

Guidance issued by the Treasury on 5/13/2020 Regarding the PPP Safe Harbor and Good Faith Certification and Review of the PPP Loan Process

PPP Safe Harbor and Good Faith Certification:

The SBA, in consultation with the Department of the Treasury, has determined that the following safe harbor will apply to SBA's review of PPP loans with respect to this issue: Any borrower that, together with its affiliates received PPP loans **with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.**

Please see the attached memo for further details of this clarification. However, we still recommend that each entity document the need for the loan for their files.

Employees Who May Not Accept Your Offer of Return To Work:

We just want to re-iterate the process for returning employees to work once your PPP loan has been deposited:

- Contact each employee and offer their job back
- If employees are unable to complete their duties, you will continue to pay them on payroll and try to use them, as needed until restrictions are lifted
- Complete the spreadsheet reporting returning employees o HR
- **If an employee does not accept the offer to return, you will need to report this to Human Resources. We will need to document this situation through written correspondence with HR and report the rejection of the offer to the PA Unemployment Compensation Bureau. This refusal could result in the employee's unemployment compensation being denied.**

USE of PPP Funds/Documentation of Use:

Just a reminder that the PPP loan funds are to be used specifically for the payment of the average payroll of an organization for the period of eight weeks **which begins as of the date the loan is funded.** The purpose of the loan is to retain and rehire an organization's existing employees. It is critical to bring back your existing employees back onto payroll and pay them during this 8 week period to get the maximum amount of forgiveness/utilization from this loan. The loan can be used to cover payroll costs which include the following:

- **Gross payroll cost per Bi-weekly Labor Distribution Reports**
- **Clergy Payroll (monthly)**
- **Employer Lay retirement expense per bi-weekly Labor Distribution Reports**
- **Employee Medical, Dental, Vision expense**
- **Clergy BCBS expense (per Parish Assessment bill)**

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It is important to keep a file to support each of these expenses as they are paid or reimbursed to your Operating Account. These documents will be required to support the loan forgiveness process of this loan. **The proceeds loan must be used at a minimum of 75% of payroll costs. We recommend using as much of the loan proceeds as possible on payroll costs.**

The remaining 25% of the loan can be used for utilities, rent or interest expense on mortgage payments. Utilities are described by the SBA as

- Phone
- Internet
- Gas
- Water
- Electricity

Similar to previous qualified expenses, it is important that these service contract agreements predate February 15, 2020. Copies of proof of payment (canceled checks, ACHs, bank statements or wires) or other evidence of utilities paid will be required.

Thanks for your attention to this continued guidance. Please do not hesitate to contact the Diocese Finance Office at 570-207-2237 with any questions or further clarification, if needed.