

For over 155 Years, Dime Community Bank has weathered the difficult times alongside New York businesses. From the Great Depression to the Financial Crisis of 2008, Hurricane Sandy, and now the Coronavirus (COVID-19) pandemic, Dime continues to stand ready to help business owners through this unimaginable moment in our history.

While the FDIC has released [guidelines](#) for how banks should support business customers during this critical time, we at Dime believe that's just the starting point. If you are a business or commercial lending customer, Dime is here to work with you through this crisis. Our business team prides itself on the relationships they've built with you. By offering immediate and short-term lending solutions or engaging with your business using our cash management products, Dime has solutions that can fit many of your business needs when you need them the most.

As you may have read, the **Coronavirus Aid, Relief, and Economic Security (CARES) Act** was recently signed into law. While many of the details have yet to be unveiled, we do know that 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 Dime.

As a preferred SBA Lender, Dime will have prioritized access to getting those available funds to our customers. Importantly, many of the specific guidelines surrounding the plans remain unknown and will be drafted by the SBA in the coming days and weeks. We can, however, provide some insight towards eligibility, proposed borrowing limitations and minimal documentation requirements. We encourage you to begin preparing 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, sole proprietor 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.
- Considers whether the borrower was in operation before February 15, 2020 and had employees for whom they paid salaries and payroll taxes or paid independent contractors.

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## Key Considerations

You will need to determine your average monthly payroll costs. To calculate this figure, take the sum of Included Payroll Costs and subtract the sum of Excluded Payroll Costs. To determine what are Included or Excluded Payroll Costs, please see the **“Coronavirus Emergency Loans Small Business Guide and Checklist”**, which has been issued by the United States Chamber of Commerce.

## Borrowing Parameters

In general, loans can be up to 2.5 times the borrower’s average monthly payroll costs, not to exceed \$10 million.

For purposes of illustration, that means 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, 2020, but no later than March 1, 2020 and ending by June 30, 2020; 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.

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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.

### **Important Documentation to Prepare**

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.)

If you are an independent contractor, sole proprietor, or self-employed individual may be required to provide payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship.

### **Questions?**

Should you have questions or need additional guidance, your Dime business relationship team is ready to help you. Contact your banker directly, or Dime's SBA Lending Team today.

Standing ready to help New York businesses not only survive but thrive is one of the main reasons that Dime is "The Best Business Bank in New York".

Sincerely,

**Your SBA Lending Team**

631-782-6280

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