

# PPP LOAN FORGIVENESS TOOLKIT

*Marquette* / **BUSINESS  
BANKING**

# Overview & Instructions

This Paycheck Protection Program (PPP) Loan Forgiveness Toolkit for Small Businesses is provided to simplify and guide you through the submission process. Review and utilization of the items in this toolkit will ensure you've submitted all the necessary documentation for your business's loan forgiveness. It provides the following critical materials:

1. **PPP Loan Forgiveness Information Sheet.** Ensure you have all items on-hand before starting your application. Completing all elements on the checklist will ensure the submission of your application goes quickly and smoothly.
2. **Marquette PPP Loan Forgiveness Checklist.**
3. **PPP Loan Forgiveness Calculation Worksheet.** Any changes made by the Small Business Administration (SBA) to this Worksheet will be updated on the Marquette website. The SBA will soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.
4. **PPP Loan Forgiveness Questions and Answers from the United States Department of the Treasury.**

# PPP Loan Forgiveness: INFORMATION SHEET

*Updated 5/19/2020*



## PPP Loan Forgiveness Information Sheet

### OVERVIEW:

This information sheet is a “guide” to reference as you begin the process of determining the “forgivable” portion of your PPP loan only. It is not intended to recap the “loan determination amount” of your PPP loan. *(NOTE: The amount of your loan was determined by you at time of application. Marquette validated the amount with a review and assessment of the data you provided).* It is very important to begin this process NOW by starting to compile relevant data.

As your bank, it is our intent to keep YOU current with updates to changes in the guidelines as well as our interpretations of the guidelines.

As of May 18, 2020, the Small Business Administration (SBA) will soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities. Marquette is continually monitoring information and will post updates as they become available on our website: [Marquettesavings.bank](http://Marquettesavings.bank).

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### WHAT YOU NEED TO KNOW:

**Loan forgiveness is based on certain costs over an 8-week period the “covered period”.** The covered period begins on the date Marquette funded the loan proceeds into your Marquette account.

**The “Alternate Payroll Covered Period.”** – The SBA has provided an Alternate Covered Period defined as for administrative convenience, borrowers with a biweekly (or a more frequent) payroll schedule may elect to calculate eligible payroll costs using the eight-week (56-day) period that begins on the first day of their first pay period following their PPP loan disbursement date. (See the PPP Loan Forgiveness Application detail report example).

**What costs are eligible for loan forgiveness?** The actual amount of the loan forgiveness is based on certain eligible costs incurred and payments made during the covered period.

**IMPORTANT– ALL “eligible costs” need to be in existence on February 15, 2020. HOWEVER, the “forgivable” portion will be determined based on expenses incurred and paid during the “8-week “covered period”.**

## **LOAN FORGIVENESS REQUIREMENT:**

To ensure all eligible expenses can be applied to PPP loan forgiveness, an accurate accounting of expenses must be presented. We highly recommend starting this process now. Please keep a folder that includes cancelled checks or online confirmations of satisfactory payments for ALL your eligible payroll and utility costs to submit to Marquette when applying for loan forgiveness.

## **PAYROLL COSTS:**

### **The following payroll costs are eligible:**

- ✓ Salaries, wages, commissions or similar compensation (including cash and housing stipend and allowance)
- ✓ Payments for vacation, parental family, medical or sick leave
- ✓ Allowance for dismissal or separation
- ✓ Payments for the provisions of group health care benefits, including insurance premiums
- ✓ Payments for retirement benefits
- ✓ State employer unemployment taxes

### **The following payroll costs are NOT eligible:**

- ✓ Payments to an independent contractor
- ✓ Cash compensation in excess of \$100,000
- ✓ The Employer's share of federal payroll taxes
- ✓ Qualified sick leave and qualified parental leave wages for which credit is allowed under the Families First Coronavirus Response Act (FFCRA)

