

# Republic Bank & the SBA Lending Program: the perfect choice for existing and new **FANS!**

**Republic Bank** is a leader in business banking, with a dedicated, experienced SBA team. We stand ready to serve your banking needs, including participating in the **SBA Loan Relief Program**.

The **Paycheck Protection Program** provides fast relief to small businesses, self-employed individuals, independent contractors, non-profit and veteran organizations and tribal business concerns. Funds can be used to meet payroll, cover rent and utilities, as well as business mortgage debt. Some or all of your loan may be eligible for forgiveness.

**The Republic Bank loan program is available to current customers and non-customers.**

For more information or to apply click below:



You may also contact our lending team at **888.875.2265** or email us at **[SBALoans@myrepublicbank.com](mailto:SBALoans@myrepublicbank.com)**.

**Thank you for choosing to bank with Republic Bank where we make FANS every day.**

Sincerely,

A handwritten signature in blue ink that reads 'Vernon W. Hill, II'.

Vernon W. Hill, II  
Chairman, Republic First Bancorp  
[vhill@vwhco.net](mailto:vhill@vwhco.net)



# 1 Am I ELIGIBLE?

You are eligible if you are:

- 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.

# 2 What will lenders be LOOKING FOR?

Borrowers will need to complete the Paycheck Protection Loan Application (which is available [HERE](#)) and payroll documentation

Lenders will also ask you for a good faith certification that:

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan)

If you are an independent contractor, sole proprietor, or self-employed individual, lenders will also be looking for certain documents (final requirements will be announced by the government) such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship.



## What lenders will NOT LOOK FOR

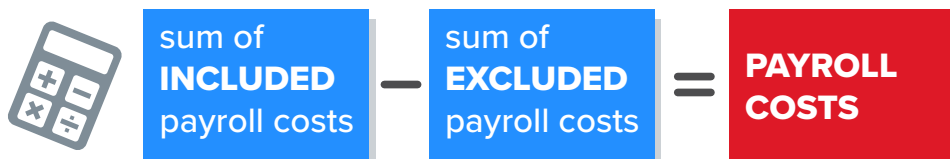
- That the borrower sought and was unable to obtain credit elsewhere.
- A personal guarantee is not required for the loan.
- No collateral is required for the loan.



# 3 How much can I BORROW?

Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed **\$10 million**.

## How do I calculate my average monthly PAYROLL COSTS?



### INCLUDED Payroll Cost:

- 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.

### EXCLUDED Payroll Cost:

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
4. 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

#### NON SEASONAL EMPLOYERS:

Maximum loan =

2.5 X Average total monthly payroll costs incurred during the year prior to the loan date

**For businesses not operational in 2019:**

2.5 X Average total monthly payroll costs incurred for January and February 2020

#### SEASONAL EMPLOYERS:

Maximum loan =

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

- Payments deferred for six months
- 1% fixed interest rate
- Loan is due in two years

# 4

## Will this loan be FORGIVEN?

Borrowers are eligible to have their loans forgiven.

### How Much?

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 (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees

**NOTE:** The government is now advising that because of high participation, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. The loan forgiveness cannot exceed the principal.

### How could the forgiveness be reduced?

The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. Specifically:

#### Reduction based on reduction of number of employees



**PAYROLL COST**  
Calculated on page 2



Average Number of Full-Time Equivalent Employees (FTEs) Per Month for the 8-Weeks Beginning on Loan Origination



#### Option 1:

Average number of FTEs per month from February 15, 2019 to June 30, 2019

#### Option 2:

Average number of FTEs per month from January 1, 2020 to February 29, 2020

#### For Seasonal Employers:

Average number of FTEs per month from February 15, 2019 to June 30, 2019

#### Reduction based on reduction in salaries



**PAYROLL COST**  
Calculated on page 2



For any employee who did not earn during any pay period in 2019 wages at an annualized rate more than \$100,000, the amount of any reduction in wages that is greater than 25% compared to their most recent full quarter.

### What if I bring back employees or restore wages?

Reductions in employment or wages that occur between February 15, 2020 and April 26, 2020 (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness **IF** by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.

# WHAT'S NEXT?

Look out for more information about eligible lenders and additional guidance from the SBA soon.

For more guidance and resources for small businesses, visit [uschamber.com/co](https://uschamber.com/co)

*Private lenders will ultimately issue PPP loans based on guidance from the SBA and Treasury Department. More information, including from lenders, should be available once the guidance is issued.*