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# EXHIBIT 1 – PPL Addendum Paycheck Protection Loans

For businesses with fewer than 500 employees, including sole proprietors and nonprofits, the CARES Act provides Small Business Act (SBA) loans from February 15, 2020 through June 30, 2020 (the "covered period"). These loans are referred to as Paycheck Protection Loans (PPL) and are designed to keep people employed.

The loans are repayable over ten years, subject to a 6 month to one-year deferral from date of loan.

No guarantees or collateralization is required of the business or its owners.

As discussed below the loans can be forgiven to the extent that in the first eight weeks of receiving the loan, the proceeds are expended on payroll costs, rent, mortgage interest, and/or utility payments.

The interest rate on the PPL cannot exceed **4%**. Any portion of the loan that is not forgiven is generally repayable monthly with interest over a ten-year term subject to a deferment discussed below.

The maximum loan is limited to the **lesser** of:

- **$10 million**
- the sum of the average monthly "payroll costs" for the one-year period ending on the date the loan was made, multiplied by 2.5, plus any SBA disaster loan funded after January 31, 2020 that has been refinanced into a paycheck protection loan.

**"Payroll costs" include**:

- Wages, commissions, salaries, or similar compensation to an employee or independent contractor,
- Cash tips,
- Paid time off, including vacation, parental, family, medical or sick leave,
- Dismissal and/or separation pay,
- Group healthcare benefits, including insurance premiums,
- Retirement benefits, and

- State or local taxes assessed on the compensation of employees.

**"Payroll costs" exclude:**

- Annual compensation for an employee greater than $100,000,
- Payroll taxes,
- Payments to an employee whose principal place of residence is outside the U.S., and

- Sick leave or family medical leave under the Coronavirus Relief Act where the employer receives a credit.

**Loan Forgiveness and Repayment Provisions**:

The CARES Act has a provision allowing for **tax-free forgiveness** of Paycheck Protection Loans to the extent the funds are used for payroll costs, rent, mortgage interest, and/or utility payments by the borrower during the first eight weeks after the loan date. Qualifying mortgages, leases and utility service must have commenced prior to February 15, 2020.

To seek forgiveness, a borrower must submit to the lender an application that includes documentation verifying the number of employees and pay rates, and cancelled checks showing mortgage, rent, or utility payments. Forgiveness amounts will be reduced for any employee cuts or reductions in wages.

***PW Observation: It is unclear whether the loan proceeds can be deposited into general funds or whether they should be segregated to disburse "Payroll costs", rent, mortgage interest, and/or utility payments. We suggest prudence dictates segregation.***

Repayment of the remaining principal, interest and any fee balances can be deferred for at least 6 months and not more than a year. Borrowers may apply for deferral and lenders must allow for such deferral for at least 6 months.

**As noted above, Economic Injury Disaster Loans obtained after January 31, 2020 may be refinanced with proceeds of a PPL. In such cases the maximum available loan amount is increased by the amount of disaster loans being refinanced**. The refinanced loan proceeds become subject to all the conditions and limitations of the Paycheck Protection Program explained above.