



DEAN BANK

It's my bank.™

Paycheck Protection Program Loan Forgiveness

Created by:

Danielle Verbich, AVP Commercial Lending Officer

What we know so far.....

- Legislation signed June 5, lowered to 60% from 75% the minimum % borrowers have to spend on payroll costs to be forgiven.
- The covered period for loan forgiveness was extended from eight weeks after the date of loan disbursement to 24 weeks after the date of loan disbursement. Borrowers that have already received PPP loans retain the option to use an eight-week covered period.
- A safe harbor is provided from reductions in loan forgiveness based on reductions in full-time-equivalent (FTE) employees for borrowers that are unable to return to the same level of business activity the business was operating at before Feb. 15, 2020, due to compliance with requirements or guidance issued between March 1, 2020, and Dec. 31, 2020, by the secretary of Health and Human Services, the director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to worker or customer safety requirements related to COVID-19.
- A safe harbor is provided from reductions in loan forgiveness based on reductions in FTE employees, to provide protections for borrowers that are both unable to rehire individuals who were employees of the borrower on Feb. 15, 2020, and unable to hire similarly qualified employees for unfilled positions by Dec. 31, 2020.

What we know so far..... Continued

- Increase to five years the maturity of PPP loans that are approved by the SBA (based on the date the SBA assigns a loan number) on or after June 5, 2020.
- Extend the deferral period for borrower payments of principal, interest, and fees on PPP loans to the date that the SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period).
- Non-payroll eligible costs:
 - (a) covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
 - (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments")
 - (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 ("business utility payments").

What documents are needed?

ENTITY TYPE FOR PPP LOAN	ELIGIBLE EXPENSES	REQUIREMENTS	REQUIRED SUPPORTING DOCUMENTS
Sole Proprietor or Partnership with eligible employees	<ul style="list-style-type: none"> • 24 weeks of “owner compensation” • Payroll expenses equivalent to 24 weeks of your average payroll prior to COVID-19 • Rent, utilities and mortgage interest 	<ul style="list-style-type: none"> • Minimum 60% of the loan amount is used for payroll costs • Maintain full-time employee equivalent headcount • Employee wages cannot be reduced by more than 25% • Rent/utility/mortgage contracts were in place prior to February 15, 2020 	<ul style="list-style-type: none"> • 2019 Form 1040 Schedule C or Form 1065 Schedule K-1 • Payroll reports for the 24 weeks beginning the date loan was funded OR the 24 week period beginning the first day of the first pay cycle after loan was received (i.e.; pay cycles that are biweekly) • Verification of healthcare and retirement contributions • Rental/lease agreement or mortgage statement • Utility statement
LLC, Corporation or Non-Profit with eligible employees	<ul style="list-style-type: none"> • 24 weeks of “owner compensation” • Payroll expenses equivalent to 24 weeks of your average payroll prior to COVID-19 • Rent, utilities and mortgage interest 	<ul style="list-style-type: none"> • Minimum 60% of the loan amount is used for payroll costs • Maintain full-time employee equivalent headcount • Employee wages cannot be reduced by more than 25% • Rent/utility/mortgage contracts were in place prior to February 15, 2020 	<ul style="list-style-type: none"> • Payroll reports for the 24 weeks beginning the date loan was funded OR the 24 week period beginning the first day of the first pay cycle after loan was received (i.e.; pay cycles that are biweekly) • Verification of healthcare and retirement contributions • Rental/lease agreement or mortgage statement • Utility statement
Sole Proprietor or Partnership without eligible employees	See the latest on the SBA PPP EZ Form that will be integrated into the online application system (more to come on this.... Stay tuned!)		

Next Steps?



Stay tuned for a link to Dean Bank's forgiveness application portal ... coming soon!



Review the applications found on the SBA website (subject to change without notice)

Click link below:

[SBA PPP FORM 3508](#)

[SBA PPP FORM EZ 3508](#)



Begin collecting supporting documents as outlined on previous slide

Additional Questions?

SBA has released several updates to its PPP Forgiveness FAQs. You can find this document here



[SBA FAQ LINK](#)

Who should I contact for additional information?



Judy Alfred, VP Commercial Lending Officer
jalfred@deanbank.com

Danielle Verbich, AVP Commercial Lending Officer
dverbich@deanbank.com