



Links to key documents:

SBA affiliation and size standard instructions

<https://www.sba.gov/federal-contracting/contracting-guide/size-standards#section-header-9>

PPP CARES Act instructions

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

CARES Act Application

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

Treasury

<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

(Note: Clicking on the hyperlinks above will link you to another website not owned, operated or monitored by Endeavor Bank.)

** The information, links, and references to program materials herein is derived from various sources solely as a tool to assist companies with access to information regarding the loan program, is subject to change without notice, and may not represent the final rules, conditions or requirements of the Paycheck Protection Program. Endeavor Bank makes no assurances as to its participation in the program as a lender, the eligibility of any applicant, or the terms and conditions of any loan that may be approved by the SBA.*

SBA Paycheck Protection Program (PPP)

The Paycheck Protection Program authorized by the CARES Act makes loans of up to \$10 million available to certain qualified small businesses. These loans are intended to be forgivable if the borrower maintains employees and otherwise complies with the CARES Act. Congress has appropriated \$349 billion for this program.

A qualified small businesses is a business that:

- Does not have more than 500 employees or the maximum number of employees specified in the current SBA size standards, whichever is greater; or
- If the business has more than one location and has more than 500 employees, does not have more than 500 employees at any one location and the business' primary NAICS code starts with "72" (Accommodation and Food Service); or
- Is a franchisee holding a franchise listed on the SBA's registry of approved franchise agreements; or
- Has received financing from a Small Business Investment Corporation.

NOTE: Sole proprietorships and self-employed individuals may qualify under this program. Additionally, the CARES Act makes certain nonprofit organizations (must be tax-exempt under Section 501(c)(3) of the Internal Revenue Code), qualified veterans organizations and certain Tribal business concerns eligible.

The maximum amount of the loan is set by formula (average monthly payroll prior to the COVID-19 pandemic times 2.5 plus the amount of any other debt approved for refinancing, including any debt incurred as a result of COVID-19 under the EIDL Program), subject to a maximum of \$10 million.

Other key provisions:

- Maximum interest rate of 4 percent per annum.
- Loans are made by SBA-approved lenders that have delegated authority to make the loans without approval from the SBA (no SBA Authorization required for each individual loan). This should help expedite the application and closing process.
- In reviewing the application, a lender has to evaluate whether the borrower was in business on February 15, 2020 and had employees and paid salaries and taxes or had independent contractors and filed 1099-MISC for them.
- Guarantee fees are waived (these are typically 2 percent-3.75 percent of the loan amount, depending on the size of the loan, and would otherwise be paid by the borrower).
- Loans are non-recourse to the borrower. In addition to waiving any guaranty that might otherwise be required by the Small Business Act, the CARES Act specifically provides each loan is nonrecourse to the shareholders, members and partners of the borrower.
- No "credit elsewhere test." That is, the borrower does not have to demonstrate it was unable to secure financing elsewhere before qualifying for SBA financing.
- No collateral requirement.

- No prepayment penalties.
- Payments are deferred for six to 12 months.
- The applicant is required to certify:
 - Current uncertain economic times make the loan request necessary to support ongoing operations; and
 - Funds will be used to keep workers and make payroll, mortgage payments, lease payments and utility payments; and
 - Applicant does not already have an application pending for other payroll assistance under the CARES Act.

Loan Forgiveness Provisions

Under the CARES Act, small business loan borrowers will be eligible for loan forgiveness, both for new loans under the Paycheck Protection Program and for existing 7(a) loans.

For borrowers under the Paycheck Protection Program, the loan forgiveness will equal the amount spent by the borrower in the eight-week period after the loan origination date on the following items (not to exceed the original principal amount of the loan):

- payroll costs (not to exceed \$100,000 of annualized compensation per employee); and
- payments of interest on any mortgage loan incurred prior to February 15, 2020; and
- payment of rent on any lease in force prior to February 15, 2020; and
- payment on any utility for which service began before February 15, 2020.

The amount forgiven is not considered taxable income to the borrower.

The amount forgiven will be reduced proportionally by any reduction in the number of employees retained as compared to the prior year. The proportional reduction in loan forgiveness also applies to reductions in the pay of any employee where the pay reduction exceeds 25 percent of the employee's prior year compensation. A borrower will not be penalized by a reduction in the amount forgiven for termination of an employee made between February 15, 2020 and April 26, 2020, as long as the employee is rehired by June 30, 2020.

