicant for payroll costs incurred during the 1-year period before the date on which the loan is made; if the applicant is a seasonal employer, the average total monthly payments for payroll will be measured for the 12-week period beginning February 15, 2019, but no later than March 1, 2019, and ending by June 30, 2019; and,

if the applicant was not operating during the full period, the period of January 1, 2020, and ending on February 29, 2020, should be used for the calculation.

OR

- b. \$10,000,000

Use of Funds

During the covered period (February 15, 2020 to June 30, 2020), an eligible recipient may use the proceeds from this loan for: payroll costs, healthcare and benefits costs, employee salaries, commissions or similar compensations, payments of interest on any mortgage obligation (which does NOT include any prepayment or payment of principal mortgage obligations), rent, utilities, and interest on any other debt obligations that were incurred before the covered period.

Forgiveness and Deferment

Recipients will be eligible for forgiveness of the covered loan in an amount equal to the sum of the following costs incurred and payments made during the covered period: payroll costs, interest on any mortgage obligation, rent obligations, and utilities. Certain factors will limit the levels of forgiveness based on the reduction of number of average employees during the covered period and reductions related to salaries and wages.

Complete payment deferment relief will be provided on covered loans for a period of not less than 6 months, including payment of principal, interest, and fees, and not more than 1 year.

Documentation

We are confident that, at a minimum, support for payroll figures for the periods referenced above will be necessary to process your requests. (However, additional documentation and certification may be required upon receiving final agency guidance.)

Please contact one of our friendly branch personnel at your local branch for more information.

Lake Clarke Shores
(561) 432-2122

North Palm Beach
(561) 841-3868

West Palm Beach
(561) 868-9060