## **OVERHEAD EXPENSES:**

### **Other eligible expenses**

- ✓ Copies of all **lease/rent** agreements for real estate and tangible personal property should be presented along with proof of payment,
- ✓ Copies of all statements of **interest paid** on debt obligations incurred prior to February 15, 2020 reflecting interest payments and **proof of payments**.
- ✓ Copies of all cancelled checks, and/or statements or other evidence of **utilities** paid during the covered period.
  - **Utilities include –**
    - **Electricity**
    - **Gas**
    - **Water**
    - **Telephone and internet**
    - **Transportation (gasoline the company pays for company vehicles)**
- ✓ Any and all additional documentation required by the Lender to support and document the use of proceeds of the loan.

**Mortgage and lease/rent payments –**

- ✓ Interest payments on a mortgage incurred in the ordinary course of business on real or personal property and that was in existence on February 15, 2020 – keep in mind, this includes ONLY the interest portion of your loan payment. For example, if your monthly payment is \$1,023.91 and the breakdown of your payment was \$691.00 towards principal and \$332.91 represents the interest portion, then only the \$332.91 is an eligible cost.
- ✓ Rent payments under lease agreements in existence on February 15, 2020.
- ✓ Utility payments for electricity, gas, water, transportation, telephone and Internet for which service was in existence on February 15, 2020.

**ADDITIONAL RESOURCES:**

**Please refer to the checklist provided on the PPP Loan Forgiveness Information Center for more information. These tools are provided to assist customers to ensure all eligible expenses can be applied to PPP loan forgiveness, it is important to still verify materials with your CPA or Financial Advisor.**

# PPP Loan Forgiveness:

# CHECKLIST

*Updated 5/19/2020*



## PPP Loan Forgiveness Checklist

### I. Loan forgiveness documentation for employers

#### 1. Payroll tax reports:

- a. 2020 IRS Forms 941 for Quarter 1 and Quarter 2 of 2020, if your PPP loan closed on or before May 5, 2020; HOWEVER, if your PPP loan closed on May 6<sup>th</sup> or after, we will need Form 941 for Quarter 3, as well.
- b. State Unemployment tax forms (UC2) reporting for periods same as above.

#### 2. Payroll Records:

- a. Payroll reports that include the Gross wages for each employee during the 8-week Covered period
- b. Payroll reports that include the Gross wages for each employee during Q1 2020
- c. Listing of any salaried employees whose annual salary has been reduced by more than 25% during the Covered Period or Alternate Covered Period compared to Annualized salary during Q1 2020.
- d. List of all "Hourly" paid employees inclusive of their pay rate in effect during the Covered Period or Alternate Covered period as well as their hourly pay rate in effect during Q1 2020.

***Note:** If any employee has experienced a pay reduction of more than 25% during the covered period vs. their wage rate in effect during Q1 of 2020, Borrower will be required to perform additional calculations that could reduce the amount of loan forgiveness. However, it should be noted that if any wage decrease in excess of 25% has been restored on or before June 30, 2020, this reduction will be eliminated.*

3. **Group health care benefits:** Documentation showing total costs paid for all health care benefits (during the covered period), including insurance premiums paid by the organization under a group health plan.
  - a. Include all employees and company owners.
  - b. Do not include employee withholdings for their portion of contributions to the plan.
4. **Retirement plan benefits:** Documentation showing the sum of all retirement plan funding costs (during the covered period) paid by the organization.
  - a. Include funding for all employees and the company owners.
  - b. Do not include employee withholdings for their portion of contributions to the plan.
5. **Other documentation:** Canceled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments.

### II. Loan forgiveness documentation For Sole Proprietors, Independent Contractors and Self-Employed Individuals

1. The 2019 Form 1040 Schedule C to verify net income (line 31) for owner income replacement calculation.



2. If you have employees, provide payroll documentation as outlined above, including documentation of healthcare and retirement benefits costs. Exclude owner from healthcare and retirement costs.
3. Canceled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments. Note: these types of expenses must have been deducted on the 2019 Form 1040 Schedule C to be eligible for forgiveness.

