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Uncertain times mean that we are here, ready to move you forward any way we can. We have been lucky to help businesses in our area with access to government programs that are providing relief funds. Because you are participating in the Paycheck Protection Program (PPP), we wanted to make sure you were aware of important updates that were recently released by the SBA including Loan Forgiveness guidance.

Loan Forgiveness Update

The Small Business Administration (SBA), in consultation with the Department of the Treasury, recently released the Paycheck Protection Program (PPP) Loan Forgiveness Application and detailed instructions for the application. The form and instructions inform borrowers how to apply for forgiveness of their PPP loans, consistent with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Per the SBA, *“forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan forgiveness form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers, including:*

- *Options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles;*
- *Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after receiving their PPP loan;*
- *Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness;*
- *Borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30; and*
- *Addition of a new exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined.”*

[Click here to download the Paycheck Protection Forgiveness Loan Forgiveness Instructions and Application](#)

Please do not submit your forgiveness application to CoreFirst Bank at this time. Wait until after your eight-week time period has passed. Further SBA guidance is expected to assist borrowers in applying for loan forgiveness; however, borrowers are encouraged to download and review the Paycheck Protection Program Loan Forgiveness Application at their earliest convenience to familiarize themselves with the requirements. We are also reviewing the recently released SBA guidance along with you in an effort to develop our lender responsibilities relative to the PPP Loan Forgiveness process. Please watch for future email communication from us or visit the [PPP Loan page](#) on our website.

Collaborate with your Business Experts

In an effort to better understand the recently released SBA guidance on forgiveness, it is imperative that you partner with your lawyer, accountant and tax advisor regarding use of PPP funds. PPP guidance states that funds are to be used to cover payroll costs and most mortgage interest, rent and utility costs. The Internal Revenue Service (IRS) has also issued guidance you should be aware of regarding the deductibility for Federal income tax purposes of certain otherwise deductible business expenses when the taxpayer receives a PPP loan.

[Click here to download the IRS guidance](#)

Because the PPP regulations continue to change. We strongly encourage that you:

- Heavily document and track any expenses that are paid by loan proceeds.
- Maintain any communication you have with your legal or accounting advisors regarding your application, records and expenses.

As a reminder, CoreFirst is only acting as an agent for the SBA. We strongly recommend that you consult with your own business experts regarding your particular circumstances.

Stay Educated

Because the events of today are ever changing including that of the small business loan relief programs, keeping an eye out for changes is imperative. We encourage you to visit the SBA and Treasury Department for the most current updates on PPP proceeds and forgiveness.

- [SBA](#)
- [Treasury Department](#)

The continued trust you place in us for all your banking needs, makes us work even harder. We are putting you first today and tomorrow.