



## COVID-19 Response Update

To our local community—Salinas, Monterey Peninsula, and South County,

As we continue to navigate the many facets of the rapidly changing COVID-19 situation, our first thought is for the health and safety of the people and businesses impacted by these unprecedented circumstances.

I want you to rest assured that the team at Pacific Valley Bank is committed to doing everything we can to protect and support the well-being of our team members, clients, and community.

Anker Fanoë  
President & CEO

### CARES ACT PAYCHECK PROTECTION PROGRAM SUMMARY

*The Paycheck Protection Program is a federal loan program aimed at helping businesses who have been substantially impacted by COVID-19 to retain their workforce.*

- **Eligibility:** Any businesses, nonprofit organizations, veterans' organizations or tribal businesses in operation on February 15, 2020 with up to 500 employees, for whom the borrower paid salaries and payroll taxes.
- **Funds Usage:** 75% of the funds must be used for payroll and related costs; the remaining 25% can be used for:
  - Mortgage payments
  - Rent
  - Utilities
  - Interest on debt obligations incurred before February 15, 2020
- **Loan Payment Deferral:** Loan payments can be deferred for up to 6 months.
- **Loan Terms:** Loan amounts can be up to the equivalent of 2.5 months of the business' average 2019 monthly payroll costs. Payroll costs will be capped at \$100,000 annualized for each employee.
- **EIDL Loans and Paycheck Protection Program:** Businesses that have received or will receive EIDL (Economic Injury Disaster Loans) between February 15, 2020 and June 30, 2020, have the option to refinance these loans under the parameters of the Paycheck Protection Program, with outstanding amount of the EIDL loan being added to the payroll sum within the Paycheck Protection Program loan.

## CARES ACT PAYCHECK PROTECTION PROGRAM SUMMARY (CONTINUED)

- **Eligibility for Loan Forgiveness:** Loan forgiveness amounts are predicated upon maintaining staffing levels and other allowable costs during the covered periods (8 weeks from loan origination). Calculation of amount forgiven is based on total payroll cost and payments made on debt during covered period, less the percentage of layoffs during the covered period as well as any salary reduction that exceeds 25% of the individual's salary. Documentation for loan forgiveness will include Federal and State tax filings, financial statements verifying payment of debt obligation and other documentation.

### ***Information is Subject to Change***

*Loans issued by Pacific Valley Bank are subject to approval with the Small Business Administration program and other eligibility guidelines. Certain restrictions apply to refinancing options and are subject to program terms. Refinances of existing SBA loans are excluded. Financing maximums and terms are determined by borrower qualifications and use of funds.*

## APPLICATION PROCESS

**The SBA resumed accepting Paycheck Protection Program applications from participating lenders on Monday, April 27, 2020.** At this time, Pacific Valley Bank will continue to accept PPP applications from existing clients and known businesses in Monterey County.

For businesses that have already submitted an application, Pacific Valley Bank will continue to process these applications and will reach out directly with next steps.

To begin the application process, please click [here](#) and follow the instructions provided.

As with any loan, additional documentation will be required including, but not limited to, the following:

### **You will need ONE of the following tax documents:**

- Form 940 or 941 for 2019: Employer's QUARTERLY Federal Tax Return, for all four quarters of 2019, for the first quarter of 2020, or as close to the date as possible.

### **You will also need:**

- Summary of borrower's payroll registry on or around February 15<sup>th</sup>, 2020.
- Documentation reflecting the health insurance premiums paid for the company for the immediately preceding 12 months.
- Documentation of all retirement plan funding for the immediately preceding 12 months; copies of work papers, schedules and remittances to the retirement plan administrator should suffice.
- Entity documentation sufficient to satisfy PVB's standard BSA protocols.

### **Additional requirements:**

- Incomplete applications, or applications submitted without complete documentation, will be delayed.
- Tax and payroll documents submitted must be fully accessible (no password protected documents).
- Applications will NOT be accepted from:
  - Businesses with one or more loans 30+ days late in repayment
  - Businesses with loans that have charge-offs
  - Businesses in bankruptcy

Click [here](#) for a complete Business Documentation Checklist.