### III. Loan forgiveness documentation for Partnerships

1. The 2019 Partnership K-1 to verify Partner income replacement calculation.
2. Also include all information as outlined in Section I above for all employees; however, exclude partner healthcare and retirement costs
3. Cancelled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments. Note: these types of expenses must have been deducted on the 2019 Partnership return (Form 1065) to be eligible for forgiveness.

**While this is your PPP checklist, all borrowers will be required to perform two additional tests as part of the “forgiveness” calculation. Therefore, we will require you to provide the following information.**

### IV. Effect of Workforce Reduction

#### **Full-Time Equivalent (FTE) Calculation**

1. The average number of full-time equivalents (FTEs) per month for the following:
  - During the 8-week covered period
  - Feb. 15 through June 30, 2019
  - Jan. 1 through Feb. 29, 2020
2. **Average FTE:** Per the SBA, for each employee, enter the average number of hours paid per week, divide by 40 and round the total to the nearest 10<sup>th</sup>. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the borrower.

### V. Effect of Payroll Reduction

#### **Wage Reduction Calculation**

Loan forgiveness will be reduced by any *reduction* in total salary or wages of any employees described in Section 1106(d)(3)(B) during the Covered Period *in excess of 25%* of total salary or wages of those employees during the most recent full quarter in which they were employed before the Covered Period. Affected employees include those that did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay of more than \$100,000.

**Please note additional SBA guidance should be forthcoming, which may require additional supporting documentation. Your inability to provide the calculations and necessary supporting documentation may jeopardize the amount of your loan forgiveness.**

# PPP Loan Forgiveness:

# SBA LOAN FORGIVENESS CALCULATION WORKSHEET

**Updated 5/19/2020** – Any changes made by the Small Business Administration (SBA) to this Worksheet will be updated on the Marquette website. The SBA will soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities. Check back to the Marquette website for these updates [or click here](#).



**Paycheck Protection Program  
Loan Forgiveness Application**

OMB Control Number 3245-0407  
Expiration Date: 10/31/2020

**LOAN FORGIVENESS APPLICATION INSTRUCTIONS FOR BORROWERS**

To apply for forgiveness of your Paycheck Protection Program (PPP) loan, you (the Borrower) must complete this application as directed in these instructions, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender.

This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.

**Instructions for PPP Loan Forgiveness Calculation Form**

**Business Legal Name (“Borrower”)/DBA or Tradename (if applicable)/Business TIN (EIN, SSN):** Enter the same information as on your Borrower Application Form.

**Business Address/Business Phone/Primary Contact/E-mail Address:** Enter the same information as on your Borrower Application Form, unless there has been a change in address or contact information.

**SBA PPP Loan Number:** Enter the loan number assigned by SBA at the time of loan approval. Request this number from the Lender if necessary.

**Lender PPP Loan Number:** Enter the loan number assigned to the PPP loan by the Lender.

**PPP Loan Amount:** Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).

**Employees at Time of Loan Application:** Enter the total number of employees at the time of the Borrower’s PPP Loan Application.

**Employees at Time of Forgiveness Application:** Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

**PPP Loan Disbursement Date:** Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.

**EIDL Advance Amount:** If the Borrower received an Economic Injury Disaster Loan (EIDL) advance, enter the amount.

**EIDL Application Number:** If the Borrower applied for an EIDL, enter the Borrower’s EIDL Application Number.

**Payroll Schedule:** Select the box that corresponds to your payroll schedule.

**Covered Period:** Enter the eight-week (56-day) Covered Period of your PPP loan. The first day of the Covered Period must be the same as the PPP Loan Disbursement Date. For example, if the Borrower received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, June 14.

**Alternative Payroll Covered Period:** For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date (the “Alternative Payroll Covered Period”). For example, if the Borrower received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, June 20. Borrowers who elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to “the Covered Period or the Alternative Payroll Covered Period.” However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to “the Covered Period” only.

