Nusenda Federal Credit Union ("Nusenda") is participating in the U.S. Small Business Administration’s ("SBA") Paycheck Protection Loan program authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. This document is based solely on Nusenda’s review of the CARES Act, the Interim Final Rule from the SBA and guidance from the Department of Treasury* as of April 20, 2020, and is intended to aid prospective Borrowers in determining eligibility, loan amount, and preparing documentation necessary to apply once the program has re-opened for application. This summary is not intended to contain all terms and eligibility requirements of the program, and is not a commitment to make any loan by Nusenda. Given the fast-moving nature of the legislation and Nusenda’s limited time to review the CARES Act, Nusenda makes no guarantee that this document is error-free. This document does not constitute legal advice, and you should consult your own attorney regarding any such advice.

All terms, conditions, and eligibility remain subject to change based any additional guidance or regulation issued by the U.S. Small Business Administration ("SBA") and the U.S. Department of Treasury.


Eligibility and Loan Amount

Eligibility:
- You were in operation on or before Feb. 15, 2020;
- You are an individual with self-employment income;
- Your principal place of residence is in the United States; and
- You filed, or will file, a Form 1040 Schedule C for 2019 (or a Form 1065 Schedule K-1 for partnerships)

Eligible Loan Amount (not to exceed $20,833 plus balance of eligible EIDL Loans):
Equal to the sum of:
- $2.50 x [average monthly Self-Employment Earnings not to exceed $8,333 monthly or $100,000 annually (from Line 31 of Form 1040 Schedule C or Box 14.a Form 1065 Schedule K-1)].
  Note: If this amount is zero or less, you are not eligible to apply for a PPP loan.
- Plus: Outstanding balance on any SBA EIDL Loans (granted between Jan. 31, 2020 and Apr. 3, 2020) that you elect to refinance at the time of your Paycheck Protection loan funding.

Allowable Uses
Loan proceeds of the loan may be used for any of the following expenses:
- Owner’s Compensation Replacement as calculated based on Self-Employment Earnings in the Eligible Loan Amount section above. Note that only 8-weeks of this amount (approximately 73%) is eligible for forgiveness.
Allowable Uses cont.

- Interest expense* on mortgage debts incurred prior to Feb. 15, 2020.
- Rent expense* on leases in effect prior to Feb. 15, 2020.
- Interest expense on other debts incurred prior to Feb. 15, 2020. Interest on other debts are not eligible for forgiveness.

*Note that you must have claimed, or be entitled to claim, a deduction for these expenses on your 2019 tax return in order for the expense to be eligible for forgiveness.

Borrowers must maintain records (receipts, cancelled checks, account transcripts or statements, or other verification of payment), which will need to be submitted with the subsequent application for debt forgiveness.
- For all interest payments, you will need to provide a copy of the Promissory Note if not held with Nusenda.
- For all lease payments, you will need to provide a copy of the Lease Agreement.
- For all utility payments, you may need to provide a copy of the utility bill AND a copy of a bill from the utility company for January 2020.

Loan Terms

Below are the anticipated loan terms to be offered:

<table>
<thead>
<tr>
<th>Term</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount:</td>
<td>Eligible Loan Amount as defined above.</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>1.00% Fixed</td>
</tr>
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<td></td>
<td>Loans may be repaid at any time without prepayment penalty.</td>
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<tr>
<td>Fees:</td>
<td>N/A</td>
</tr>
<tr>
<td>Term:</td>
<td>24 months from date of Note.</td>
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<tr>
<td>Payments:</td>
<td>All amounts due for principal or interest shall be deferred for 6 months followed by 18 monthly payments of principal and interest to fully amortize the loan.</td>
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<tr>
<td></td>
<td>Please refer to Loan Forgiveness section herein.</td>
</tr>
<tr>
<td>Guarantees:</td>
<td>SBA does not require recourse unless funds are misappropriated.</td>
</tr>
<tr>
<td>Collateral:</td>
<td>Unsecured</td>
</tr>
</tbody>
</table>

Applications Materials

Nusenda will require the following documentation to begin considering your application; however, as noted, additional information may be required based on additional guidance or regulation from the SBA.

- 2019 filed federal tax return, or a copy of Form 1040 Schedule C or Form 1065 Schedule K-1 that you intend to file (if you have not, or do not intend to file, these forms for 2019, you are not eligible to apply for a PPP loan).
- All Forms 1099-MISC (if applicable).
- Organizational documents (if applicable), such as Articles of Organization filed with the State of New Mexico.
- Operating Agreement or General or Limited Partnership Agreement (if applicable).
- 2019 Financial Statements if tax return has not been filed.
Applications Materials cont.

For each individual or partner:
- Copy of Driver’s License or Passport.
- Social Security Number and Physical Address must be included on the application.

Additional information may be required for your application for Debt Forgiveness based on forthcoming guidance from the SBA.

**Debt Forgiveness**

100% of the loan proceeds may be eligible for debt forgiveness by the SBA provided funds are used for allowable uses and generally were eligible for deduction on your 2019 tax return. Application for forgiveness will be processed after the loan proceeds are used and will require records as outlined under ‘Allowable Uses’ section above. Forgiveness is prohibited without adequate records of the use of funds. Remember, Owner’s Compensation Replacement is limited to 8-weeks of payments (or approximately 73% of the Eligible Loan Amount).

**Representations and Warranties**

The SBA will require the Borrower to make the following representations writing on your application:

**At Loan Application:**
- Certification that the uncertainty of the current economic conditions make the request for the Paycheck Protection Loan necessary to support ongoing operations.
- Acknowledgement that the funds will be used to retain workers and maintain payroll, or pay other allowable expenses.
- Attestation that another, duplicative loan application is not pending, and the Borrower has not received proceeds from another Paycheck Protection loan for duplicative purposes.

**At Application for Debt Forgiveness:**
- Certification that the supporting documentation regarding use of funds is true and correct.
- Certification that the amount of forgiveness requested was used to retain employees and/or pay other allowable expenses.