

PPP Loan Forgiveness: INFORMATION SHEET

Updated 6/29/2020



PPP Loan Forgiveness Information Sheet

OVERVIEW:

This information sheet is a “guide” to reference as you begin the process of determining the “forgivable” portion of your PPP loan only. It is not intended to recap the “loan determination amount” of your PPP loan. *(NOTE: The amount of your loan was determined by you at time of application. Marquette validated the amount with a review and assessment of the data you provided).* It is very important to begin this process NOW by starting to compile relevant data.

As your bank, it is our intent to keep YOU current with updates to changes in the guidelines as well as our interpretations of the guidelines.

Marquettesavings.bank. Marquette is continually monitoring information and will post updates as they become available on our website:

WHAT YOU NEED TO KNOW:

Updated 6/29/2020 – PPP LOAN FORGIVENESS NEXT STEP GUIDE

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. 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.

What costs are eligible for loan forgiveness? The actual amount of the loan forgiveness is based on certain eligible costs incurred and payments made during the covered period.

IMPORTANT– ALL “eligible costs” need to be in existence on February 15, 2020. HOWEVER, the “forgivable” portion will be determined based on expenses incurred and paid during the “8-week “covered period”.

LOAN FORGIVENESS REQUIREMENT:

To ensure all eligible expenses can be applied to PPP loan forgiveness, an accurate accounting of expenses must be presented. We highly recommend starting this process now. Please keep a folder that includes cancelled checks or online

confirmations of satisfactory payments for ALL your eligible payroll and utility costs to submit to Marquette when applying for loan forgiveness.

PAYROLL COSTS:

The following payroll costs are eligible:

- ✓ Salaries, wages, commissions or similar compensation (including cash and housing stipend and allowance)
- ✓ Payments for vacation, parental family, medical or sick leave
- ✓ Allowance for dismissal or separation
- ✓ Payments for the provisions of group health care benefits, including insurance premiums
- ✓ Payments for retirement benefits
- ✓ State employer unemployment taxes

The following payroll costs are NOT eligible:

- ✓ Payments to an independent contractor
- ✓ Cash compensation in excess of \$100,000
- ✓ The Employer's share of federal payroll taxes
- ✓ Qualified sick leave and qualified parental leave wages for which credit is allowed under the Families First Coronavirus Response Act (FFCRA)

OVERHEAD EXPENSES:

Other eligible expenses

- ✓ Copies of all **lease/rent** agreements for real estate and tangible personal property should be presented along with proof of payment,
- ✓ Copies of all statements of **interest paid** on debt obligations incurred prior to February 15, 2020 reflecting interest payments and **proof of payments**.
- ✓ Copies of all cancelled checks, and/or statements or other evidence of **utilities** paid during the covered period.
 - **Utilities include –**
 - **Electricity**
 - **Gas**
 - **Water**
 - **Telephone and internet**
 - **Transportation (gasoline the company pays for company vehicles)**
- ✓ Any and all additional documentation required by the Lender to support and document the use of proceeds of the loan.

Mortgage and lease/rent payments –

- ✓ Interest payments on a mortgage incurred in the ordinary course of business on real or personal property and that was in existence on February 15, 2020 – keep

in mind, this includes ONLY the interest portion of your loan payment. For example, if your monthly payment is \$1,023.91 and the breakdown of your payment was \$691.00 towards principal and \$332.91 represents the interest portion, then only the \$332.91 is an eligible cost.

- ✓ Rent payments under lease agreements in existence on February 15, 2020.
- ✓ Utility payments for electricity, gas, water, transportation, telephone and Internet for which service was in existence on February 15, 2020.

ADDITIONAL RESOURCES:

Please refer to the checklist provided on the PPP Loan Forgiveness Information Center for more information. These tools are provided to assist customers to ensure all eligible expenses can be applied to PPP loan forgiveness, it is important to still verify materials with your CPA or Financial Advisor.