ABOUT THE CARES ACT

HOW COULD THE CARES ACT HELP MY BUSINESS?
The goal of the CARES Act is to provide financial assistance to businesses and incentivize businesses to keep employees on payroll. These provisions are also referred to as the Paycheck Protection Program (PPP).

The Act focuses on the Small Business Administration (SBA) Section 7(a) guaranteed lending program. SBA will provide additional guidance and implementation dates following enactment of the Act.

- The Act authorizes $349 billion for loans under the SBA Section 7(a) guaranteed lending program to cover eligible business concerns or non-profits with fewer than 500 employees. It waives all fees and increases the federal government guarantee to 100 percent, with payments deferred for up to 6 months and no prepayment penalty.
- The Act increases the loan amounts available under 7(a) to the lesser of $10 million or 2.5 times average monthly payroll, plus the value of any existing EIDL loan received after January 31, 2020, and provides eligibility for loan forgiveness on all amounts used for payroll, mortgage interest, lease, and utility payments between February 15, 2020, and June 30, 2020. Loan forgiveness will be reduced if there is a reduction in the number of employees or employee compensation during this period. Loans are capped at 4 percent and terms of up to 10 years.
- Loans may also be used — but not forgiven — for other specified purposes.

Assistance for mid-size businesses is being accounted for in provisions related to the severely distressed sectors of the economy:

- As part of a $454 billion provision in support of Federal Reserve lending, the Act directs the U.S. Treasury and Federal Reserve to try to provide financing to banks and other lenders that make direct loans to eligible businesses and nonprofits with 500 to 10,000 employees.
- The interest rate on loans would be capped at 2 percent, with no payments due for the first 6 months, and borrowers would be required to provide good-faith certification to a list of conditions, including workforce retention; no payment of dividends or stock buybacks; no outsourcing or offshoring of jobs; and union neutrality with no collective bargaining agreement breaches for two years after repayment.

HOW COULD THE CARES ACT HELP ME AND MY FAMILY?
The CARES Act provides cash assistance directly to eligible taxpayers among other opportunities for relief.

One-time checks
The U.S. Treasury has stated it will issue refund checks “as rapidly as possible,” and officials are hoping for April. The full credit amount of $1,200 for individuals and $2,400 for couples is available for individuals with income at or below $75,000 ($12,500 for heads of household) and couples with income at or below $150,000. You will receive an additional $500 per child. Your tax rebate amount will be reduced by $5 for each $100 your income exceeds the income limits. That means for those without children, an individual will not receive a rebate if his or her income exceeds $99,000 or for couples, more than $198,000 of income.

This information is accurate and updated as of April 3, 2020. Terms and conditions are subject to change.
401K and IRA early withdrawal penalties
10% early withdrawal penalties will be waived for certain coronavirus-related 401k and IRA distributions up to $100,000 made during 2020.

Student loans
Federal student loan payments will be waived for up to six months, and interest will not be accrued during this period.

Unemployment benefits
Individual unemployment benefits provided by states will increase by an additional $600 per week for four months, retroactive to January 27.

Credit reporting
The Act creates a moratorium on missed payment reports to credit reporting agencies for the duration of the public health emergency and 120 days thereafter.

Mortgages
Foreclosures will be prohibited on all federally-backed mortgage loans for 60 days beginning March 18, 2020, and up to 360 days of forbearance (180 days, plus one 180-day renewal) will be provided for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency.
PAYCHECK PROTECTION PROGRAM

WHAT IS THE PAYCHECK PROTECTION PROGRAM?

The Paycheck Protection Program ("PPP") authorizes up to $349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone.

The loan amounts will be forgiven as long as:
- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Payroll costs eligible for the program are capped at $100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. Loan payments will be deferred for 6 months.

WHAT DOES THE PAYCHECK PROTECTION PROGRAM (PPP) MEAN FOR A SMALL BUSINESS OWNER?

As part of the CARES Act, the PPP will temporarily expand the SBA 7(a) loan program and allow small businesses and non-profits that have been "substantially affected" by COVID-19 to apply for funding to continue payroll PLUS benefits. Employers whose business was fully or partially suspended in 2020 due to government orders associated with COVID-19 or that experienced a significant decline in gross receipts (or that is a tax-exempt organization) may be eligible to apply for this program in order to keep employees paid and bills maintained.

HOW ARE PPP LOANS DIFFERENT FROM OTHER LOANS?

