

SBA Paycheck Protection Program Loan Forgiveness Frequently Asked Questions

1

Q. What are the deadlines for filing, and how long will it take to know if my loan is forgiven?

A. You have 10 months from the end of your Covered Period to apply for loan forgiveness; keep in mind your funds have been fully reserved. Once the bank receives a complete application package, it has up to 60 days to determine the amount of loan forgiveness and submit the decision to the SBA. Once received from the bank, the SBA has up to 90 days to reimburse the bank with the approved funds to apply to your PPP loan.

2

Q. What are the pros and cons of an 8 week vs. 24 week Covered Period?

A. If your PPP loan was approved before June 5, 2020 you have the ability to change the Covered Period from its current 8 weeks to 24 weeks. Here are some thoughts to consider about each period.

8 Week Covered Period

- If you've spent all your loan funds on qualified expenses and have supporting documentation at the end of your 8 week Covered Period, you can apply for forgiveness sooner and have peace of mind that the process is over.
- It may be easier to maintain staffing levels for 8 weeks versus 24 weeks so as not to have a potential reduction in forgiveness if your staffing is reduced and you cannot meet one of the safe harbor rules.
- Using the 8 week Covered Period may help if your business has additional lending needs. Banks and creditors may be hesitant to extend credit not knowing if your PPP loan has been fully forgiven or not.

24 Week Covered Period

- More of the loan amount can be spent on payroll-related expenses to improve your chances of receiving full loan forgiveness with the extra time.
- There is more time to speak with your financial advisors and plan accordingly for the loan forgiveness application process, increasing the possibility for full loan forgiveness.

3

Q. If I opt for the 24 week period and I can support 100% of forgiveness before, can I file before the end of the period?

A. Yes. If all loan funds have been used you may apply for loan forgiveness at any time. If you have reduced salaries or wages more than 25% you will have to apply this reduction in your calculations for the entire duration of the 24 week Covered Period and not on the date you apply for forgiveness.

4

Q. What is the EZ form and how do you qualify?

A. The SBA Form 3508EZ is a simplified loan forgiveness application that qualified borrowers can use in place of the more complex standard application form. You qualify to use the EZ application if you can answer “yes” to any of the following statements:

1. I am a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application.
2. The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% - **AND** - The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period.
3. The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% - **AND** - The Borrower was unable to operate during the Covered Period at the same level of business activity before February 15, 2020 due to requirements related to COVID-19.

5 **Q. Is there a completed sample form that borrowers can review?**

A. While samples and other resources can be found on the Internet, each borrower's circumstances are unique, so the information input on a PPP loan forgiveness application will vary by borrower. See Question #10 for some additional resources.

6 **Q. What is the latest list of required documents needed to support a loan forgiveness request?**

A. The SBA details the documentation that you must submit to support your loan forgiveness, including IRS Form 941 (or acceptable equivalent), in the instruction documents for each loan forgiveness application (EZ and standard). See Question #10 for where you can find these documents. Customers who are sole proprietors, independent contractors, or self-employed individuals only need to submit their 2019 Schedule C or F to properly document their loan forgiveness; unless loan proceeds were used for utilities, rent, or interest payments on debt. Appropriate, additional supporting documentation will be needed for these qualifying expenses.

7 **Q. What are some tips on how to receive 100% forgiveness and what if I received an EIDL advance?**

A. From the beginning of the PPP loan program borrowers have been encouraged to keep detailed documentation on their qualified payroll expenses and other eligible expenses. Prior to applying for loan forgiveness review all your documents to assure that all uses of loan proceeds can be supported by required documentation. See Question #10 for some additional resources. If you received a EIDL loan advance the SBA will deduct the amount of that advance from your final loan forgiveness amount remitted to the Bank. You will be asked to input the amount of your EIDL loan advance and the EIDL loan application number on the loan forgiveness application.

8

Q. Who can I call if I have questions regarding the application?

A. Questions about how to properly complete the loan forgiveness calculations on the application should be addressed with your financial advisor (accountant, business coach, attorney, etc.).

9

Q. If I don't get 100% forgiveness, is there an appeal process?

A. Yes. If you are denied 100% loan forgiveness and believe you should have been given 100% loan forgiveness based on the application package submitted there will be an appeal process to have SBA review the application package. Specific guidance on how this process will work has yet to be released.

10

Q. How can I get additional help?

A. Some very good resources have been developed to help you with the PPP loan forgiveness process.

- Documents:
 - [SBA Form 3508 Standard Loan Forgiveness Application & Instructions](#)
 - [SBA Form 3508EZ Loan Forgiveness Application & Instructions](#)
- Resources:
 - Maine Small Business Development Center YouTube Video Series
 - [PPP – Which Forgiveness Application Should I Use?](#)
 - [PPP – How to Fill Out the EZ Short Form \(3508EZ\)](#)
 - [PPP – How to Fill Out the Long Form \(3508\)](#)
 - American Institute of Certified Public Accounts
 - [PPP Forgiveness Tool](#)

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