

Valley Republic Bank
Communications Regarding the Paycheck Protection Program
(1/8/2021)

Communication to All Existing and Prospective PPP Borrowers:

Dear Valley Republic Bank Existing or Prospective PPP Borrower,

As many of you are aware, on January 6th, 2021 the Small Business Administration (SBA) issued guidance for the reconstituted Paycheck Protection Program. The guidance included two interim final rules (IFRs), providing guidelines for: 1.) new loans to first-time PPP borrowers ([link to IFR](#)) and 2.) new PPP loans to borrowers that previously received a PPP loan ([link to IFR](#)).

Valley Republic Bank (VRB) is committed to helping our community through these unprecedented times, and because of this commitment we will be fully participating in this next round of PPP.

While the situation remains fluid, the key elements of the next round of PPP include:

Timing:

- Today (January 8th, 2021), the SBA announced the PPP will re-open on a limited basis the week of January 11th for new PPP borrowers and certain existing PPP borrowers; community banks will be allowed to begin participating shortly thereafter.
- As soon as the SBA allows VRB to accept and submit applications, we will do so.

Qualifications:

The following serves to summarize the general qualifications for the next round of PPP:

- First-Draw PPP Borrowers/Loans:
 - Business was in operation on February 15th, 2020.
 - 500 or fewer employees.
- Second-Draw PPP Borrowers/Loans:
 - 300 or fewer employees.
 - Used or will use the full amount of their first PPP loan on eligible expenses on or before the expected date for the second PPP loan to be disbursed to the borrower.
 - Experienced a revenue reduction of 25% or more in all or part of 2020 compared with all or part of 2019. This is calculated by comparing gross receipts in any 2020 quarter with an applicable quarter in 2019, or, a borrower that was in operation for all four quarters of 2019 can submit copies of its annual tax forms that show a reduction in annual receipts of 25% or greater in 2020 compared with 2019. Please note that any forgiveness amount of a First Draw PPP Loan that a borrower received in calendar year 2020 is excluded from the borrower's gross receipts.
 - Maximum PPP loan will be \$2,000,000.

Maximum Forgivable Loan Amounts:

- In general, first-time and second-time PPP borrowers may receive a loan amount of up to 2.5 times their average monthly payroll costs (with a cap per employee of \$100,000 annualized) in 2019, 2020, or the year prior to the loan. PPP borrowers with NAICS codes starting with 72 (such as hotels and restaurants) can receive up to 3.5 times their average monthly payroll costs on second-draw loans.

Application Process:

- VRB will be utilizing the same online portal to process applications for this next round of PPP.
- Once the SBA has provided final procedures/forms and begins accepting applications, we will send you a communication with further details about how to apply (this may be early next week).

We remain committed to the communities we serve and to the financial health of your business. Thank you for your ongoing partnership.

Sincerely,

Valley Republic Bank