Any amount outstanding after considering the amount forgiven will be repayable over a term not to exceed 10 years.

NOTE: The borrower must apply to the lender for loan forgiveness with supporting documentation.

For borrowers with existing 7(a) or microloan program loans, the SBA will pay principal, interest, and any associated loan fees for a six-month period starting on the loan's next payment due date. Payment on loans that are on deferment will begin with the first payment after the deferment period. Please note that this relief will not include loans made under the Paycheck Protection Program.

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET

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 every borrower.

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 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.

When can I apply?

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through Endeavor Bank.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through Endeavor Bank.

Where can I apply? As an SBA-approved lender, you can apply for The Paycheck Protection Program through Endeavor Bank.

Who can apply? All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based [size standards](#) for those industries.

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.

What do I need to apply? You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to Endeavor to process your application by June 30, 2020. Click [HERE](#) for the application.

(Note: Clicking on the hyperlinks above will link you to another website not owned, operated or monitored by Endeavor Bank.)

What other documents will I need to include in my application? You will need to provide Endeavor Bank with payroll documentation and other documentation as required by SBA and the Bank. Here is a recommended list of documents that may be required:

Borrower

- SBA Paycheck Protection Program Application Form
- Payroll Information as of last 12 months
 - a. W-2 or W-3 and any 1099 Misc issued for all employees
 - b. Detailed List of all Employees with:
 - ✓ annual compensation including salary, commissions, cash tips, payment for vacation, parental, family, medical or sick leaves, and any severance payment,
 - ✓ payment required for group health benefits, payment for retirement benefits, and payment for State and/or Local payroll tax

- ✓ EXCLUDING payment of Compensation of any individual employee in excess of an annual salary of \$100,000, Certain Federal Taxes withheld under payroll taxes (Ch. 21, 22 & 24 of IRS Code of 1986), Any compensation of any employee residing outside of US & Qualified Sick leaves/ Family Leaves under Families First Coronavirus Response Act

Sole Proprietor, Independent Contractors and Eligible Self-Employed Individuals

- Evidence of Payroll Taxes filings reported to IRS, and Form 1099-Misc
- Income and Expenses Report for the 12 months ending 12/31/19

Hospitality AND Restaurant

- If the borrower has multiple locations, provide Payroll information on all locations

SBA Required Documents

- Paycheck Protection Program Application Form including information on all shareholders/owners (All 100 % of ownership must be filled out. If not, this can delay the loan request to SBA).

Misc. Documents

- Copy of Driver's License for all signers
- Borrower's Entity Documents – Articles of Incorporation, Articles of Organization, Partnership Agreement, or Trust Documents, By-laws, Operating Agreement, Fictitious Name Statement, Business License (whichever is applicable).
- Franchise Documents – Executed copy of Franchise Agreement.

Do I need to first look for other funds before applying to this program? No. The SBA is waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., waiving the Credit Elsewhere requirement).

How long will this program 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 we need time to process your loan.

How many loans can I take out under this program? Only one.

What can I use these loans for? You should use the proceeds for the following:

- 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.

What counts as payroll costs? Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

How large can my 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 much of my 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 Endeavor Bank as your lender. 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.

What is my interest rate? 0.50% fixed rate.

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.

Do I need to pledge any collateral for these loans? No collateral is required.

Do I need to personally guarantee this loan? No. There is no personal guarantee requirement.

However, if the proceeds are used for fraudulent purposes, the U.S. government may pursue criminal charges against you.

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 Endeavor the 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 Endeavor 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/or other tax authority. You also understand, acknowledge, and agree that Endeavor 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.

A Message For Consumers on Behalf of the California Community Banking Network (CCBN)

As we navigate through the uncertainty of Covid-19, we applaud our community banks' responsiveness and ability to support its customers, communities and staff through the continuing challenges of this global pandemic.

Community banks are part of the critical infrastructure sector that must continue operations, while keeping the health of their customers and employees first. Rest assured, community banks are open, fully operational and will continue to ensure they are available and accessible either physically or electronically. Backed by the Federal Deposit Insurance Corporation (FDIC), there is no safer place to keep your money than a community bank. Since 1933, no depositor has ever lost a penny of FDIC insured funds.

