

Good afternoon from the Bank of Clarke County.

Last week we provided an update on the forgiveness portion of the PPP loan. We are following up with some additional information and clarification below based on some questions we have received, and additional guidance provided by the Treasury in their Interim Final Rule and subsequent clarifications. You can find all this information by clicking [HERE](#). Please note that as was the case with the initial loan program, some of these items may be subject to change and as such, we will continue to update our website with the most updated information so please check back regularly [HERE](#) to stay up to date on the program.

Points of clarification:

- While 100% of the loan may be used for payroll, employer paid health and retirement costs, rent, mortgage interest and utilities, the current rule indicates that 75% of the loan funds must be attributed to payroll and employer paid health and retirement costs.
- If you feel that you cannot meet these guidelines or have decided you no longer want the loan proceeds, you have until May 14th to return the loan to the Bank with no further actions necessary.
- The forgiveness portion may be reduced if the 75% threshold is not met and/or funds are used for purposes other than stated above.

Answers to some of the outstanding questions:

- What specific documents will be acceptable to the SBA/Treasury as proof of payment?
 - The Q2 Form 941 and state quarterly wage unemployment insurance tax reporting forms or equivalent payroll processor records that best correspond to the covered period should suffice (Detail can be found on page 13 section G of the [Interim Final Rule](#)). Proof of business rent, business mortgage interest, and/or business utility payments paid for by the loan proceeds (not to exceed 25% of the loan amount) must also be provided. For self-employed/sole proprietorships, the 2019 Form 1040 Schedule C that was provided at the time of the PPP loan application must be used to determine the amount of net profit allocated to the owner for the eight-week covered period. The Administrator, in consultation with the Secretary, determined that for purposes of loan forgiveness it is appropriate to require self-employed individuals to rely on the 2019 Form 1040 Schedule C to determine the amount of net profit allocated to the owner during the covered period.
- How strict is the 75% rule?
 - 75 percent of the amount forgiven must be attributable to payroll costs for the reasons specified in the First PPP Interim Final Rule.
- Is any portion of the interest accrued on the loan subject to forgiveness?
 - Yes, per SBA rules in the FINAL and their Interim Final Rule Additional Eligibility Criteria, describes "up to the full principal amount of the loan plus accrued interest".



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Still Outstanding / To Be Answered:

- When can businesses begin to submit requests for forgiveness with their banks? Early direction had been week seven, but that may be altered by the SBA or Treasury.
- What is the complete list of items that can be included in the 75%?
 - This is still being deliberated, but a complete list as of today can be found in the [Interim Final Rule, Page 13](#)
- If I am unable to re-hire the required same number or FTE's, or an employee quits, does that portion of the loan remain forgivable?

When you apply for forgiveness, you will be attesting that as the business owner, you certify the information provided is true and accurate. You will further be asked to attest that the monies were used per the requirements of the SBA loan. For this reason, it is strongly suggested that you review the Interim Final Rules ([found here](#)) yourself to ensure you have all of the facts that pertain to your specific business. We are here to help and will provide any and all information and guidance at our disposal.

As always, please feel free to reach out to your Commercial Banker, send us a note through online banking, or contact our call center at 800-650-8723.

Thank you and stay safe!

Brandon Lorey
President and CEO
Bank of Clarke County