

The following is a compilation of the Guidance received as of April 21, 2020 from the U.S. Small Business Administration (SBA) and U.S. Treasury (Treasury). The SBA has indicated that further guidance will be made available shortly and we will update upon receiving. **Please be aware that it is the borrower's responsibility to understand the SBA rules, track expenditures, retain and provide supporting documentation to request loan forgiveness.**

AMOUNT ELIGIBLE FOR FORGIVENESS

How much of my loan will be forgiven? An amount equal to the following costs incurred and payments made during the 8-week period after loan disbursement date (date the bank sends out funds for the loan and usually within a day or two after the date the loan documents are signed).

- Payroll Costs as defined in the Interim Final Rule and as adjusted by the following:
 - Limited to \$100,000 per employee (on an annual basis)
 - Reduced by federal employment taxes imposed including the employer's share of FICA, and RRA payroll taxes (Payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. - per the SBA's Paycheck Protection Program Frequently Asked Questions dated 4/17/2020)
 - Reduced by qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act
- Interest payments on any covered mortgage obligation (excluding prepayment of an obligation or payment of principal)
- Payments on covered rent obligations under a lease agreement
- Any covered utility payment

REDUCTION IN FORGIVENESS

You will owe money if you **do not** maintain your staff and payroll.

1. **Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
2. **Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
3. **Re-Hiring:** You have **until June 30, 2020** to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

ALERT!! If your employee count over the next 8-week payroll (or by June 30, 2020) will have a reduced number of employees as compared to pre-Coronavirus employment levels, you may have a portion of your loan amount that is unforgeivable and will be required to be repaid by you.

If you rehire any employee at a lower compensation level during the next 8-week payroll (or by June 30, 2020), you will have a portion of your loan amount that may be unforgeivable and will be required to be repaid by you.

(From: PPP Information Sheet: Borrowers, dated 3/31/20)

Note: This guidance is subject to change as additional information is provided by SBA and the Treasury Department. Visit <https://www.middlefieldbank.bank/ppp> for updates to this Borrower Debt Forgiveness Guidance.

REQUESTING LOAN FORGIVENESS

When guidance is provided by the SBA, **Middlefield Bank** will notify you of the forgiveness process and the required documentation that must be submitted. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.

DOCUMENTATION REQUIRED FOR FORGIVENESS

Documentation supporting expenditures for the 8-week period from the date of loan disbursement must be provided to the lender:

- **Payroll Compensation** - Documentation verifying the number of employees on payroll and pay rates for the periods specified – IRS Form 941 or State Unemployment Insurance Reports are recommended along with cancelled checks or other payment receipt documentation
- **Cost related to the continuation of Group Health Care Benefits** – Cancelled checks, payment receipts, transcripts of accounts or other documents verifying payments
- **Mortgage Interest or Rent Payments**
 - Loan/Lease Agreement or Statement of Account indicating in place prior to 2.15.2020
 - Cancelled checks, payment receipts, transcripts of accounts or other documents verifying payments
- **Utilities**
 - Account Statements indicating in place prior to 2.15.2020
 - Cancelled checks, payment receipts, transcripts of accounts or other documents verifying payments
- **Other** documents deemed necessary by the SBA, when the updated forgiveness guidance is released

HELPFUL TIPS:

1. **Record Your Dates:** _____ (write-in the disbursement date for your PPP loan)
_____ (write-in the date 8-weeks from the disbursement date above)
2. **Determine the Best Retention Method:** In chaotic times like this, it may be best to scan or take photos of your documents on a secure device/phone to capture digital records. If you are an iPhone or iPad, here are some easy build in tools to help: <https://support.apple.com/en-us/HT210336>.
3. **Reach Out to Your Banker:** In some cases, this may not be your primary bank. Save your bankers name and contact information or record it below.
Name: _____ **Phone:** _____ **Email:** _____
4. **Write-Down Any Questions:** Use this space below to jot down your questions for your banker or other party.

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