Community banks are working closely with federal and state banking agencies to assist customers impacted and continue to identify and meet their needs. Community banks are well equipped to support its customers in these challenging times and are strongholds that operate in safety and soundness.

Resources for Consumers:

- FDIC Frequently Asked Questions for Bank Customers Affected by Coronavirus Disease 2019: <https://www.fdic.gov/coronavirus/faq-customer.pdf>
- California Department of Business Oversight Coronavirus Updates: <https://dbo.ca.gov/2020/03/25/covid19/>
- The Federal Reserve – Resources and Information: <https://www.federalreserve.gov/covid-19.htm>

*(**Note:** Clicking on the hyperlinks above will link you to another website not owned, operated or monitored by Endeavor Bank.)*

SBA Disaster Relief

We want to share information about new SBA loans that you may have heard about:

- Loans up to \$2,000,000
- 3.75% fixed interest rate on loans to for-profit companies
- 2.75% fixed interest rate on loans to non-profits
- Up to 30-year term and amortization (determined on case-by-case basis)
- Financing to be used for working capital and more

WHAT TO DO NOW:

Apply today by completing a SBA Disaster Loan Application:

<https://disasterloan.sba.gov/ela/Account/Login>

*(**Note:** Clicking on the hyperlink above will link you to another website not owned, operated or monitored by Endeavor Bank.)*

On this website, you will enter your company information and describe the impact of the pandemic on your business.

This National Disaster Relief Program is active -- however not all states have implemented and your state may not show as approved. At this time, 21 states have adopted these relief loans, and more will be added -- **so please continue to check this list often:**

<https://disasterloan.sba.gov/ela/Declarations/Index>

These are the only SBA Coronavirus disaster relief loans currently available. However, we remain hopeful that additional legislation will be enacted expanding the ability of banks to provide further supplemental loan relief in the near future. We will keep you apprised as we know more.

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To Our Valued Clients:

We are living in unprecedented and uncertain times. While we are all likely to be impacted, take comfort in knowing that the team at Endeavor Bank stands ready to serve and support you as we are all in this together.

We are actively monitoring the rapidly changing situation around COVID-19 and have taken a number of proactive steps to help ensure your access to banking services, while also ensuring that we can protect the health and safety of our clients and employees. For updates on COVID-19 please visit this website:

<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Immunization/ncov2019.aspx>

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Clients may still elect to physically bank in person at our Symphony Towers Branch Office, although during the current COVID-19 outbreak, public health officials have called for “social distancing” so we encourage you to consider alternative ways to access the banking services you need. For your safety and that of our employees, we strongly encourage clients to utilize our vast array of technology options that negate the need for clients to drive to the bank.

Since our formation, Endeavor Bank has been designed to operate as a virtual business bank where our clients connect to us through technology channels/products rather than in-branch visits. You can withdraw funds at over 80,000 surcharge-free ATMs nationwide using your ATM/debit cards at the MoneyPass ATM networks. Additionally, you may make deposits at select MoneyPass ATMs. Clients can also perform almost any function virtually, such as remote deposits, bill pay, wire transfers, online debits and credits including ACH items, loan payments, advances on lines of credit, as well as many other functions.

Endeavor can virtually approve and document new loans and process loan renewals. We are fully functional with e-signature so clients can even sign documents remotely. If you are not fully functional with Endeavor Bank technology, contact our Digital Banking Department by calling 760-795-1150 for help or email us at digitalbanking@bankendeavor.com.

For any other services that you may normally elect to visit our branch office for, please contact us and we will strive to arrange an alternative delivery channel for your convenience and safety. For example, if a client should need to obtain a cashier’s check, make a cash deposit or withdrawal, obtain a notarized signature, etc., we would be pleased to assist you so that you can save the physical trip to the bank. Just call 760-795-1150 for assistance.

Finally, we want to be your first line of support. Your concerns are our concerns. If the COVID-19 outbreak has negatively impacted your business, contact your Endeavor banker for assistance. We will do all we can to support our clients during this difficult time where so many businesses are likely to be adversely impacted. Below you will find links for resources should you need them and we will make updates as we become aware of additional resources.

Endeavor Bank is committed to being a responsible partner in our local community and we want our clients and shareholders to rest assured that we are working diligently to serve you during this time of crisis while safeguarding employees and clients alike.

Thank you for being a valued client.

Dan & Steve

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