



BORROWER'S FORGIVENESS GUIDE FOR PAYCHECK PROTECTION PROGRAM LOANS

CAN MY SBA PPP LOAN BE FORGIVEN?

All borrowers should review carefully the required certification that "current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to the support their ongoing operations in a manner that is not significantly detrimental to the business. Companies should be prepared to demonstrate to the SBA, upon request, the basis for its certification.

If a borrower determines they did not need the loan, they should repay the loan by May 7, 2020. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.

The loan will be eligible to apply for forgiveness if the funds are used during the 8-week period after loan disbursement for payroll costs, interest (not principal) on mortgages, rent, and utilities that were in existence prior to February 15, 2020. Not more than 25% of the forgiven amount may be used for non-payroll costs.

HOW DO I APPLY FOR LOAN FORGIVENESS?

Borrowers will apply to their lender for loan forgiveness. A form for forgiveness will be developed with guidance from the SBA in the near future. The application for forgiveness must include documentation of the loan proceeds being used for the purposes included in the calculation of the amount eligible for forgiveness, including state and federal payroll tax reports, unemployment insurance filings, lease agreements, mortgage statements, utility statements, receipts, bank transcripts, canceled checks or other evidence showing how funds were used. Lenders must make a determination on the application within 60 days of a borrower's application.

HOW COULD THE FORGIVENESS AMOUNT BE REDUCED?

The full 8-week forgiveness will be granted to businesses that retain their employees and the compensation paid to those employees. Loan forgiveness amounts will be reduced if the employer has on average fewer employees during the 8-week period after receiving the loan than during the time periods of either February 15, 2019, to June 30, 2019, or January 1, 2020, to February 29, 2020, (as chosen by the employer), or if the employer reduces the pay of any employee by more than 25% compared to the last calendar quarter. To encourage employers to rehire workers laid off due to the COVID-19 crisis, the PPP provides that if a business rehires previously laid-off workers or eliminates any reductions in salaries prior to June 30, 2020, it will not be penalized for having a reduced payroll at the time of the loan.

WHAT HAPPENS TO LOAN AMOUNTS THAT ARE NOT FORGIVEN?

Any portion of the loan that is not forgiven will have a 2 year term with deferred P&I for the first 6 months, amortizing over the remaining 18 months at 1%.

Please note: this guidance may change or be updated due to additional analysis or further guidance from the SBA.

For complete guidance on the SBA PPP Loan Program visit sba.gov or treasury.gov



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