

PPP Loan Forgiveness: Next Step Guide

Updated 7/14/2020

NEXT STEP GUIDE: PPP Loan Forgiveness

It is important to note, since our last communication the guidelines for PPP Loan Forgiveness have changed. A brief summation is as follows:

Payroll Expense Threshold: Is now set at 60% vs.75%. Also meaning that “non-payroll expenses” can comprise as much as 40% of the forgivable portion.

The Covered Period: Can either be 8 weeks or 24 weeks and the deadlines are different for each.

- The Safe harbor deadline for the 8-week covered period remains at June 30, 2020;
- However, the deadline for the 24-week Covered period is extended to December 31, 2020.

Loan Maturity:

- For all loans processed prior to June 5th, the maturity remains at 24 months; however, there is a possibility the maturity can be extended to 60 months. (See **Note #1** below for more information)
- For all loans that were processed after June 5, 2020; the new maturity date of the loan will be 60 months.

Loan Forgiveness: The deadline to file for PPP Loan forgiveness is now 10 months after the expiration of your “Covered period”. See **Note #2** below for more information)

- The bank will have **60 days** from the time you submit a “Complete” Forgiveness application, to review and recommend the amount of your forgiveness to the SBA.
- The SBA will then have **90 days** to review and approve the amount of your forgiveness.
- **If 100% of your loan is forgiven**, the SBA will refund the bank and there will be nothing more you as the borrower will need to do
- **Partially Forgiven.** If after review by the SBA it is determined that a portion for your PPP loan is not forgiven, the balance representing the “unforgiven” portion will represent the new dollar amount of your loan that needs to be repaid to the bank. (See **Note #1** for more information)

PPP Loan Forgiveness NOTES:

Note #1 – As noted above, the SBA has modified the “Maturity date” for all PPP loans processed on or after June 5, 2020. The Interim Final Ruling also states that for loans processed prior to June 5th, it is possible for a borrower to have its PPP loan maturity extended to 60 months if *mutually agreed upon* between the Borrower and Bank. Marquette will only consider modifying the maturity of the loan as part of the Forgiveness Application process. If during the Forgiveness process it is determined that not 100% of the PPP Loan will be forgiven, the Borrower and Bank can then consider modifying the maturity at that time.

Note #2 – For loans processed prior to June 5th, the Covered period is 8 weeks, however, as noted above, you do now have a choice between an 8-week covered period or a 24-week covered period. Also, the loan documentation calls for a “Deferment period” of six (6) months before repayment begins. This “deferment period” allowed time for Banks to review Forgiveness applications. There is no need for you to do anything currently regarding the “Deferment period”. Like the process outlined above in Note #1, the bank will adjust the “Deferment period” as recommended by the SBA, if there remains an “unforgiven portion” of the original PPP loan upon completion of the Forgiveness application review process.