April 30, 2020 update
11:00 a.m.

RE: Update- new funding for “Paycheck Protection Program”

To: Businesses in Western Massachusetts

I am pleased to announce that as of last night, we completed processing all of our current backlog of the SBA Paycheck Protection Program (“PPP”) loans. Thus far we have obtained approval for some 225 businesses for a total of $18.4 million. As of 5 p.m. yesterday, the SBA says it has approved some $90 billion of applications nationwide. This means there is still some substantial guaranty funding available for PPP loans. GCB would like to help you benefit from this emergency loan fund. For complete details on the program, go to www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp

We’ve summarized some of the conditions below:

(1) Are you accepting new PPP applications? YES. We are NOW ACCEPTING applications from businesses, including GCB business customers who may not have yet submitted, as well as businesses that are new to GCB and are located in Franklin County, Hampshire County and Hampden County here in Western Massachusetts. **Please complete and using our secure “contact us” intake form to have us contact you. We will then get you a secure e-mail portal for submission of a completed SBA Paycheck Protection Application to us. In this round, our queue will be strictly based upon our receipt of a COMPLETED application for submission to the SBA.** Because of our limited resources, we will not begin to process any application that is not completed. If you have submitted information to GCB, but have not yet completed the application requirements, we will bump you behind any completed applications that are ready for submission to the SBA. PLEASE DO NOT SIMPLY SUBMIT the application form over your regular e-mail which is not secure.

(2) Are there any additional conditions for someone who is not yet a GCB customer? Yes. For applicants who are not yet GCB customers, we are happy to accept your applications but Federal laws about “Know Your Customer” requires we obtain complete documentation of your identity and the identity of any beneficial owners of any business. The SBA requires you to disclose who owns 20% or more of any business as well. If you are approved, before we can close and fund any loan you will have to complete a Customer Identification Program (“CIP”) form along with valid picture state-issued I.D.’s for (a) the applicant and (b) any beneficial owners. You will have to complete a beneficial ownership form at closing as well.
(3) **Who is eligible?** Under SBA rules, an eligible recipient is any business or non-profit in existence before Feb. 15, 2020 and who had less than 500 employees and for whom they paid salaries and payroll taxes. For complete details, go to [www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp](http://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp).

(4) **What about forgiveness of the Note?** Despite what you may have heard in the press or online, YOU ARE WARNED THAT THE PPP program is a LOAN, NOT a grant program. Yes, the rules do provide for a possible forgiveness of all or a portion of your loan, but you will have to submit documentation of using those loan funds for the appropriate (payroll and benefits) uses starting with the 8 week period from the date your loan is disbursed to you and this must be reviewed and approved before any forgiveness may be granted. *Any portion of a PPP loan that is not forgiven under the terms of the program (in the sole discretion of the lender and SBA) as well as any funds not used for payroll or other qualified uses under the program, would have to be repaid on the terms as outlined in the loan documents within the 2 year term.*

(5) **What are the basic terms?** If approved, the first 6 months of the loan does not require a Monthly payment to be made, but interest will be accruing during this 6 month period. Beginning in month 7 and for the remainder of the 24 month loan term, you would have to make monthly payments on the loan unless forgiven under the terms of the PPP. The interest rate is 1.00% per annum.

(6) **How will this work?** As noted above, please complete and using our secure “contact us” intake form to have us contact you. The link for this form is found on our website under COVID-19 page. We will then get you a secure e-mail portal for submission of a completed SBA Paycheck Protection Application to us. We will put your application into our queue for processing once we receive this form completed and signed, along with the required payroll information. Remember, payroll information can be things like payroll processor records, payroll tax filings, Form 941, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documents, such as bank records, to demonstrate the qualifying payroll amount. For independent contractors and sole proprietors, you will also have to submit IRS Form Schedule C for your business for calendar 2019 (if you haven’t yet filed taxes with the IRS, you will need to complete a 2019 Schedule C to apply) and a 1099-MISC form. *If you have any other questions about SBA guidelines or to see if you qualify to apply, please consult the SBA website at [www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources](http://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources).*
As we have always done, we will make every reasonable effort to process these as quickly as possible. We are working diligently to process applications, but we (like all lenders) are still somewhat at the mercy of the SBA processing and that there are literally thousands of banks and applications in process for the SBA nationwide, so even this new SBA money could run out before we could process all applications and we cannot guarantee approvals from the SBA even if you might otherwise qualify.

We also have approximately thirty (30) applications from our original queue that are still missing information from the applicants before we can submit them. Over the past few days, our lenders have contacted these applicants by phone and/or e-mail to try to get the information needed to complete their applications. If you are one of these thirty businesses, PLEASE take the time to get us any missing information so we can help you. Until you submit everything needed, your application will be bumped down to a lower position in our new queue.

This remains a difficult time for everyone, thanks for your patience. We hope you and yours stay safe and healthy.

Tony Worden
Executive Vice President & Chief Operating Officer