

Paycheck Protection Program Updates and Frequently Asked Questions

A Message from Our COVID-19 Lending Team

HNB is excited to share that the most recent stimulus bill includes expansion of and updates to the SBA Paycheck Protection Program (PPP), which will positively affect our community and the businesses who have been impacted most by Covid-19. Updates to the program include:

- Complete forgiveness of EIDL Advances,
- A simplified forgiveness form for loans under \$150,000,
- And an opportunity to apply for Round 2 funding (PPP2) if your business meets the necessary criteria.

In light of these updates, HNB has made available a new [PPP2 portal](#) through which our customers may apply for funding and forgiveness. The portal enables you to:

- Access a one-stop shop for all things PPP, no more digging through paperwork or trying to find the most current SBA forms
- Securely import and upload business information
- Automatically calculate your forgiveness amount, ensuring you receive the correct amount
- Electronically sign loan documents, so there's no need to come in to the bank, print, scan, or mail your forms
- Apply early before the SBA opens for funding, allowing you to get a head start and get your documents together
- Save and return to an incomplete application
- Receive instant status updates or login any time to check on your application status
- Contact our PPP team with questions you may have along the way

Those who are submitting applications for more than one eligible business, you may manage all applications under one login.

This portal can be accessed through [our website](#) and borrowers can log in using their business's Tax Identification Number (or Social Security Number for sole proprietors). As you navigate the portal, any questions or concerns can be answered through the step-by-step instructional videos found in the "Helpful Links" tab on the top left of the portal's home page.

If for some reason you are unable to access the portal and you'd prefer to apply for PPP2 or forgiveness using the paper application, you can continue on to learn more about paper application process. However, to maximize the efficiency of your submission, we highly encourage use of the digital portal for submission.

Thank you for continuing to place your confidence in the HNB team and we wish you great success in the new year!

The HNB COVID-19 Lending Team may be reached by contacting covid19@hnbbank.com or 570-253-3362 x1433.

Sincerely,



Anna Coutts

Loan Specialist

Honesdale National Bank

PPP/PPP2 FAQ

Click on the headings in the table of contents below to be automatically brought to that section.

Contents

PPP Forgiveness	2
Forgiveness Application Update	2
Forgiveness Due Date	3
EIDL Advance Forgiveness	3
PPP2 – Second Round of Funding	3
PPP2 Qualifications & Eligibility	3
PPP2 Loan Calculation	4
PPP2 Application	5
When Can I Apply?.....	5
What Do I Need to Apply?	5
Where Can I Apply?	5
I Need Help!.....	6
PPP 2 Forgiveness	6

PPP Forgiveness

Forgiveness Application Update

Applications may be submitted to HNB beginning January 14, 2021. HNB is then eligible to submit customer applications to the SBA beginning at 9:00am on January 15, 2021.

If your loan is under \$150,000 and you wish to use a paper application, a new single-page form is currently being created by the SBA. Once it's available, we will put it on our website for you to download, complete, and send to Covid19@hnbbank.com to submit your loan for forgiveness. No supporting documentation is required; however, you must retain your documentation for four (4) years in the event of an audit.

If your loan is over \$150,000 and you wish to use a paper application, you must use the [3508EZ form](#). Once you fill it out, sign it, and send it in to Covid19@hnbbank.com for processing. This forgiveness application does require supporting documentation to show you used at least 60% of your funds on payroll and the remainder on covered costs. Covered costs include rent, mortgage interest, utilities, personal protective equipment (PPE), supplier costs which were in effect prior to taking out the loan and were essential to operations at the time, and expenditures for operations including payment for software, cloud computing, and other human resources and accounting needs. Additionally, covered costs can include property damage costs due to public disturbances during 2020 which weren't covered by insurance.

Acceptable supporting documentation includes the following:

- Copies of payroll tax reports file with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the 24-week period following the disbursement of the loan.
- Copies of payroll reports for each pay period for the 24-week period following the disbursement of the loan. Gross wages including PTO (which might include vacation, sick and other PTO) should be reflected.

- Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the 24-week period following the disbursement of the loan should be provided. Copies of the monthly invoices should suffice.
- Documentation of all retirement plan funding by the employer for the 24 weeks following the disbursement of the loan should be sufficient. Copies of work papers, schedules and remittances of the retirement plan administrator should be available.
- Copies of all lease agreements for real estate and tangible personal property should be presented along with proof of payment during the 24-week period following the loan origination date.
- Copies of all statement of interest paid on debt obligations incurred prior to February 15, 2020, indicating payment amounts and proof of payment for the 24-week period following the disbursement of the loan.
- Copies of canceled checks, statements or other evidence of utilities, PPE expenses, and operational expenses paid during the “covered period” for the 24-week period following the disbursement of the loan.

If your payroll expenses equal or exceed your loan amount, there is no need to submit further documentation. Keep in mind, you must retain your supporting documentation for 4 years in the event of an audit.

Forgiveness Due Date

PPP forgiveness applications are due **10 months from the last day of your 24-week covered period.**

EIDL Advance Forgiveness

For borrowers who received an EIDL Advance, section 1110(e)(6) of the CARES Act required PPP borrowers to deduct the amount of their EIDL advance from their PPP forgiveness amount in order to prevent “double dipping.” The new stimulus package repealed this rule and borrowers are now able to keep the EIDL Advance without affecting their PPP forgiveness.

If you have an EIDL Advance and haven’t yet had PPP forgiven, your loan forgiveness will not be impacted by the advance.

If you received a notice about paying back your EIDL Advance, you are no longer responsible for paying back that money. No action is needed and the balance owed is now forgiven.

If you already paid down or paid back your EIDL Advance, the SBA has included language in the new stimulus bill which states they will “ensure borrowers are made whole”. This means the SBA will refund the money to us, which we will then return to you. They have not given us a timeframe, but we will reach out once the refund has been issued.

PPP2 – Second Round of Funding

PPP2 Qualifications & Eligibility

In order to receive a PPP loan under the second round of support, an eligible entity must:

- Employ not more than 300 employees;
- Have used or will use the full amount of its first PPP loan by the date of application; and
- Demonstrate at least a 25% reduction in gross receipts in any quarter of 2020 relative to the same 2019 quarter.

If the borrower was not in operation in Q1, Q2, Q3, and Q4 of 2019, they may use Q1 of 2020 against Q2, Q3, or Q4 of 2020.

Businesses not in operation on February 15, 2020 are ineligible.

You do NOT need to have your first PPP loan forgiven in order to apply for Round 2, but you DO need to have spent all the funds from Round 1 before applying.

Eligible entities include: businesses, certain non-profit organizations, housing cooperatives, veterans’ organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural co-operatives.

Eligibility of News Organizations for Loans under the Paycheck Protection Program:

- Makes eligible FCC license holders and newspapers with more than one physical location, as long as the business has no more than 500 employees per physical location or meets the applicable SBA size standard; and makes eligible section 511 public colleges and universities that have a public broadcasting station if the organization certifies that the loan will support locally focused or emergency information.
- Waives affiliation rules for newspapers, TV and radio broadcasters, and public broadcasters, as long as the organization has no more than 500 employees per physical location or meets the applicable SBA size standard.
- Waives the prohibition against publicly-traded news organizations being eligible if the business certifies that the loan will support locally focused or emergency content.

Eligibility of 501(c)(6) and Destination Marketing Organizations for Loans Under the Paycheck Protection Program.

- Expands eligibility to receive a Paycheck Protection Program loan to include the following organizations:
 - 501(c)(6) organizations if:
 - The organization does not receive more than 15% of receipts from lobbying;
 - The lobbying activities do not comprise more than 15% of activities;
 - The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020 and
 - The organization has 300 or fewer employees.
 - The organization is not a professional sports leagues or organization with the purpose of promoting or participating in a political campaign or other political activities.
 - Destination Marketing Organizations if:
 - The organization does not receive more than 15% of receipts from lobbying;
 - The lobbying activities do not comprise more than 15% of activities;
 - The organization has 300 or fewer employees; and
 - The destination marketing organization is registered as a 501(c) organization, a quasi- government entity, or a political subdivision of a state or local government.

Note: Eligible entities are prohibited from using proceeds of the covered loan for lobbying activities, as defined by the Lobbying Disclosure Act; lobbying expenditures related to state or local campaigns; and expenditures to influence the enactment of legislation, appropriations, or regulations.

Ineligible entities include: (1) entities listed in 13 C.F.R. 120.110 and subsequent regulations except entities which have otherwise been made eligible by statute or PPP implementation guidance, including nonprofits and religious organizations; (2) entities involved in political and lobbying activities including engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public document, entities affiliated with entities in the People's Republic of China; (3) registrants under the Foreign Agents Registration Act; and, (4) entities that receive a grant under the Shuttered Venue Operator Grant program.

