



January 14, 2021

Greetings,

First Service Bank continues to monitor news regarding the Paycheck Protection Program (PPP) and would like to provide you with valuable information that we know thus far.

New PPP Loans

As communicated to you a few days ago, the Small Business Administration (SBA) has published rules related to both the First Draw and Second Draw Loan Programs. You can view detailed information about these programs at the links below.

The SBA has only started accepting applications for both loan programs only from certain Community Development Financial Institutions (CDFI). First Service Bank and other commercial banks are not within the CDFI category. We anticipate the application portal to be opened up for most other financial institutions this Friday, January 15.

If you believe you are eligible and would like to apply for a Second Draw Loan, please note that information you may have read indicates that for loans \$150,000 and under that borrowers are not required to submit their proof of 25% or more reduction in gross receipts until submitting for forgiveness of their Second Draw Loan. However, First Service Bank, will ask for this information at the time of loan request in the Second Draw program.

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. We encourage you to start preparing your applications and supporting documentation.

- [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

The SBA is currently developing a new forgiveness application for loans of \$150,000 and less. This form will be similar to the current 3508-S form used for loans \$50,000 and under. We anticipate this form to be published by the SBA no later than next Wednesday, January 20.

If you think you may be eligible for the Second Draw Loan Program and have not yet submitted your documentation to us for the forgiveness of your first PPP loan, the Bank will be unable to begin processing your Second Draw Loan request.

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 soon 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.

The SBA has not yet remitted any reconciliation payments to our knowledge, but that will be forthcoming soon. 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.

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

In your service,

First Service Bank