



February 23, 2021

Greetings,

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

### **Upcoming Changes to PPP New Loan Programs**

Yesterday, the Biden-Harris Administration and the Small Business Administration (SBA) have announced changes coming soon to the PPP loan program. There have not yet been any new PPP forms, interim final rules, or guidance published by SBA or the US Treasury. The Bank has only been made aware of high-level changes on the horizon and will be able to provide further detail about program changes in the coming days.

Some of the expected changes include:

- SBA will prioritize the PPP applications of businesses with fewer than 20 employees during a 14-day window beginning Wednesday, February 24. This means that only applications within this category will be accepted in the SBA system during this time frame.
- A new application form will be published for sole proprietors, independent contractors, and self-employed individuals in low-to-moderate income areas that would allow for a new maximum loan amount calculation based upon the Schedule C gross income amount on IRS Form 1040 Line 7 as opposed to the current Line 31 Net Profit amount being used for calculations. This change will not be retroactive to current PPP loans or loans pending approval. Only loans using the new application form will be eligible for this new maximum calculation.
- Other provisions coming include those that would most benefit customers who are attempting to obtain a First Draw PPP loan and were previously deemed ineligible due to not having an ITIN number, unpaid federal student loans, or prior non-fraud felony convictions.

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

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

### **Forgiveness of Existing PPP Loans**

If you have not yet submitted the forgiveness application for your first round PPP loan from 2020, we encourage you go to the links below and access the application appropriate to your situation and submit it to First Service Bank. As a reminder, PPP loans of \$150,000 or less are eligible to use the simplified version of the form – 3508S.

- [Forgiveness form and instructions - 3508](#)
- [Forgiveness form and instructions – 3508EZ](#)
- [Forgiveness form and instructions – 3508S](#)

### **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 has issued “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.

First Service Bank has already received several EIDL reconciliation payments from the SBA. 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 or refund issued to you if your previously unforgiven portion due to the EIDL Advance has already been paid by you.

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

In your service,

First Service Bank