



February 3, 2021

Greetings,

First Service Bank continues to monitor news regarding the Paycheck Protection Program (PPP) and would like to provide you with valuable updates.

New PPP Loans

First Service Bank began accepting and processing First Draw and Second Draw PPP loans for a few weeks now. As a reminder, if you think you qualify for a Second Draw PPP loan and have not yet submitted your First Draw forgiveness application, please do so as soon as possible.

When applying for the Second Draw PPP loan, you may have read that the requirement to provide the proof of 25% revenue reduction in comparable quarters of 2019 and 2020 does not have to be provided until the time of forgiveness if the loan request is less than \$150,000. First Service Bank will ask for this information at the time of your Second Draw PPP loan request instead of at the time of forgiveness.

The application forms for the First and Second Draw Loan Programs have been published on the SBA's website and can be accessed at the links below.

- [First Draw Loan Program Interim Final Rule](#)
- [First Draw Loan Program Application](#)
- [Second Draw Loan Program Interim Final Rule](#)
- [Second Draw Loan Program Application](#)
- [SBA PPP Information Page](#)

Forgiveness of Existing PPP Loans

Small Business Administration (SBA) published revised forgiveness applications for the 3508, 3508EZ, and 3508S forms in late January. The forms and instructions can be viewed at the links below. PPP loans of \$150,000 or less are eligible to use the simplified version of the form – 3508S, as compared to the previous 3508S form that only allowed borrowers with loans of \$50,000 to submit. The SBA also published an interim final rule regarding the Forgiveness process and requirements as amended by the Economic Aid Act.

- [Forgiveness form and instructions - 3508](#)
- [Forgiveness form and instructions – 3508EZ](#)
- [Forgiveness form and instructions – 3508S](#)
- [New Forgiveness Interim Final Rule](#)

Economic Injury Disaster Loan (EIDL) Advance

Under the previous rules within the CARES Act and SBA rules, if a business received an EIDL Advance and a PPP loan, then the EIDL Advance would be offset against any PPP forgiveness amounts and would be owed to the Bank. The new Economic Aid Act reversed these rules and will begin issuing “reconciliation” payments to banks to apply towards PPP loans that have already gone through the forgiveness process where an EIDL Advance was to be repaid.

We continue to be in contact with the SBA about when the EIDL reconciliation payments can be expected. The SBA does not yet have a target date for those payments. If your loan was impacted by the EIDL Advance not being forgiven, you will receive communication in writing from the Bank when any payment from SBA is applied to your loan. At this time if you received partial forgiveness from the SBA due only to the EIDL Advance, the Bank is not requiring payment to those loans.

Visit our website at <https://firstservicebank.com/covid-19> for other COVID-19 or PPP loan updates.

In your service,

First Service Bank