This loan program was by the Federal Government in the wake of the COVID-19 global health crisis. Under this program, you can apply for loan forgiveness after receiving the funds. A unique feature of this program is that you won’t have to pay on your loan for the first 6 months,

SHOULD I NEED TO LOOK FOR OTHER FUNDS BEFORE APPLYING FOR A PPP LOAN?

No. The PPP waives the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement).

HOW MUCH CAN I BORROW WITH A PPP LOAN?

Loans can be up to 2.5 x average monthly payroll costs, not to exceed $10 million.

HOW LONG WILL THE PPP LAST?

Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

HOW MANY LOANS CAN I TAKE OUT UNDER THE PPP?

Only one

WHAT IS THE INTEREST RATE ON PPP LOAN?

1.00% fixed rate

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HOW LARGE CAN MY PPP LOAN BE?
Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a $10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at $100,000 annualized for each employee.

HOW IS THE LOAN AMOUNT DETERMINED?
Loan amounts are calculated by taking your business’s average monthly payroll and multiplying it by 2 ½. 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.

WHEN DO I NEED TO START PAYING INTEREST ON MY LOAN?
All payments are deferred for 6 months; however, interest will continue to accrue over this period.

WHEN IS MY LOAN DUE?
In 2 years

CAN I PAY MY LOAN EARLIER THAN 2 YEARS?
Yes. There are no prepayment penalties or fees.

WHAT CAN I USE PPP LOAN PROCEEDS FOR?
You should use the proceeds from this loan on your:
- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

IF I TAKE THIS LOAN NOW, CAN I GET ADDITIONAL SBA FUNDS IN THE FUTURE?
We are waiting on updates from the SBA, but it is our understanding that it will not affect your ability to apply for SBA loans in the future or total dollars allowed from the SBA.

I ALREADY HAVE A LOAN WITH UNITED COMMUNITY BANK, CAN I USE THESE FUNDS TO PAY THAT (SBA) LOAN?
Yes, customers can use the PPP loan proceeds to pay United Community 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 United Community Bank customer, reach out to your banker. If you are not a United Community Bank customer, we encourage you to research your options on our website and determine which program is the best fit for your business.
APPLICATION AND TIMELINE

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 United Community Bank, a preferred lender for the SBA. SBA application fees will be waived. 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 United Community Bank customer, please reach out to your banker. If you are not a United Community Bank customer, we encourage you to contact us to discuss options for your business.

WHAT DO I NEED TO CERTIFY?
As part of your application, you need to certify in good faith that:
- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to United Community Bank documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that United Community Bank will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA’s authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

WHEN WILL I BE ABLE TO APPLY FOR A PPP LOAN?
United plans to open our application portal beginning Saturday, April 4 for small business and sole proprietorships. Starting April 10, independent contractors and self-employed individuals can apply. You can provide your information on this form, and we will email you a link when our portal is available to accept applications.

WHERE CAN I APPLY FOR A PPP LOAN?
Applications will be available online at ucbi.com/cares

WILL I NEED TO PLEDGE COLLATERAL OR A PERSONAL GUARANTEE TO QUALIFY?
No.
HOW DO I CALCULATE MY AVERAGE MONTHLY PAYROLL COSTS?

Generally speaking, monthly payroll costs are calculated as follows:

Sum of INCLUDED payroll costs – sum of EXCLUDED payroll costs = PAYROLL COSTS

According to the U.S. Chamber of Commerce, there are specific items that
The following are INCLUDED in payroll costs:

1. For Employers: The sum of payments of any compensation with respect to employees that is a:
   - salary, wage, commission, or similar compensation;
   - payment of cash tip or equivalent;
   - payment for vacation, parental, family, medical, or sick leave
   - allowance for dismissal or separation
   - payment required for the provisions of group health care benefits, including insurance premiums
   - payment of any retirement benefit
   - payment of state or local tax assessed on the compensation of the employee

2. For Sole Proprietors, Independent Contractors, and Self-Employed Individuals: 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 one year, as pro-rated for the covered period.

The following are EXCLUDED in payroll costs:

1. Compensation of an individual employee in excess of an annual salary of $100,000, as prorated for the period February 15 to June 30, 2020
2. Payroll taxes, railroad retirement taxes, and income taxes
3. Any compensation of an employee whose principal place of residence is outside of the United States

Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

HOW LONG WILL IT TAKE TO GET MY LOAN PROCEEDS?