**If Borrower Received PPP Loans in Excess of \$2 Million:** Check the box if the Borrower, together with its affiliates (to the extent required under SBA’s interim final rule on affiliates ([85 FR 20817](#) (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

**Forgiveness Amount Calculation (see Summary of Costs Eligible for Forgiveness below):**

**Line 1:** Enter total eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period.



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To calculate these costs, complete PPP Schedule A. Enter the amount from PPP Schedule A, line 10.

**Line 2:** Enter the amount of business mortgage interest payments during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.

**Line 3:** Enter the amount of business rent or lease payments for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.

**Line 4:** Enter the amount of business utility payments during the Covered Period, for business utilities for which service began before February 15, 2020.

*NOTE: For lines 2-4, you are not required to report payments that you do not want to include in the forgiveness amount.*

**Line 5:** Enter the number from PPP Schedule A, line 3. This amount reflects the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees as described in PPP Schedule A.

**Line 6:** Add lines 1 through 4, subtract line 5, enter the total. If this amount is less than zero, enter a zero.

**Line 7:** Enter the number from PPP Schedule A, line 13.

**Line 8:** Enter the amount on line 6 multiplied by the amount on line 7. This calculation incorporates the loan forgiveness reduction required for any full-time equivalency (FTE) employee reductions as described in PPP Schedule A.

**Line 9:** Enter the PPP Loan Amount.

**Line 10:** Divide the amount on line 1 by 0.75, and enter the amount. This determines whether at least 75% of the potential forgiveness amount was used for payroll costs. For more information, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 ([85 FR 20811](#)).

**Line 11:** Enter the smallest of lines 8, 9, or 10. Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.

**Summary of Costs Eligible for Forgiveness:**

Borrowers are eligible for loan forgiveness for the following costs:

1. **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the eight-week (56-day) Covered Period (or Alternative Payroll Covered Period) (“payroll costs”). Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee’s pay is earned. Payroll costs incurred but not paid during the Borrower’s last pay period of the Covered Period (or Alternative Payroll Covered Period) are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period (or Alternative Payroll Covered Period). For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the covered period. Count payroll costs that were both paid and incurred only once. For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 ([85 FR 20811](#)).
2. **Eligible nonpayroll costs.** Nonpayroll costs eligible for forgiveness consist of:
  - (a) covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 (“business mortgage interest payments”);
  - (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”); and
  - (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 (“business utility payments”).

An eligible nonpayroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 25% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.

The amount of loan forgiveness the Borrower applies for may be subject to reductions as explained in PPP Schedule A.



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**PPP Loan Forgiveness Calculation Form**

<b>Business Legal Name ("Borrower")</b>	<b>DBA or Tradename, if applicable</b>	
<b>Business Address</b>	<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
		( ) -
	<b>Primary Contact</b>	<b>E-mail Address</b>

**SBA PPP Loan Number:** \_\_\_\_\_ **Lender PPP Loan Number:** \_\_\_\_\_

**PPP Loan Amount:** \_\_\_\_\_ **PPP Loan Disbursement Date:** \_\_\_\_\_

**Employees at Time of Loan Application:** \_\_\_\_\_

**Employees at Time of Forgiveness Application:** \_\_\_\_\_

**EIDL Advance Amount:** \_\_\_\_\_ **EIDL Application Number:** \_\_\_\_\_

**Payroll Schedule:** The frequency with which payroll is paid to employees is:

- Weekly**     **Biweekly** (every other week)     **Twice a month**     **Monthly**     **Other** \_\_\_\_\_

**Covered Period:** \_\_\_\_\_ to \_\_\_\_\_

**Alternative Payroll Covered Period, if applicable:** \_\_\_\_\_ to \_\_\_\_\_

**If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:**

**Forgiveness Amount Calculation:**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): \_\_\_\_\_

Line 2. Business Mortgage Interest Payments: \_\_\_\_\_

Line 3. Business Rent or Lease Payments: \_\_\_\_\_

Line 4. Business Utility Payments: \_\_\_\_\_

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): \_\_\_\_\_

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: \_\_\_\_\_

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): \_\_\_\_\_

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \_\_\_\_\_

Line 9. PPP Loan Amount: \_\_\_\_\_

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): \_\_\_\_\_

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \_\_\_\_\_



**Paycheck Protection Program  
Loan Forgiveness Application**

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By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The authorized representative of the Borrower certifies to all of the below by **initialing** next to each one.

