

Dear PPP Borrower:

One question we've been getting asked a lot lately is, "How does PPP forgiveness work?"

Unfortunately, SBA and the U.S. Department of the Treasury are still in the process of drafting the rules related to forgiveness. Because of this, there is still a lot we don't know. We share in your frustration and will continue to monitor guidance as it is released so that we can provide you with answers.

While there is a lot we don't know, there are a few things that we do know. The Paycheck Protection Program Flexibility Act, signed into law on June 5, 2020, eased some of the restrictions related to PPP, such as:

- Extending the "covered period" from 8 weeks to 24 weeks. However, borrowers who have received PPP loans before June 5, 2020 may elect to use the 8-week period.
- Extending the deferral period for principal and interest payments to 10 months after the end of your "covered period." **While this period has been extended, we strongly encourage you to apply for forgiveness as soon as the new guidance and forgiveness application become available. Borrowers who do not submit a loan forgiveness application by this deadline must begin paying principal and interest.**
- Lowering the requirement that PPP funds be spent on payroll from 75% to 60%. However, there may still be a reduction in forgiveness if payroll expenses drop below the new 60% requirement.

More information can be found in the *Interim Final Rule on Revisions to First Interim Final Rule* published on June 11, 2020 and on the U.S. Treasury website here:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

SBA and Treasury have said that they will be issuing revisions to their interim final rules on loan forgiveness, providing additional guidance on forgiveness, and updating the application for forgiveness. We encourage you to regularly monitor the Treasury website at the link above so that you stay up-to-date on information related to forgiveness. In the meantime, we suggest all PPP borrowers do the following so you can substantiate loan forgiveness amounts:

- Maintain detailed payroll documentation.
- Maintain copies of bills and invoices for eligible expenses.
- Maintain copies of cancelled checks or documentation that provides proof of payment.

While there will be much to learn as SBA and Treasury release new rules, know that we will continue to monitor new guidance as it is released and will do our best to keep you informed. We look forward to working with you to apply for loan forgiveness and we will contact you when we have more information from SBA and Treasury. We will be sending you a custom VRB link as soon as it is available, where you will be able to fill out and submit your forgiveness application through our PPP Platform.

Sincerely,

Your VRB Team