



PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

Mid Penn Bank is still awaiting final guidance from the SBA on PPP Loan Forgiveness. However, we understand our borrower's commitment to using and tracking the use of their PPP loan proceeds appropriately.

Below is the information we currently have available to us as it pertains to tracking the use of proceeds and applying for forgiveness. **All information is subject to change as the Bank receives additional guidance from the SBA.** We recommend that you discuss your unique situation with your current accountant or legal counsel, as appropriate.

<p>HOW LONG DO I HAVE TO USE MY LOAN PROCEEDS?</p>	<ul style="list-style-type: none"> Your "covered period" begins when you receive your loan funds and continues for 8 weeks. This is the time you have to use your funds for eligible expenses in order to receive forgiveness.
<p>WHAT EXPENSES ARE ELIGIBLE FOR FORGIVENESS?</p>	<ul style="list-style-type: none"> <u>Information below is per the most recent guidance issued by the SBA via Treasury.gov as of 04/20/2020.</u> Payroll costs including salary, wages, and tips, up to \$100,000 of annualized pay per employee (for eight weeks, a maximum of \$15,385 per individual), as well as covered benefits for employees (but not owners), including health care expenses, retirement contributions, and state taxes imposed on employee payroll paid by the employer (such as unemployment insurance premiums). Owner compensation replacement, calculated based on 2019 net profit as described above, with forgiveness of such amounts limited to eight weeks' worth (8/52) of 2019 net profit, but excluding any qualified sick leave equivalent amount for which a credit is claimed under section 7002 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116-127) or qualified family leave equivalent amount for which a credit is claimed under section 7004 of FFCRA. Payments of interest on mortgage obligations on real or personal property incurred before February 15, 2020, to the extent they are deductible business expenses. Rent payments on lease agreements in force before February 15, 2020, to the extent they are deductible business expenses. Utility payments under service agreements dated before February 15, 2020 to the extent they are deductible business expenses. Expenses that would not normally be eligible to be deducted on either the business tax return or the 1040 Schedule C are NOT eligible to be forgiven.
<p>HOW DO I TRACK MY EXPENSES?</p>	<ul style="list-style-type: none"> Mid Penn Bank has provided an excel workbook (HERE) to track your expenses during the 8-week covered period. This workbook will allow you to track your weekly eligible expenses, employee counts, and compare them for the purposes of calculating loan forgiveness. Borrowers may also use their own forms to track eligible expenses. Borrowers are NOT required to open a separate business checking account to segregate PPP loan funds but may if it is a benefit to the business for tracking purposes.
<p>WHAT DOCUMENTATION DO I NEED TO REQUEST FORGIVENESS?</p>	<ul style="list-style-type: none"> Application for PPP Loan Forgiveness with borrower certification, signed and dated Detailed description of how proceeds were utilized and supporting documentation If you have employees, you should submit Form 941 and state quarterly wage unemployment insurance tax reporting forms or equivalent payroll processor records that best correspond to the covered period (with evidence of any retirement and health insurance contributions). Whether or not you have employees, you must submit evidence of business rent, business mortgage interest payments on real or personal property, or business utility payments during the covered period if you used loan proceeds for those purposes. This may include copies of bank statements, cancelled checks, and/or statements from your service providers. The supporting documentation may look different for borrower depending upon their unique set of circumstances.

<p>HOW DO I APPLY FOR FORGIVENESS?</p>	<ul style="list-style-type: none"> • Borrowers will have a maximum of 60 days after their covered period ends to apply for forgiveness. You may not submit a request for forgiveness until the end of your covered period. Additional guidance on how to submit your forgiveness documentation will be provided later. • After you make your request for forgiveness, Mid Penn Bank will review and decide your request within 60 days. Once a decision is made, you will be contacted via letter advising you of the decision and any next steps required on your loan. • Mid Penn Bank will follow all guidance and requirements set forth by the SBA when reviewing and processing requests for forgiveness.
<p>WHAT HAPPENS TO THE UNFORGIVEN BALANCE?</p>	<ul style="list-style-type: none"> • Any remaining unforfeitable loan balance will convert to a term note with a 2-year maturity from the first disbursement date. Payments will begin at the end of the initial 6-month deferment period. For most borrowers this means that you will start making payments on any unforfeited balance beginning in November 2020 and then make 18 equal monthly payments to repay the unforfeited balance. The interest rate will remain fixed at 1%. • You may repay the unforfeited balance and any accrued interest at any time without penalty.
<p>QUESTIONS</p>	
<p>If you have questions about loan forgiveness please contact one of our SBA Loan Task Force at 1-717-257-9017 or ppploans@midpennbank.com</p>	

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