Once the SBA releases further details and guidance on the Paycheck Protection Program, United Community Bank can approve your loan and disburse funds as fast as possible.

WHAT ARE THE ADVANTAGES OF APPLYING FOR A PPP LOAN THROUGH UNITED COMMUNITY BANK?

United Community Bank is a Preferred Lender with the SBA and we have one of the largest SBA divisions of any bank in the Southeast. We are confident that we are in a better position than many other lenders to serve customers.

WHAT DOCUMENTATION IS NEEDED TO APPLY?

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation. Click here for a link to a sample SBA PPP application. Click here for a checklist of documents you may need for the PPP application. Click here for a handy Payroll Costs Calculator. Additional resources are available at ucbi.com/cares.

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WHO’S ELIGIBLE

WHO’S ELIGIBLE FOR A PPP LOAN?

According to the U.S. Chamber of Commerce, the following entities are eligible:
- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA’s size standard
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

In addition, some special rules may make you eligible:
- If you are in the accommodation and food services sector (NAICS 72), the 500-employee rule is applied on a per physical location basis
- If you are operating as a franchise or receive financial assistance from an approved Small Business Investment Company the normal affiliation rules do not apply

REMEMBER: The 500-employee threshold includes all employees: Full-time, part-time, and any other status. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click here for additional detail).

For this program, the SBA’s affiliation standards are waived for small businesses (1) in the hotel and food services industries (click here for NAICS code 72 to confirm); or (2) that are franchises in the SBA’s Franchise Directory (click here to check); or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate.

ARE CHURCHES ELIGIBLE FOR THE PPP?

Yes, the CARES Act provides financial assistance to both small businesses employing under 500 employees and 501(c)(3) organizations, including churches.

I’M A NONSEASONAL EMPLOYER AND MY BUSINESS WAS NOT OPERATIONAL IN 2019. HOW MUCH CAN I BORROW?

Nonseasonal employers not operational in 2019 can borrow up to 2.5 x average total monthly payroll costs incurred in January and February 2020.

I’M A SEASONAL EMPLOYER. ARE THERE ANY DIFFERENCES IN HOW MUCH I CAN BORROW?

Seasonal employers should use the following calculation:
2.5 x Average total monthly payments for payroll costs for the 12-week period beginning February 15, 2019 or March 1, 2019 (decided by the loan recipient) and ending June 30, 2019.

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LOAN FORGIVENESS

HOW DOES LOAN FORGIVENESS WORK?
Up to 100% of the principal amount of the loan may be forgiven if you use the proceeds on payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. The loan 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. More details of the forgiveness program are still being determined and we will share more details and explain the process better once we have the guidance from the SBA.

HOW COULD THE LOAN FORGIVENESS AMOUNT BE REDUCED?
According to the U.S. Chamber of Commerce, the calculated amount of loan forgiveness is reduced if there is a reduction in the number of employees or if you decrease salaries and wages by more than 25% for any employee that made less than $100,000 annualized in 2019.

AM I ELIGIBLE FOR LOAN FORGIVENESS IF I BRING BACK EMPLOYEES OR RESTORE WAGES?
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.

HOW MUCH OF MY PPP LOAN WILL BE FORGIVEN?
You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

You will also owe money if you do not maintain your staff and payroll.
- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if 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.

HOW CAN I REQUEST LOAN FORGIVENESS?
You can submit a request to United Community Bank. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. United Community Bank must make a decision on the forgiveness within 60 days.
PPP LOANS VS. DISASTER LOANS

WHAT ARE THE DIFFERENCES BETWEEN SBA “DISASTER LOANS” AND PPP LOANS?

The SBA offers an Economic Injury Disaster Loan (EIDL) to small business owners that is different from PPP loans. The primary differences are as follows:

- EIDL applications are submitted directly through the SBA.
- EIDL proceeds are limited to payroll, fixed debts, accounts payable and other expenses that can’t be paid because of the disaster’s impact.
- 0% of EIDL loans are eligible for forgiveness.
- If requested during the application process, you may be eligible for a $10,000 grant. (Note: this amount must be deducted from the forgiveness of debt component of a PPP loan in the even you apply and are approved for both)
- Click here for additional information about the SBA’s EIDL program.

CAN I APPLY FOR BOTH A SBA DISASTER LOAN (AKA EIDL) AND A PPP LOAN?

Yes, you may submit applications for both loan programs. However it is important to understand the differences between how the proceeds of the loans may be used.