



IDAHO FIRST BANK

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## NOTICE – IMPORTANT INFORMATION REGARDING YOUR PAYCHECK PROTECTION PROGRAM LOAN

October 22, 2020

To Our Valued Client,

We hope that your business is beginning to recover from the challenges of the last few months related to the COVID-19 pandemic. Due to changes to the Paycheck Protection Program (“PPP”) under the Paycheck Protection Program Flexibility Act (“PPPFA”), we want to inform you of some modifications to your PPP loan documents which generally extend the payment deferment period of your PPP loan.

The modifications discussed in this notice are automatically applied to your PPP loan. Therefore, at this time, no additional action is required from you to effectuate these modifications. Please take a moment to review the information provided in this notice, and please do not hesitate to call your Idaho First Bank banker if you should have any questions.

### 1. Paycheck Protection Program Flexibility Act

The PPPFA was signed into law on June 5, 2020, and the SBA issued new guidance and rules since that time to implement the new law. The PPPFA modified several aspects of PPP loans to further aid business owners weathering the COVID-19 pandemic. Generally, the PPPFA and updated SBA guidance give you more time and flexibility to spend your PPP proceeds to qualify for loan forgiveness. Some of the key features of the PPPFA include:

- Extending the “covered period” (as defined in section 1106(a) of the CARES Act) for borrowers to expend PPP loan proceeds for authorized uses and loan forgiveness purposes by allowing borrowers to elect a 24-week “covered period,” or utilize the previously existing 8-week “covered period.”
- Reducing the portion of PPP loan proceeds that must be used for payroll costs from 75% to 60% to be eligible for loan forgiveness (and thus, up to 40% of PPP loan proceeds may be used for other eligible purposes outside of payroll costs).
- Revising PPP loan payment deferral periods from 6 months to a timeframe based upon the date on which the amount of forgiveness of a PPP loan is determined and is remitted to the bank by the SBA. However, if a PPP borrower does not apply for forgiveness within 10 months after the last day of the applicable “covered period,”



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the payment deferral period ends 10 months after the last day of the applicable “covered period.”

The interim final rules governing PPP, as amended from time to time, can be found on the [U.S. Department of Treasury Website](https://www.treasury.gov). You can also find additional information by visiting our website at [www.idahofirstbank.com](http://www.idahofirstbank.com).

**Please review the next section in this notice for important information regarding amendments to your PPP loan documents pursuant to the PPPFA.**

### **IMPORTANT MATTER FOR YOUR ATTENTION**

## **2. Amendments to your PPP Loan Documents (Deferral Period)**

The Initial Deferment Period of your U.S. Small Business Administration Paycheck Protection Program Note was six (6) months from the date of disbursement of your PPP loan. As provided above, the PPPFA extended the deferment period to the date on which the amount of your loan forgiveness is determined and is remitted to the bank by the SBA; provided that, if you fail to apply for forgiveness within 10 months after the last day of the covered period defined in section 1106(a) of the CARES Act (as amended by the PPPFA), you shall make payments of principal, interest, and fees on your PPP loan beginning on the day that is not earlier than the date that is 10 months after the last day of such covered period.

Pursuant to the terms of your Borrower Certification, Covenants, and Hold Harmless Agreement, you have acknowledged and agreed: (a) that the SBA, the Secretary of Treasury, or any other governmental agency may issue further forms, documents, guidance, and/or regulations regarding PPP; and (b) to do everything necessary for Idaho First Bank to comply with the guidance and regulations regarding PPP, including providing to Idaho First Bank any forms and/or documents or modifying the terms of the loan documents as Idaho First Bank may require. In addition, the terms of the PPPFA provided that the amendments made to the Paycheck Protection Program Loan Forgiveness provisions by the PPPFA shall be effective as if included in the CARES Act (Public Law 116-136) and shall apply to any loan made pursuant to section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) or section 1109 of the CARES Act.

Based upon the above, to reflect the terms of the PPPFA, the “Initial Deferment Period” provided in your PPP loan documents is hereby modified as follows:



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### **Amendment to Initial Deferment Period**

Initial Deferment Period: Payments on this Loan shall be deferred until the earlier of: (A) the date on which the amount of forgiveness determined under section 1106 of the CARES Act, as may be amended from time to time, is remitted to the Lender; or (B) if Borrower fails to apply for forgiveness of this Loan within ten (10) months after the last day of the covered period (as that term is defined in section 1106(a) of the CARES Act, as may be amended from time to time), the last day of the calendar month which is ten (10) months after the last day of the covered period (the earlier of (A) or (B), the "Initial Deferral Period"). Interest will continue to accrue during the deferment period.

The above amendment to the Initial Deferment Period will also change the date the first payment on your PPP loan is due. **In the event that your loan is not fully forgiven, or you fail to timely submit a forgiveness application, you will be responsible for paying the principal and accrued interest on any amount of the loan that is not forgiven in accordance with your PPP loan documents. In these instances, we will notify you of the date your first payment is due and the payment amount.**

Except as expressly modified herein, the loan documents shall remain in full force and effect.

### **3. PPP Loan Forgiveness Reminder**

Please be reminded that we are continuing to accept PPP Loan Forgiveness Applications at this time. To receive PPP loan forgiveness, you will need to complete and submit a PPP Loan Forgiveness Application to us in a timely manner.

If it is determined that the full amount of your loan is eligible for forgiveness and the SBA remits the full amount of your loan to Idaho First Bank, we will generally mark your loan as "paid in full" (or other similar designation) and (assuming the forgiveness of your loan is not later reviewed and denied) you will not be required to make future payments on the loan. As provided above, in the event that your loan is not fully forgiven, or you fail to timely submit a forgiveness application, you will be responsible for paying the principal and accrued interest on any amount of the loan that is not forgiven in accordance with your PPP loan documents.



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The PPP official laws, rules, and regulations may continue to evolve and change over time as a result of actions taken by Congress or the SBA. Please be advised that Idaho First Bank is continuing to monitor the PPP official laws, rules, and regulations. Therefore, if there are additional changes to the program, we may take additional actions to the extent such actions are necessary. The informational material provided in this notice is general in nature and we encourage you to review all of the updated SBA guidance related to PPP on a periodic basis to ensure that you are staying up to date on the developing rules. In the event of any discrepancies between the information in this notice and official laws, rules, and regulations governing PPP, the official laws, rules, and regulations shall control. You should also consult with your legal counsel to ensure that you are staying in compliance with the latest rules. For more information regarding SBA matters, please review the [U.S. Department of Treasury Website](#) or the [SBA Website](#).

As always, we appreciate your business. Thank you for allowing Idaho First Bank to serve you. If you have questions, please email us at [paycheckprotectionprogram@idahofirstbank.com](mailto:paycheckprotectionprogram@idahofirstbank.com).

Sincerely,

Idaho First Bank