\_\_\_\_\_ The dollar amount for which forgiveness is requested:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
- does not include nonpayroll costs in excess of 25% of the amount requested; and
- does not exceed eight weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.

\_\_\_\_\_ I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

\_\_\_\_\_ The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

\_\_\_\_\_ I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.

\_\_\_\_\_ The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

\_\_\_\_\_ The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

\_\_\_\_\_ I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

\_\_\_\_\_  
Signature of Authorized Representative of Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title



**Instructions for PPP Schedule A**

**Lines 1 through 5:** Enter the amounts from PPP Schedule A Worksheet Tables as directed.

Enter the amount from line 3 of PPP Schedule A on line 5 of the Loan Forgiveness Application Form.

**For lines 6 through 9,** during the Covered Period or the Alternative Payroll Covered Period:

**Line 6:** Enter the total amount paid by the Borrower for employer contributions for employee health insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after tax contributions by employees.

**Line 7:** Enter the total amount paid by the Borrower for employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees.

**Line 8:** Enter the total amount paid by the Borrower for employer state and local taxes assessed on employee compensation (e.g., state unemployment insurance tax); do not list any taxes withheld from employee earnings.

**Line 9:** Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). This amount is capped at \$15,385 (the eight-week equivalent of \$100,000 per year) for each individual or the eight-week equivalent of their applicable compensation in 2019, whichever is lower. See Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans posted on April 14, 2020 for more information ([85 FR 21747](#), 21749).

**Line 10:** Add lines 1, 4, 6, 7, 8, and 9. Enter this amount on line 1 on the PPP Loan Forgiveness Calculation Form.

**Line 11:** Enter the Borrower's total average weekly full-time equivalency (FTE) during the chosen reference period. For purposes of this calculation, the reference period is, at the Borrower's election, either (i) February 15, 2019 to June 30, 2019; (ii) January 1, 2020 to February 29, 2020; or (iii) in the case of seasonal employers, either of the preceding periods or a consecutive twelve-week period between May 1, 2019 and September 15, 2019. For each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet. Sum across all employees during the reference period and enter that total on this line.

The calculations on lines 11, 12, and 13 will be used to determine whether the Borrower's loan forgiveness amount must be reduced based on reductions in full-time equivalent employees, as required by the statute. Specifically, the actual loan forgiveness amount that the Borrower will receive may be reduced if the Borrower's average weekly FTE employees during the Covered Period (or the Alternative Payroll Covered Period) was less than during the Borrower's chosen reference period. The Borrower is exempt from such a reduction if the FTE Reduction Safe Harbor applies. See PPP Schedule A Worksheet—FTE Reduction Safe Harbor.

**Line 12:** Add lines 2 and 5.

**Line 13:** Divide line 12 by line 11 (or enter 1.0 if the FTE Reduction Safe Harbor has been met, according to PPP Schedule A Worksheet—FTE Reduction Safe Harbor). If more than 1.0, enter 1.0. Enter this amount on line 7 of the Loan Forgiveness Calculation Form.



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Loan Forgiveness Application**

**OMB Control Number 3245-0407  
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**PPP Schedule A**

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:  
If the average annual salary or hourly wage for each employee listed on the PPP  
Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll  
Covered Period was at least 75% of such employee's average annual salary or hourly  
wage between January 1, 2020 and March 31, 2020, check here  and enter **0** on line  
3.

