



## PPP Loan Forgiveness

If you meet the conditions required by the SBA, up to 100% of your Paycheck Protection Program loan is eligible for forgiveness. The amount of forgiveness is based on the amount of loan proceeds that you use to cover payroll costs (see included costs below), utilities, rent and mortgage interest obligations over the 8-week period after the loan is made. The details of the forgiveness program are still being finalized, and we expect more guidance from the SBA soon.

### **FORGIVENESS:**

At least 75% of the proceeds of your loan forgiveness need to be for payroll costs (see included costs below). No more than 25% can be used on utilities, rent and mortgage interest obligations that were in effect before February 15, 2020. Also, the total amount forgiven may be reduced if your full-time employee headcount declines or if the salaries and wages that you pay your employees decrease. Remember, your approved loan amount was based on an average of 2.5 months (10.83 weeks) payroll in 2019, but you only have 8 weeks from the day you received your loan proceeds to spend it on forgivable expenses, so plan accordingly.

### **WHAT IS INCLUDED IN FORGIVABLE PAYROLL COSTS?**

The following compensation is considered eligible payroll costs under the PPP program:

- Salaries, wages and tips (up to \$100,000 of annualized pay per employee), plus
- Health care expenses, retirement contributions, and
- State unemployment taxes imposed on employee payroll paid by the employer

### **WHAT ARE FORGIVABLE MORTGAGE AND RENT OBLIGATIONS?**

Interest payments on your mortgage or rent payments for the 8-week period after you receive the loan proceeds are eligible for forgiveness. A couple of things to note:

- Only mortgage interest payments, not principal payments, are eligible
- Mortgage or lease agreements must have been in effect prior to February 15, 2020

### **WHAT ARE COVERED UTILITY PAYMENTS?**

- Payments for a service for the distribution of electricity, gas, water, telephone or internet access. The services must have been in place before February 15, 2020.

### **WHAT IF MY LOAN IS NOT COMPLETELY FORGIVEN?**

If your loan is not completely forgiven, and you are not able to pay-off the remaining balance you will need to make payments as detailed in your loan agreement. Your first payment is due 6-months from the date your loan was funded.

### **WHAT DOCUMENTATION WILL I NEED TO PROVIDE TO BE APPROVED FOR FORGIVENESS?**

We will request supporting documentation for the above items and will submit that directly to the SBA on your behalf. As a part of the application for the PPP loan, you provided certain payroll documentation used to calculate the dollar amount of your loan. We anticipate any request for forgiveness will need to be accompanied with supporting documentation similar in form and fashion to the original documents you submitted. We anticipate the SBA will also require documentation (cancelled checks and other supporting documents) for non-payroll expenses such as mortgage interest payments, covered rent and utility payments.

*Information as of 05/13/2020 and is subject to change. Member FDIC. Equal Housing Lender.*