



## PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS PARAMETERS

Paycheck Protection Program loans (“PPP Loans”) may be forgiven, up to the full principal amount of the loan plus any accrued interest. That is, you will not be responsible for any loan payment if you use all of the loan proceeds for forgivable purposes described below, and employee and compensation levels are maintained. The actual amount of loan forgiveness will depend on:

1. the total amount of payroll costs,
2. payments of interest on mortgage obligations incurred before February 15, 2020,
3. rent payments on leases dated before February 15, 2020, and
4. utility payments under service agreements dated before February 15, 2020,

PPP Loans may be forgiven up to the full amount of the loan if you used the proceeds to pay the expenses listed above during the 8 week period beginning on the date you receive the proceeds of your loan. *However, not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs.* It is our understanding that amounts forgiven will not be treated as income for tax purposes. Please consult your tax advisor.

### **What you need to do:**

To receive loan forgiveness, at the end of the 8 weeks we ask you to provide the bank with documentation of the expenses paid using your PPP Loan proceeds for the following:

1. number of full-time equivalent employees on payroll;
2. dollar amounts of payroll costs;
3. costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
4. mortgage interest payments (but not mortgage prepayments or principal payments);
5. rent payments; and/or
6. utility payments.

We request this information to verify the loan proceeds were used as intended, to keep your employees employed, and will use it to determine the amount of loan forgiveness for which you qualify. Therefore, **please keep detailed accurate records for this purpose and mark the date on your calendar for when the 8 week period has ended.** You being proactive and bringing this information to the bank at that time is much appreciated. Interest and principal payments on your loan are deferred for six months, although interest will continue to accrue. If you do not take action to get your loan forgiven, payments will begin and continue until your loan matures in two years.

*Please note: Pending additional guidance from the U.S. Treasury Department, changes in the forgiveness process may occur.*