



May 8, 2020

PPP Loan Customers,

Let me thank each of you for allowing Queensborough to process your application for the SBA's Payroll Protection Plan. We successfully processed over 1500 loans through today and were able to get in excess of \$142,000,000 into the hands of small businesses that needed it. Your Queensborough bankers literally worked early mornings and late into the evenings to provide funding for you.

This is the first of several updates I expect to provide. I see three distinct phases in the program as we move forward. The first is how you use the loan proceeds, the second is the forgiveness phase and the third is the repayment period. The program continues to evolve as the government addresses the many detailed questions we all have. Our understanding of the program continues to evolve as well. We will do our best to keep you informed and up to date.

First, I want to take the time to reiterate the purpose of the program. As I listened to the politicians Sen. David Purdue and Rep. Rick Allen explain Congress's intent, it became abundantly clear that this is an employment program meant to allow you to keep your folks on the payroll or quickly hire them back. As a secondary matter, you may also use the proceeds to pay some overhead items - rent, utilities and mortgage interest. This funding is clearly not to be used to purchase equipment, pay down debt and expand inventory or other normally legitimate business functions. Both the application form and loan closing documents contained certifications that you understood and agreed to use the loan proceeds appropriately. In fact, we have seen some customers, at the recommendation of their CPA, create a segregated PPP account and transfer money from that PPP account to the normal operating account to fund a specifically allowed expense. Certainly this is a clean and clear way of tracking the money, but using a separate account is not required. Just remember that if you do not use the proceeds appropriately the loan is not forgivable and you may well be accused of fraud.

The second phase of the program is loan forgiveness. As you know, you will be forgiven a portion of the loan if you use the proceeds appropriately. The general rule is that you will be forgiven the amount of the loan used in the 8 weeks following the loan closing for the stated purposes of payroll expenses and the listed overhead expenses. That is easy enough to envision but the devil will be in the details. And as you know, neither the Treasury nor the SBA have provided much in the way of details about the forgiveness process just yet. We will provide you with greater details as they become available to us.

Thank you again for allowing us to process your PPP loan. We will do our best to keep you updated as we get more details about the program. Feel free to call me or any of our Queensborough bankers as you have questions. My cell is 478-494-0614, my direct line is 478-625-5025.

Sincerely,

A handwritten signature in black ink that reads 'Bill'.

William F. Easterlin, III
President

