

What you need to know.

Paycheck Protection Program (PPP) Loan Forgiveness

PPP loans may be eligible for forgiveness if the borrower uses the proceeds to maintain payroll and eligible expenses.

The information below is based on SBA guidance as of June 25, 2020.

What are the costs eligible to be forgiven?

60% usage for payroll costs
MINIMUM

Payroll expenses, including health and retirement benefits, and payment of state and local taxes imposed on employee payroll.

Note: Owner-employees and self-employed individual payroll compensation capped at lesser of 8/52 of 2019 net profit or \$15,385 for the 8-week covered period or (2.5/12) of 2019 net profit up to \$20,833 for the 24-week covered period per individual-in total across all businesses, and does not include health benefits or retirement plan contributions. Excluding any qualified sick leave amount for which a credit is claimed under the Families First Coronavirus Response Act (Section 7002 or 7004).

40% usage for other eligible business expenses

Interest on business mortgage obligations, rent/leases, and utilities

Note: mortgage loans, utilities rent and lease agreements had to be in effect before February 15, 2020.

What documentation is needed?

Payroll Expenses:

- Bank account statements or third-party payroll service provider reports document cash compensation paid to employees
- Tax forms or equivalent third-party payroll service provider reports for: payroll tax filings and state quarterly wage reporting and unemployment insurance tax filings
- Payment receipts, cancelled checks, or bank statements documenting employee health insurance and retirement plan contributions
- Borrowers without employees will be automatically eligible for 8/52 or (2.5/12) of 2019 net profit. No cancelled checks or statements for payroll expenses will be required



FTE Documentation:

- Any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule; documentation showing average number of FTE employees

Nonpayroll Expenses:

Business mortgage interest payment:

- Amortization schedule and cancelled checks OR
- Bank statements from February 2020 and each month of the Covered Period, plus one additional month

Business rent and lease payments:

- Copy of current lease and receipts OR
- Cancelled checks or bank statements from February 2020 and each month of the Covered Period, plus one additional month

Business utility payments:

- Copy of invoices from February 2020 and those paid during each month of the Covered Period, plus one additional month AND
- Receipts, cancelled checks, or account statements

*The documentation supplied should consist of through one month after the end of the Covered Period to verify interest amounts and eligible payments.

What else should I know?

- The "Covered Period" is defined as 8 weeks (56 days) or 24 weeks (168 days) from the date you received your loan disbursement (but no later than December 31, 2020) or the alternative payroll covered period is based on the first day of the first payroll cycle in the Covered Period
- The list of documents and the declaration that the borrower must retain the documentation for six years after the date the loan is forgiven or paid in full
- We encourage you to consult your tax, legal or accounting advisors for professional advice

When will my principal and interest (P&I) payments start?

- If you apply for loan forgiveness by December 31, 2020, required payments of P&I will be deferred until the date M&T receives the forgivable amount of the loan from the SBA
- If you do not apply for forgiveness by December 31, 2020, the P&I payments will be deferred 10 months past the last day of the covered period

What happens if my PPP loan isn't forgiven?

1% APR INTEREST **24mo.*** LOAN TERM

For any amounts not forgiven, the original terms in the promissory note will apply.

A payment recalculation of the unforgiven portion will be conducted for balanced P&I payments over the remaining term of the loan.

* Term may be extended upon borrower and lender agreement. If loan obtained on or after June 5, 2020 loan term is 5 years.

M&T Bank