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: \_\_\_\_\_

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: \_\_\_\_\_

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee  
compensation: \_\_\_\_\_

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:  
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is  
more than one individual included, attach a separate table that lists the names of and  
payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): \_\_\_\_\_

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between  
January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter **1.0** on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: \_\_\_\_\_

Line 12. Total Average FTE (add lines 2 and 5): \_\_\_\_\_

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: \_\_\_\_\_





Instructions for PPP Schedule A Worksheet

Complete the PPP Schedule A Worksheet or obtain an equivalent report from the Borrower’s payroll system or payroll processor.

Table Instructions

**Employee’s Name:** Separately list each employee. Do not include any independent contractors, owner-employees, self-employed individuals, or partners.

**Employee Identifier:** Enter the last four digits of each employee’s Social Security Number.

**Cash Compensation:** Enter the sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period; therefore, do not enter more than \$15,385 in Table 1 or Table 2 for any individual employee.

**Average FTE:** This calculates the average full-time equivalency (FTE) during the Covered Period or the Alternative Payroll Covered Period. For each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

This calculation will be used to determine whether the Borrower’s loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower’s average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the Borrower’s chosen reference period (*see* Instructions to PPP Schedule A, Line 11). The Borrower is exempt from such a reduction if the FTE Reduction Safe Harbor applies. See the FTE Reduction Safe Harbor instructions below.

**Salary/Hourly Wage Reduction:** This calculation will be used to determine whether the Borrower’s loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in employee salary and wages. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual amount of loan forgiveness the Borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period or the Alternative Payroll Covered Period was less than during the period from January 1, 2020 to March 31, 2020. If the Borrower restored salary/hourly wage levels, the Borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount. Borrowers must complete this worksheet to determine whether to reduce the amount of loan forgiveness for which they are eligible. Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period or the Alternative Payroll Covered Period as compared to the period of January 1, 2020 through March 31, 2020. For each employee listed in Table 1, complete the following (using salary for salaried employees and hourly wage for hourly employees):

Step 1. Determine if pay was reduced more than 25%.

- a. Enter average annual salary or hourly wage during Covered Period or Alternative Payroll Covered Period: \_\_\_\_\_.
- b. Enter average annual salary or hourly wage between January 1, 2020 and March 31, 2020: \_\_\_\_\_.
- c. Divide the value entered in 1.a. by 1.b.: \_\_\_\_\_.  
If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.

Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.

- a. Enter the annual salary or hourly wage as of February 15, 2020: \_\_\_\_\_.
- b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020: \_\_\_\_\_.  
If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.
- c. Enter the average annual salary or hourly wage as of June 30, 2020: \_\_\_\_\_.  
If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.

Step 3. Determine the Salary/Hourly Wage Reduction.

- a. Multiply the amount entered in 1.b. by 0.75: \_\_\_\_\_.
- b. Subtract the amount entered in 1.a. from 3.a.: \_\_\_\_\_.



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If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

- c. Enter the average number of hours worked per week between January 1, 2020 and March 31, 2020:

\_\_\_\_\_.

- d. Multiply the amount entered in 3.b. by the amount entered in 3.c. \_\_\_\_\_. Multiply this amount by 8: \_\_\_\_\_. Enter this value in the column above box 3 for that employee.

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

- e. Multiply the amount entered in 3.b. by 8: \_\_\_\_\_. Divide this amount by 52: \_\_\_\_\_.

Enter this value in the column above box 3 for that employee.

**FTE Reduction Exceptions:** Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee; and (2) any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

**Boxes 1 through 5:** Enter the sums of the amounts in each of the columns.

**FTE Reduction Safe Harbor**

A safe harbor under applicable law and regulation exempts certain borrowers from the loan forgiveness reduction based on FTE employee levels. Specifically, the Borrower is exempt from the reduction in loan forgiveness based on FTE employees described above if both of the following conditions are met: (1) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (2) the Borrower then restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.



