



Dear Valued Customer,

If you have already received a Paycheck Protection Program (PPP) loan, there have been significant changes to the program. These changes will have no affect on borrowers with employees who were able to reach or maintain the same level of FTE and salary as prior to the lockdown. However, self-employed individuals or sole proprietors with on employees and borrowers that struggled to maintain employee levels would likely benefit from the changes in the Paycheck Protection Program Flexibility Act (PPPFA).

The PPPFA changes are highlighted below:

- Increased the covered period from 8 to 24 weeks You may still utilize the 8-week period.
- Reduced the required minimum amount of payroll cost usage from 75% to 60% the minimum amount of payroll required to receive loan forgiveness, thus increasing the loan amount that can be used on non-payroll costs to 40%.
- Extended the minimum maturity from 2 years to 5 years, thus allowing the unforgiven portion of the loan to be repaid over a longer period.
- Extended the deferral of payments so that you will not be required to make payments on funds that are going to be forgiven.
- You have 10 months from the end of the covered period to file for forgiveness.
- If you file for forgiveness, your payments for any unforgiven amount cannot be required until the SBA settles the forgiveness.
- Added additional safe harbor for rehiring employees if the borrower provides documentation showing the inability to rehire, hire similarly qualified people or return to the same business capacity as prior to February 15, 2020 due to COVID related restrictions brought on by sanitation or distancing.
- The safe harbor requirement to re-hire employees that were laid off between 2/16/2020 and 4/26/2020, of no later than 6/30/2020 has been moved to: no later than 12/31/2020, thus allowing employers more time to re-hire.

The Small Business Administration and the U.S Treasury released updated applications for forgiveness, including an EZ Forgiveness Application for borrowers(Form 3508EZ) that meet at least one of the following:

- Are self-employed individual, independent contractor, or sole proprietor with no employees at the time of PPP loan application.
- Did not reduce the salaries or wages of its employees by more than 25% AND did not reduce the number employees or the average paid hours of its employees
- Experienced a reduction in business activity because of health directives related to COVID-19 AND did not reduce annual salary or hourly wages of any employees by more than 25%.

Click here to access the [Forgiveness Instructions](#), [Forgiveness Application\(Revised\)](#), [Forgiven Instructions for 3508EZ](#), and [Forgiveness Application 3508EZ \(Revised\)](#).

For details of the program, including applications, instructions and other information, go to the U.S. Treasury PPP website at <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>.

As always, thank you for your business and patience as we navigated this process together.

Sincerely,

Michael Castlio
SVP and Chief Credit Officer
Summit State Bank

