



To all PPP Loan Customers

May 27, 2020

Dear PPP Loan Customer,

It is our honor to serve you and your business through this challenging time. As you continue to use your Paycheck Protection Program (PPP) loan proceeds to operate your business, it is important that you do so with one eye towards the loan forgiveness process.* Our goal is your goal – ***maximum forgiveness***.

The Small Business Administration (SBA) recently issued the PPP Application for Loan Forgiveness. You will find the PPP Application for Loan Forgiveness on our website at <https://www.mybct.com/sba-payroll-protection-program>. The link to the application is found under Documents To Submit. Please note – if you are a sole proprietor/owner without employees, several schedules included in the application will not apply. You will find other helpful information on that webpage as well.

Q & A Webinar

To help clarify the information and process for applying for PPP forgiveness, we will conduct a Q & A webinar on June 4, 2020 at 1:00 pm Eastern Time. The webinar will be conducted through Zoom. If you are interested in joining our PPP Q & A Webinar, email us at PPPhelp@mybct.com. We will send an invitation to the sender's email address with instructions on how to join the webinar.

Good News!

There is some flexibility in the definition of the ***8-week covered period*** to which the loan applies. That period may now be defined as either:

1. The eight weeks beginning on the day which the loan was funded; or
2. If you pay employees biweekly (or more frequently), an eight-week period which begins on the first day of your first payroll period following the loan disbursement date (defined as the Alternative Payroll Covered Period).

Clarification for Expenses Forgiven

They further clarified that Paycheck Protection Program loans may be forgiven in an amount equal to the sum of the following costs incurred and payments made during the eight-week covered period:

1. Payroll Costs which include cash compensation, employer portion of group health and dental insurance, state and local unemployment taxes and retirement benefits. Per Employee/Owner cash compensation including bonuses paid remains capped at \$100,000 annually or \$15,835 for the covered period.



2. Payment of interest on any covered business mortgage obligation (excludes prepayment of or principal payment on such).
3. Business rent or lease payments.
4. Business utility payments allowed include electricity, gas, water, transportation, telephone, or internet access which began before February 15, 2020.

Documentation To Be Provided To The Bank

To document the expenses above, you will be expected to provide the following along with your PPP Application for Loan Forgiveness:

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Tax forms that overlap with the Covered Period or the Alternative Payroll Covered Period (payroll tax filings using IRS Form 941, and/or State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported).
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to group health and dental insurance and retirement plans.
- Documentation showing:
 - The average number of Full Time Equivalent (FTE) employees on payroll per month between February 15, 2019 and June 30, 2019.
 - The average number of FTE employees on payroll per month between January 1, 2020 and February 29, 2020; or
 - If you are a seasonal employer, the average number of FTE employees on payroll per month between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or a consecutive twelve-week period between May 1 and September 15, 2019.
- For business mortgage interest payments, a copy of your lender's amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; **or** lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period.
- For business rent or lease payments, a copy of your current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; **or** lessor account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period.
- For business utility payments, a copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, **or** account statements verifying those eligible payments.



Additional Documentation To Be Maintained

The Small Business Administration has also required that all borrowers maintain (but need not submit):

- Documentation supporting the listing of each individual employee, including the “Salary/Hourly Wage Reduction” calculation if necessary.
- Documentation on certain employees who received during any single pay period in 2019 compensation at annualized rate of more than \$100,000.
- Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reduction in work schedule.

We are committed to you to make this process as simple and successful as possible. As new information becomes available, we will post it on our SBA webpage referenced above. As always, feel free to contact your relationship manager with any questions.

Again, thank you for your business and the opportunity to serve you.

Sincerely,

Alice P. Frazier
President & CEO

*Disclosure: Please note that this summary is based on guidance from the Small Business Administration (SBA) as of May 20,2020, as it relates to the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). This is only a summary and is qualified in its entirety by the text of the CARES Act and the related guidance. Should additions or changes be made by the SBA, we will notify customers who received PPP loan proceeds from BCT-Bank of Charles Town.