

# Notice of Paycheck Protection Program Forgiveness

1. FOR PURPOSES OF PAYCHECK PROTECTION PROGRAM LOAN ( the "PPP Loan") FORGIVENESS, THE BORROWER WILL HAVE TO DOCUMENT THE PROCEEDS USED FOR PAYROLL COSTS IN ORDER TO DETERMINE THE AMOUNT OF FORGIVENESS. The Lender is not responsible to document the PPP Loan proceeds.
2. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes described and employee and compensation levels are maintained.
3. At least Seventy-five percent (75%) of PPP Loan proceeds shall be used to cover payrolls costs.
4. No more than twenty-five percent (25%) of PPP Loan proceeds shall be attributable to non-payroll costs.
5. The actual amount of loan forgiveness will depend, in part, on the total amount of payroll costs, payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, and utility payments under service agreements dated before February 15, 2020, over the eight-week period following the date of the PPP Loan. However, not more than 25 percent of the PPP Loan forgiveness amount may be attributable to non-payroll costs.
6. Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. As explained above, not more than 25 percent of the forgiven amount may be for non-payroll costs.
7. Proceeds from any advance up to \$10,000.00 on an economic injury disaster loan ("Economic Injury Disaster Loan") will be deducted from the loan forgiveness amount on the PPP Loan.
8. If PPP Loan proceeds are utilized for unauthorized purposes, the Small Business Association will direct the Borrower to repay those amounts.
9. The Lender in its sole and absolute discretion will determine the amount of forgiveness based on the attestations of the Borrower and the truth and accuracy of the documentation provided by the Borrower.
10. For Employee Headcount Tracking, identify average monthly full-time equivalent (FTE) employees for EITHER the period of February 15-June 30, 2019 OR January 1-February 29, 2020. Please note that any reduction in average FTE employees in the "Covered Period" (defined as the 8 weeks from the time of the loan disbursement) may result in a reduction in forgiveness. However, if the reduction in headcount during the Covered Period is eliminated on or before June 30, 2020, the Headcount forgiveness reduction is not applicable.
11. Wage Reduction applies to employees making less than \$100,000. Should the wages during the Covered Period be decreased by more than 25% of their annualized compensation for the most recent quarter they were employed prior to the Covered Period, the sum total of these reductions will need accumulated. Please note if the Wage Reduction during the Covered Period is eliminated on or before June 30, 2020, the reduced forgiveness for Wage Reduction is not applicable.

**12. Notwithstanding the foregoing, SBA will issue additional guidance on loan forgiveness.**