

## PPP Forgiveness Communication Outline

Below is suggested communications you should have with your members as you begin to prepare for PPP loan forgiveness applications.

### Round 1

#### Email/Website copy

{Insert CU name here} is modifying our digital application platform to automate the Payroll Protection Program forgiveness process for members. Stay tuned for updates on when the forgiveness portal will open. We tentatively anticipate this to be open one week after SBA finalizes application and procedures.

#### Highlights of forgiveness:

Expenditures of 60%+ on covered payroll expenses + 40% on mortgage, rent and utilities will qualify for total forgiveness.

Covered period is extended from 8 weeks to 24 weeks (ending 12/31/2020).

Loan forbearance is extended from 6 to 12 months

Loan term is extended from 24 to 60 months

#### Things to consider as we await final rulings from the SBA;

When will you apply? You have 10 months from the last day of your 8 or 24 week covered period to apply for forgiveness. You can choose an 8 or 24 week covered period which begins at disbursement to spend your PPP loan. Given the extended payment/interest forbearance period (12 months) there is no incentive to be the first in line. Take your time and get the best documentation you can.

What documentation will I need to provide? All applicants will be required to provide the same application/attestations, but the supporting documentation will be different based on how you spent the loan proceeds and what outside professional help you can get with supporting documentation. Documenting 100% of the loan proceeds were used for payroll during this period and providing a professional payroll report would be the easiest route to take.

How will I repay any remaining unforgiven balance? After the 12-month deferral period you now have up to 5 years to repay the loan at a 1% interest rate. Let's work on total forgiveness so we don't have to worry about this one!



What to expect after applying for forgiveness? You will receive notification of application completeness within 1 week of submission. The notification will confirm whether the credit union can confirm your requested forgiveness amount.

The credit union will submit the application to the SBA within 10 days of verification. We do not have a finalized timeline for SBA action/notification on individual applications.

## Social Media Posts

1. Members who received Payroll Protection Program loans from {insert CU name} should begin preparing to apply for loan forgiveness. Click below to information on what to expect.
2. It's almost time to apply for Payroll Protection Program loan forgiveness. To see how you can prepare now, click the link below.

## Round 2

### Email/Web Copy

As we approach the launch of our Payroll Protection Program forgiveness application solution let's revisit the documentation options you have to request forgiveness;

### There are several ways a borrower can document forgiveness:

Better method – submit a conforming Forgiveness Report prepared by your payroll provider. If 100% of the loan proceeds were used for eligible payroll purposes this will be the easiest path to forgiveness. The credit union may rely on this documentation without further verification and this is the preferred method for the SBA.

Good method – Forgiveness report prepared by borrower's tax /accounting professional. Again 100% payroll is easiest.

Standard method – Borrower provides all supporting documentation and completes forgiveness calculations – this will be subject to additional scrutiny and possible delays depending on accuracy and completeness.

### Begin organizing support documents necessary for forgiveness process:

#### (1) Payroll costs:

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave;



allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.

#### (2) Interest payments:

Interest payments on any business mortgage obligation on real or personal property that was incurred before February 15, 2020 (but not any prepayment or payment of principal);

#### (3) Rent or property payments

Payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020; and

#### (4) Utility payments

Business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020.

### Social Media Posts

#### 1. IF NEW to DBLC for Forgiveness Application Automation:

- a. {Insert CU Name} will soon be launching an online portal that will automate the collection of Payroll Protection Program forgiveness applications. Click the link below to find out what paperwork you'll need to have ready.

#### 2. IF ALREADY A DBLC PARTNER

- a. {Insert CU Name} will soon be upgrading our online business application portal to automate the collection of Payroll Protection Program forgiveness applications. Click the link below to find out what paperwork you'll need to have ready.

#### 3. FOR ALL:

Payroll Protection Program forgiveness applications can be submitted soon! Click below for information on the best way to prepare the required documentation to ensure a smooth application process.

