

PAYCHECK PROTECTION PROGRAM 2021

Information based on SBA guidance as of January 8, 2021 and is subject to change.

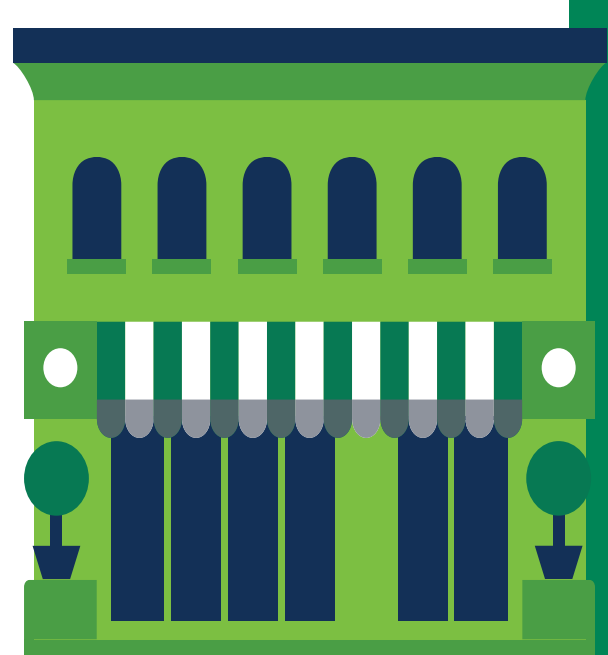
Second Draw PPP Borrower

The Paycheck Protection Program (PPP) is an SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. The Consolidated Appropriations Act, 2021 (the "Act") was enacted on December 27, 2020 allowing certain businesses to receive a Second PPP Loan.

PPP Loan eligibility highlights:

M&T is accepting PPP applications from business clients who have an M&T business checking account. Businesses with 300 or fewer employees and must demonstrate they were in operation on February 15, 2020, plus:

- Will or has used the full amount only for authorized uses by the date of disbursement of the Second PPP Loan
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020; or if in operations for all of 2019, you may use annual gross receipts
- Business has no more than 300 employees combined with affiliates (unless NAICS 72, 511110 or 5151 then 300 per location)
- Veterans organizations
- Eligible non-profit organizations, including eligible houses of worship
- Tribal business concerns
- Sole proprietorships and self-employed individuals
- Independent contractors
- Has not nor plans to receive a Shuttered Venue Grant



How much can I borrow?

Loan amount maximum is determined by a formula based on:

$$\left(\begin{array}{l} \text{Average} \\ \text{monthly} \\ \text{payroll} \\ \text{costs} \end{array} \right) \times 2.5 \text{ or up to } \$2 \text{ million}$$

Accommodation & Food Services: Entities assigned to NAICS code 72 may receive loans of up to 3.5X average monthly payroll

Most businesses: Average monthly payroll for 2019 or 2020, excluding cash compensation over \$100,000 on annualized basis for each employee.

Seasonal businesses: Payroll based on a 12-week period beginning February 15, 2019 through February 15, 2020. A seasonal employer (1) operates for not more than seven months of the year, or (2) earned no more than 1/3 of its receipts in any six months in their prior calendar year.

New businesses: Average monthly payroll from January 1 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

What eligible expense can my PPP loan be used for?

- **Payroll costs**
- **Business mortgage interest, rent or lease agreements**
- **Business utility payments** (electricity, gas, water, transportation, telephone & internet)
- **Covered personal protective equipment (PPE) expenses**
- **Covered property damage expenses** (costs due to property damage and vandalism or looting that occurred in 2020 that are not covered by insurance)
- **Covered supplier expenditures** (pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time the expenditure was made for perishable goods the contract, purchase order, or order may be in effect before or at any time during the covered period)
- **Covered operational payments** (software, cloud computing, and other human resources and accounting needs)

What are the terms?

1% APR
INTEREST RATE

60 MONTH
LOAN TERM

How do I prepare?

- Gather ownership information, including your Tax Identification Number and breakdown of ownership
- Gather documentation that demonstrates the business was in operation on February 15, 2020
- Scan PDF copies of 2019 and 2020 year-to-date payroll reports

For businesses with employees:

- 2019 and/or* 2020 IRS Quarterly 940, 941 or 944 payroll tax reports
- Payroll statement or similar documentation to demonstrate operations on 02/15/2020
- For S or C Corps: Equivalent payroll processor records or IRS Wage and Tax Statements), along with the filed business tax return (IRS Form 1120 or IRS 1120-S)
- Summary of payroll expenses for Individual Employees with salaries over \$100,000
- K-1 (IRS 1065) for Partnership Self Employed employment income
- General Ledger Reports or statements to assist with Health Care and Retirement benefits
- State Quarterly Wage Reporting Forms

For Independent Contractors and Sole Proprietorships (if applicable):

- Form 1099 -MISC (Independent Contractors only)
- Form 1040 Schedule C or F for 2019 and/or* 2020
- Payroll tax filings
- Payroll statement or similar documentation to demonstrate operations on 02/15/2020
- Bank Statements to demonstrate payroll disbursements
- General Ledger Reports or statements to assist with Health Care and Retirement benefits
- State Quarterly Wage Reporting Forms

*2020 required for Second Draw PPP Loans to demonstrate a reduction in revenue

What else should I know?

- Business previously received a PPP Loan (from M&T or another financial institution) and will or has used the full amount only for authorized uses by the date of disbursement of the Second PPP Loan
- Eligibility is limited to one loan per Tax Identification Number
- No prepayment penalties, no collateral required, and no personal guarantees
- Minimum of 60% must be used on payroll costs to be eligible for loan forgiveness



What payroll costs are included?

EMPLOYERS	
Salary, wages, commissions, tips, bonuses and hazard pay (capped at \$100,000 on an annualized basis for each employee)	Payment of state and local taxes assessed on compensation (excludes employer paid FICA taxes)
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Employee benefits including costs for vacation, parental, family, medical, or sick leave	Employer paid 401K matches, profit sharing payments, pension contributions and SEP contributions for W2 Owners

SOLE PROPRIETORS AND INDEPENDENT CONTRACTORS

Wages
Commissions
Income

Net earnings from self-employment (capped at \$100,000 on an annualized basis for each employee)



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M&T Bank