



**INFORMATION SHEET
PAYCHECK PROTECTION PROGRAM (PPP)**

This summary sets forth the primary terms and conditions of the SBA Paycheck Protection Program as we understand them 4/24/2020. Though the Interim Final Rule on the Paycheck Protection Program has been published, there are still a number of provisions that require further clarification. Therefore, the information set forth in this document is still subject to guidance communicated by the SBA.

Eligible Borrowers	<p>BHBT will accept applications from businesses that:</p> <ol style="list-style-type: none"> 1. have an existing banking relationship with BHBT or 2. do not have an existing banking relationship with us AND whose primary bank is not participating in the Paycheck Protection Plan. <p>General SBA Eligibility Standards:</p> <ol style="list-style-type: none"> 1. Small business concerns as defined in section 3 of the Small Business Act and subject to SBA’s affiliation rules unless specifically waived in the Act; 2. Tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), a tax-exempt veterans organization described in section 501(c)(19) of the IRC, Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, or any other business; 3. You were in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC. 4. You were in operation on February 15, 2020 and you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual. <p>You may meet the eligibility standards above but still be disqualified because:</p> <ol style="list-style-type: none"> 1. You are engaged in any activity that is illegal under federal, state, or local law; 2. You are a household employer (individuals who employ household employees such as nannies or housekeepers); 3. An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years; or 4. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government. <p>You must also submit such documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.</p> <p>Guidance with regard to the applicability of the SBA’s affiliation rules to PPP loans is still to be issued.</p>
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Loan Amount:	<p>The maximum loan amount can be calculated as follows:</p> <ol style="list-style-type: none"> 1. Aggregate payroll costs (defined in detail below) from the last twelve months for employees whose principal place of residence is the United States. 2. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year. 3. Calculate average monthly payroll costs (divide the amount from Step 2 by 12). 4. Multiply the average monthly payroll costs from Step 3 by 2.5. 5. Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).
Use of Proceeds:	<p>Proceeds of PPP loans may be used to pay the following:</p> <ol style="list-style-type: none"> 1. payroll costs; 2. costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums; 3. mortgage interest payments (but not mortgage prepayments or principal payments); 4. rent payments; 5. utility payments; 6. interest payments on any other debt obligations that were incurred before February 15, 2020; and/or 7. refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020. If you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.
Interest Rate:	1.00% per year. Interest is deferred for 6 months. Interest will continue to accrue during the six-month deferment period.
Collateral:	None.
Personal Guarantees:	None.
Maturity/Amortization:	Two years. No amortization is required during the six-month interest deferral period.
Prepayment Penalty:	None. Amounts not forgiven may be prepaid without penalty.
Forgiveness Provision:	<p>The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes described below and employee and compensation levels are maintained. The actual amount of loan forgiveness will depend, in part, on:</p> <ol style="list-style-type: none"> 1. the total amount of payroll costs, 2. payments of interest on mortgage obligations incurred before February 15, 2020, 3. rent payments on leases dated before February 15, 2020, and 4. utility payments under service agreements dated before February 15, 2020, <p>over the eight-week period following the date of the loan. <i>However, not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs.</i></p> <p>SBA will issue additional guidance on loan forgiveness.</p>

	Amounts forgiven will not be treated as income for tax purposes.
SBA Guaranty	Loan amounts in excess of the amount forgiven will be 100% guaranteed by the SBA.
Application Timing and Process:	<p>Small businesses may apply for PPP Loans from April 3, 2020 through June 30, 2020.</p> <p>Bar Harbor Bank & Trusts application package requires that you provide us with:</p> <ol style="list-style-type: none"> 1. SBA Paycheck Protection Program Application Form (SBA Form 2483) 2. Copies of tax documents, financial statements, management reports or some other “system generated” documentation that shows the bank how you calculated your payroll number in your application. Without this, your application will be considered incomplete and will not be processed. 3. Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the immediately preceding 12 months prior to the date of the SBA loan origination. Copies of the monthly invoices should suffice. 4. Documentation of all retirement plan funding by the employer for the immediately preceding 12 months. Copies of work papers, schedules and remittances to the retirement plan administrator should be sufficient. <p>Without documentation supporting the calculation of the “payroll costs” you are using to determine your maximum loan amount, the bank will not be able to process your application.</p>
Payroll Cost Calculation:	<p>Payroll Costs include compensation to employees (whose principal place of residence is the United States) in the form of:</p> <ul style="list-style-type: none"> • Salaries, wages, commissions, or similar compensation; • cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); • payment for vacation, parental, family, medical, or sick leave; • allowance for separation or dismissal; • payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; • payment of state and local taxes assessed on compensation of employees; and • for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation. <p>Payroll costs <i>do not</i> include:</p> <ul style="list-style-type: none"> • Any compensation of an employee whose principal place of residence is outside of the United States; • The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary; • Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee’s and employer’s share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and • Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).