PPP2 Loan Calculation

Borrowers may receive a loan amount of up to 2.5x the average monthly payroll costs for either the 2019 or 2020 calendar year up to a maximum of \$2 million, subject to the following exceptions:

- Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019 through February 15, 2020.
- New entities may receive loans of up to 2.5x the sum of their average monthly payroll costs.
- **Entities in industries assigned to NAICS code beginning with 72 (Accommodations and Food Services) may receive loans of up to 3.5x average monthly payroll costs.**
 - **For most business, the NAICS Code can be found in the top left corner** of the tax return. Often, this 6-digit number is referred to as a "Business Code Number" on the tax return.
 - **For Sole-Proprietors, it will be in the top right corner of the Schedule C** below the Social Security Number. This box will read, "Enter Code from Instructions" above the 6-digit number.

- Businesses with multiple locations that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.
- For loans of not more than \$150,000, the entity may submit a certification attesting that the entity meets the revenue loss requirements. Proof need not be provided upon application or forgiveness, but it must be maintained for 4 years in the event of an audit or SBA spot check.

To calculate your PPP loan amount, please consider using our [PPP calculator](#) and fill in the necessary information to figure out your eligibility. For a step-by-step outline of which payroll expenses ought to be used when calculate PPP for your business, consult pages 31 – 42 of the [SBAs complete guide to PPP2](#).

If you correctly calculated your loan amount during Round 1, you will likely utilize the same monthly payroll costs as in Round 1 unless you decide to utilize 2020's payroll expenses. For most businesses, this means your PPP2 loan will be the same amount as your PPP1. For businesses in the Accommodations and Food Services industries, you will be able to receive 3.5x the monthly payroll expenses.

If you incorrectly calculated your loan amount during Round 1, you will now be able to apply for the correct amount in Round 2. Utilize our [PPP Calculator](#) to ensure you're getting the correct amount.

PPP2 Application

When Can I Apply?

All applications are accepted through [the new portal](#). Applications may be submitted to HNB through the online portal beginning January 14, 2021. HNB is then eligible to submit customer applications to the SBA beginning at 9:00am on January 15, 2021.

You can begin gathering the documentation now and enter your application information on [our portal](#). However, the SBA hasn't yet given us an opening date when they will begin funding loans. We're accepting applications now so that when they do open for funding we are able to submit all the early applications immediately. The PPP program is first-come, first-served, so we recommend you get an early start, if possible!

The program will run through March 31, 2021 or until the funds run out. Requests are reviewed and approved on a first-come, first-served basis.

[PPP2 Paper Application](#)

What Do I Need to Apply?

Borrowers will need to provide documentation supporting the payroll expense figures used to determine your loan amount. Additionally, we may require copies of driver's licenses, a Certificate of Organization (for LLCs) or Articles of Incorporation (for Corporations), a copy of your business's 2019 Tax Return or 2020 Profit & Loss statement, a copy of a voided check for the account where the money will be deposited. We'll also need you to provide documentation demonstrating at least a 25% reduction in gross receipts in the any quarter of 2020 relative to the same 2019 quarter.

Where Can I Apply?

For your convenience, we have created an [easy to use PPP portal](#) to handle the PPP2 application. Step-by-step tutorial videos are available for your access in the "Helpful Links" section of the site. You will create a username and password so that you can securely import and upload business information, save and return to an incomplete application, login to check on your application status, or contact our PPP team with questions.

If you cannot access the portal or you prefer to apply offline, you can apply by sending along your supporting documentation to our PPP team via email at Covid19@hnnbank.com, drop it off at [your nearest branch](#), or mail it to the address below.

Honesdale National Bank
 Attn: PPP Department
 PO Box 350
 Honesdale, PA 18431
 011421

HNB remains committed to processing manual applications at our earliest opportunity, but reinforces that the portal will enable faster review and more expeditious submission.

I Need Help!

Our PPP team may be contacted through the [PPP portal](#) or by email at Covid19@hnbbank.com. You may also contact us by phone at 570-253-3362 x1433.

PPP 2 Forgiveness

To apply for forgiveness for the second round of PPP funding, simply log in to [your portal](#) once more and follow the easy-to-use instructions for forgiveness.