



## **Small Business Administration (SBA) Paycheck Protection Program Update on Loan Forgiveness**

**We will begin to accept forgiveness requests when we get additional guidance from the SBA. Please check back on this page for updates.**

If you have received funding through the Small Business Administration's (SBA) Paycheck Protection Program (PPP), you may be eligible to request loan forgiveness. We know that loan forgiveness is important to you and your business and that you have questions.

### **Latest information from the SBA on loan forgiveness:**

- Loan forgiveness is not automatic; you must request it through Carter Credit Union.
- To be eligible to receive loan forgiveness, loan funds must be used for specified purposes, and at least 75% must be used for payroll costs, as defined by the SBA.
- Not more than 25% of the loan forgiveness amount may be attributable for non-payroll costs.
- Generally, companies must maintain employee headcount and compensation levels during the 8 week period after loan disbursement.
- The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. The actual amount of loan forgiveness will depend, in part, on the total amount of these costs over the eight-week period following the date of the loan disbursement:
  - Payroll costs
  - Payments of interest on mortgage obligations incurred before February 15, 2020
  - Rent payments on leases dated before February 15, 2020 and
  - Utility payments under service agreements dated before February 15, 2020
- Loan payments will be deferred for 6 months, but interest will continue to accrue – even if the loan is not forgiven, in part or in full. The borrower will be responsible under the loan for any amounts not forgiven.
- The SBA may limit the timeframe by which you'll need to ask for forgiveness.

### **How should I prepare?**

- Visit [SBA.gov](https://www.sba.gov) and [Treasury.gov](https://www.treasury.gov) for information on loan forgiveness.
- Document your expenses, both payroll costs and other expenses, in the 8 weeks following loan disbursement.
  - You will need to provide documentation to Carter for all costs you plan to request forgiveness for.
- You should review and modify any automatic payments like ACH and automatic debits for the account holding these loan proceeds.

### **How will I request forgiveness through Carter?**

- We'll email you when you can request loan forgiveness online.
- You will need to certify and document that you used the loan funds for SBA-eligible purposes
- We'll review your request and send it to the SBA for a decision.
- You'll be able to check your loan forgiveness status online – we aren't sure yet how long the SBA will need to make a decision.
- Once the SBA makes a decision, we'll email you.

**It is your obligation, as the borrower, to understand the SBA's rules. Other eligibility requirements may apply.**