



Truck Leasing and Rentals  
Fleet Maintenance  
Safety and Compliance Consulting  
Used Truck Sales



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Dear Lease Customer:

Are you tired yet of hearing about these unprecedented times? I know I am! Please be assured that Star stands strong and ready to support your service needs. We have remained open –albeit at a somewhat diminished rate- and we plan to do so until we fully navigate this storm back to profitability. Like many, we have benefitted from a CARES Act PPP Loan and hope to receive some modicum of forgiveness.

In the course of this PPP conversation, we've been asking about whether rental and lease payments are forgivable in the 25% portion over and above payroll. We are both interested from the standpoint of our lease financing of new vehicles as well as from our customers' standpoint. It appears quite clear that equipment mortgage interest paid during your eight week period is forgivable (yes, the use of "mortgage" in conjunction with personal property is awkward, but they seem to mean exactly that). But what about rents and lease payments for personalty?

On Friday, the SBA issued clear guidance indicating that lease and rental payments on personal property are forgivable, provided the subject rental or lease agreement was in force before February 15, 2020. This of course is subject to the 25% limitation. The guidance refers to "payments...during the Covered Period..." and does not appear to be limited to payments both incurred and paid during said period; I mention this as early on "incurred and paid" appeared to be important, nuanced language pertaining to forgiveness. Whether the "incurred and paid" criteria is pertinent is a question for your legal and accounting counsel or perhaps your banker. Recognizing normal payment cycles, perhaps this language was dropped as unrealistic or misconstrued early on. A similar accommodation has been introduced regarding payroll periods covering time before and after the loan origin date (see "Alternative Payroll Covered Period").

Curiously, there is no guidance on whether "rent or lease payments" is inclusive of the variable payments made for mileage and hours, which typically goes toward maintenance. One other caveat: note that the forgiveness materials from SBA expressly reflect an "Expiration Date" of 10/31/20.

This advice is subject to further guidance or, shall we say, further changes in the rules of engagement from SBA. In any case, you will want to confer with your counsel, accountants, and bankers. Not only is this unprecedented, but totally uncharted waters. Happy sailing and we hope to see you on the other side. Thanks for placing your confidence in Star Truck Rentals.

Very truly yours,

Thomas L. Bylenga  
President



Locations in Battle Creek, Cadillac, Comstock Park, Flint, Gaylord, Holland, Jackson, Kalamazoo,  
Kentwood, Lansing, Muskegon, Plymouth, Saginaw, Traverse City, Warren, Michigan  
also in Goshen and South Bend, Indiana