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**PPP Schedule A Worksheet**

**Table 1:** List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

**Table 2:** List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
<b>Totals:</b>		<b>Box 4</b>	<b>Box 5</b>

Attach additional tables if additional rows are needed.

**FTE Reduction Safe Harbor:**

- Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter: \_\_\_\_\_.
- Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1: \_\_\_\_\_.
- Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.
- Step 4. Enter the borrower's total FTE as of June 30, 2020: \_\_\_\_\_.
- Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.



**Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application**

**PPP Loan Forgiveness Calculation Form**

**PPP Schedule A**

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
  - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

**FTE:** Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.

**Nonpayroll:** Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

**Documents that Each Borrower Must Maintain but is Not Required to Submit**

PPP Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- c. Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- d. Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.”

All records relating to the Borrower’s PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower’s certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower’s loan forgiveness application, and documentation demonstrating the Borrower’s material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.



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**PPP Borrower Demographic Information Form (Optional)**

**Instructions**

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower’s Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term “Principal” means:
  - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
  - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower’s business.
  - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
  - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
  - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower (“key employee”).
  - Any trustor (if the Borrower is owned by a trust).
  - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal’s position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

**Disclosure is voluntary and will have no bearing on the loan forgiveness decision**

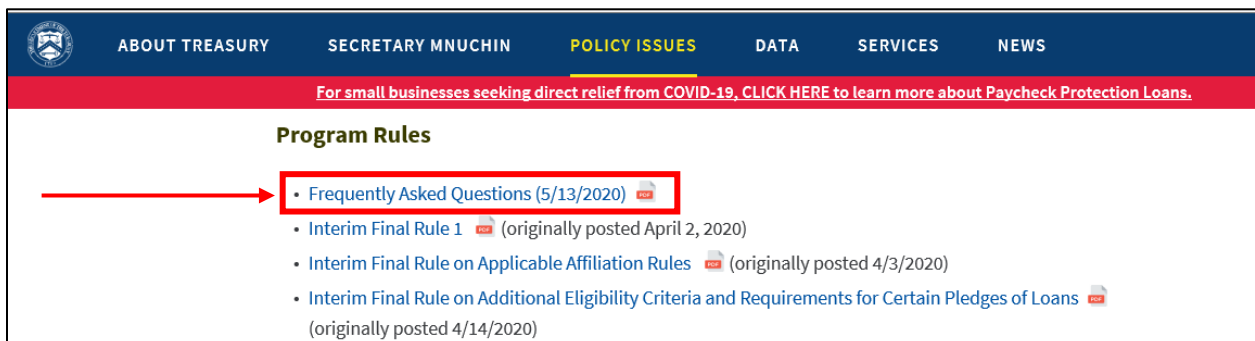
**Paperwork Reduction Act** – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 180 minutes. Comments about this time or the information requested should be sent to Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416, and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

# PPP Loan Forgiveness: QUESTIONS & ANSWERS

The United States Department of Treasury provides the most up-to-date Questions and Answers on their website. Please visit their website here:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

When you click the above link and go to the U.S. Treasury website, scroll down to the “Program Rules” section of the page. Here you will see the “Frequently Asked Questions” link. Every time the U.S. Treasury makes an update, they will change the date on this link. See below print screen:



The screenshot shows the U.S. Treasury website navigation bar with links for ABOUT TREASURY, SECRETARY MNUCHIN, POLICY ISSUES, DATA, SERVICES, and NEWS. Below the navigation bar is a red banner with the text: "For small businesses seeking direct relief from COVID-19, CLICK HERE to learn more about Paycheck Protection Loans." The main content area is titled "Program Rules" and contains a list of links. A red arrow points to the first link, "Frequently Asked Questions (5/13/2020)", which is enclosed in a red box. The other links in the list are: "Interim Final Rule 1" (originally posted April 2, 2020), "Interim Final Rule on Applicable Affiliation Rules" (originally posted 4/3/2020), and "Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans" (originally posted 4/14/2020).

*Updated 5/19/2020*