

October 7, 2020

This message is to update PPP Borrowers on the forgiveness application process and potential changes to PPP rules.

NSB continues to monitor potential PPP forgiveness rule changes being considered by Congress.

At this time, PPP rules have not changed since the latest Interim Final Rule guidance released on August 11. We are closely tracking PPP developments and will notify Borrowers of any changes if and when such changes are enacted. Although the SBA PPP forgiveness application processing platform was made available to lenders on August 10, our current Borrower guidance remains unchanged.

We encourage Borrowers to delay applying for loan forgiveness. By waiting, Borrowers will be well positioned to maximize their loan forgiveness and avail themselves of potentially favorable rule changes under Congressional consideration, including the possibility of streamlined forgiveness for loans under a to-be-determined amount.

We remind our Borrowers that as long as the loan forgiveness application is submitted within 10 months of the completion of the Covered Period, payments are not required until the SBA remits the forgiven amount to the lender. If the loan is fully forgiven, the Borrower is not responsible for any payments.

For example, a Borrower whose 24 week covered period expires October 10, 2020 has until August 10, 2021 to apply for forgiveness or begin making payments. Borrowers who received a PPP loan prior to June 5, 2020 and elect to utilize the 8 week covered period available under original PPP rules, have until the April-June 2021 timeframe to apply for forgiveness or begin making payments, depending upon the date they received their loan proceeds.

PPP Promissory Notes issued prior to June 5, 2020 define an initial deferment period of 6 months. PPP rule changes enacted on June 5 eliminate the 6 month deferment period. **Payment schedules defined in Promissory Notes issued prior to June 5 are no longer accurate.**

We also remind our Borrowers that PPP loans received after June 5 have a **minimum maturity of 5 years**. For PPP loans received prior to June 5, maturity terms may be changed to conform with this new requirement if both Borrower and Lender agree to do so. NSB will honor requests to extend loan maturity to 5 years after the loan forgiveness amount has been determined.

We appreciate you choosing NSB for your banking needs.

Sincerely,

The NSB Commercial Banking Team

