
PPP LOAN FORGIVENESS (AS OF 5/20)

We understand that you are likely wondering about how and when you will be able to request forgiveness of your Paycheck Protection Program (PPP) loan. On May 15, the SBA released their PPP Loan Forgiveness Application, but final guidance for borrowers and lenders is still pending. Our plan for the forgiveness application process will be determined when we receive final guidance from the SBA. Once we receive final guidance, we will communicate those details to you.

Right now, we want to share what we currently know about PPP forgiveness, which is subject to change via the aforementioned SBA final guidance.

Here is what we expect for the forgiveness process right now:

- Attached is the SBA's PPP Loan Forgiveness Application for your review. Please note that **this is a preliminary version of the application and is subject to possible revisions** before finalization and prior to the time that the actual forgiveness application process begins. Please use it as you deem currently appropriate to help in your preparations.
- Forgiveness will be calculated for a "Covered Period," defined as the eight-week period beginning the day that your PPP loan was closed and funded, or an "Alternative Covered Period," defined as the eight-week period that begins on the first day of your first pay period following your PPP Loan Disbursement Date. This is further defined in the attached PPP Loan Forgiveness Application.
- You can apply for forgiveness when: the eight-week Covered Period has passed, you have the necessary supporting documentation, and we have opened our application process. **We anticipate the application process will be channeled through our website and not through bankers**, as may have been the case when you applied for your PPP loan. We will provide more information on this process once we receive final SBA guidance.
- To apply for forgiveness, you must submit documentation (see below) showing how the loan funds were used during the Covered Period. Once you begin using the funds from your PPP loan, you should begin to collect and document the necessary information. At this time, we ask for your patience. **Please do NOT submit your supporting documentation to us just yet.** When the application process opens, we will ask for a complete application and supporting documentation to be submitted all at once, rather than having you provide them in separate steps. In short, please wait for the official opening of the application process to submit any application materials or documentation.

Below are some considerations and required documentation (which is subject to change via SBA final guidance) for loan forgiveness through FNB. This information is also detailed on page 10 of the PPP Loan Forgiveness Application:

- Your signed and completed PPP Loan Forgiveness Application and PPP Schedule A, which is within the forgiveness application.
- Payroll documentation that verifies eligible cash compensation and non-cash benefits from the Covered Period or Alternative Covered Period.
- Documentation showing the average number of full-time equivalent employees on payroll per month in the specific time period as determined on the application.
- Non-payroll expense documentation that verifies the existence of the obligation/service prior to February 15, 2020, and eligible payments from the Covered Period.
- The understanding that you may subsequently be asked for other documentation determined necessary by the SBA.



Subject to any changes via SBA final guidance, we will use the information that you submit to verify the amount of your loan forgiveness:

- Not later than 60 days after we receive your request for loan forgiveness, we will issue a decision on the loan forgiveness application. That timeframe begins at the point you provide a complete application, including all supporting documentation, that allows the Bank to verify your forgiveness request. Providing your own calculation of loan forgiveness with supporting documentation is required.
- Upon FNB's submission to the SBA for review and acceptance, the SBA shall, within 90 days, remit to us the approved amount of loan forgiveness, plus any accrued interest through the date of payment.

Thank you again, and please look for further communication from us as forgiveness details are finalized. You can also find updates on our website at www.fnbsf.com.



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