PAYCHECK PROTECTION PROGRAM FOR SMALL BUSINESSES

OVERVIEW
The CARES Act, signed into law by Congress, creates a new program to bridge payroll expenses through June 30, 2020. The Paycheck Protection Program (PPP) provides access to $350 billion of funding and will be administered by the Small Business Administration (SBA). The intent of the program is to provide loans on favorable terms to businesses impacted by the challenging economic environment.

Over the decades Frost has continued to be there for the needs of our business customers and to earn their trust. We are proud to offer the new Paycheck Protection Program to our existing customers. The SBA has not issued final guidance on benefits and requirements.

WHAT WE KNOW SO FAR:
● Businesses including some non-profits and veteran’s organizations that were in business as of February 15, 2020 can apply.
  ○ Businesses must have fewer than 500 employees (may vary based on SBA requirements for your industry).
  ○ Sole proprietorships and independent contractors are included.
● This loan will cover certain operating expenses for the period of February 15, 2020 to June 30, 2020:
  ○ Payroll costs
  ○ Healthcare costs
  ○ Mortgage interest
  ○ Rent
  ○ Utility payments
  ○ Interest on other debt incurred prior to February 15, 2020
● The maximum loan amount is 2.5 times your average monthly payroll costs for the prior year up to $10 million.
● Loan proceeds used for allowed purposes are eligible for forgiveness. Loan forgiveness will be reduced if there is a reduction in the number of employees or employee compensation during this period.
● For loan amounts that don’t qualify for forgiveness, the maximum loan maturity is 10 years with a fixed interest rate no higher than 4%
● There will be no prepayment penalty
● The SBA guaranty fee is waived
● May be subject to a processing fee
● No collateral or personal guarantee will be required
● The SBA is working on final guidelines and requirements. Frost is unable to accept applications until we receive the final information from SBA.

WHAT IS NEXT?
As an SBA Preferred Lender, Frost is preparing to participate in the program for our customers. As more information and guidance becomes available, we will move quickly to make this program available to our existing customers.

If you are not an existing Frost customer, we advise you to contact your current financial institution for assistance.

Please visit our website at www.frostbank.com/COVID-19 for updates