

SBA Paycheck Protection Program Loan Forgiveness Application Steps

Bangor Savings Bank has implemented an online application tool to expedite the Paycheck Protection Program (PPP) forgiveness process. Before you begin the application process, below is a step by step document to help you prepare.

Overview of Steps

- **Step 1:** Print your original PPP Loan Application.
- **Step 2:** Print SBA Forms 3508 and 3508EZ. These are the “standard” and “easy” forgiveness applications.
- **Step 3:** Decide if you are eligible to follow the “easy” form or are required to complete the standard application.
- **Step 4:** Decide whether to use an 8-week or 24-week Covered Period or Alternative Payroll Covered Period.
- **Step 5:** Gather required documents & scan these to your computer.
- **Step 6:** Complete a draft version of Form 3508 or 3508EZ (as determined in Step 4.), including all Schedules.
- **Step 7:** Log in to BSB’s PPP Forgiveness application. You are ready to begin!

Step 1 Print your original PPP Loan Application.

This will be handy for later reference.

Step 2 Print required forms.

Keep these forms for reference:

- [Link to 3508](#)
- [Link to 3508EZ](#)

Step 3

Decide which form to use. Borrowers may elect the “easy” form (3508EZ), if they can answer “yes” to any of the following three statements:

1. The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

YES NO

2. The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent between January 1, 2020 and the end of the Covered Period **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.

YES NO

3. The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Covered Period compared to the period between January 1, 2020 and March 31, 2020 **AND** The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to requirements related to COVID-19 established between March 1, 2020 and December 31, 2020.

YES NO

Step 4

Decide whether to use an 8-week covered period or 24-week covered period and whether to elect an Alternative Payroll Covered Period.

Covered Period – This begins on the date the loan proceeds are disbursed and ends either 8 weeks (56 days) from that date, or 24 weeks (168 days) from that date. Borrowers whose loans were issued before June 5, 2020 may elect either option. Loans issued after June 5, 2020 must use the 24 week covered period.

Alternative Payroll Covered Period – Borrowers with a bi-weekly or more frequent payroll schedule may elect the Alternative Payroll Covered Period, corresponding to their payroll schedule. Example: If the

loan is disbursed on Monday, April 20 and the first day of the borrower's first pay period following the disbursement is Sunday, April 26, then the first day of the Alternative Payroll Covered Period is April 26. and the last day of the Alternative Payroll Covered Period is Saturday, October 10.

Considerations on using 8 weeks or 24 weeks:

Timeline - If electing the 8-week covered period, you may apply for forgiveness at the end of 8-weeks following disbursement of your PPP loan. If electing the 24-week covered period, you may apply for forgiveness at the end of the 24 weeks or at any time during the 24 weeks if you have used all of the loan proceeds. If you have reduced salaries and wages by more than 25% you will need 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.

Staffing - Employee count requirements apply to either period. To be eligible for 100% of forgiveness, you must maintain employee levels throughout the 8-week or 24-week period, as applicable with certain exceptions.

- **FTE Reduction Safe Harbor #1** - Forgiveness will not be reduced due to FTE reduction if the Borrower was unable to operate at historical (prior to February 15, 2020) levels of business activity due to Covid-19-related compliance requirements that were issued between March 1, 2020 and December 31, 2020 by:
 - » Secretary of Health and Human Services
 - » Director of Centers of Disease Control and Prevention; or
 - » Occupational Safety and Health Administration

- **FTE Reduction Safe Harbor #2** - Forgiveness will not be reduced due to FTE reductions if the Borrower
 - » Reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and
 - » The Borrower then restored its FTE employee levels by no later than the earlier of December 31, 2020 and the date of its PPP Loan Forgiveness Application to its FTE employee levels in the Borrower's pay period that included February 15, 2020

- **Additional FTE Reduction Exceptions** - Forgiveness will not be reduced due to employee reduction during the Covered Period for:
 - » any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020;
 - » any positions for which the borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer; and
 - » 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.

Step 5 **Gather required documents.**

Payroll Expense - 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:

- Bank account statements or third-party payroll service provider reports documenting cash compensation paid to employees.
- 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:
 - » 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.
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

FTE Documentation -

- **Form 3508EZ:** Borrowers using the EZ form must provide documentation of the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.
- **Form 3508:** Borrowers using the Standard forgiveness form must provide the following:
 - » Average number of FTE employees on payroll per month employed between February 15, 2019 and June 30, 2019; Average number of FTE employees on payroll per month employed between January 1, 2020 and February 29, 2020; or
 - » 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.

***Note:** 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.*

Non-Payroll - Documentation verifying existence of the obligations/ services prior to February 15, 2020 and eligible payments from the Covered Period.

- Business mortgage interest payments: Copy of lender amortization schedule and receipts or canceled 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.
- Business rent or lease payments: Copy of current lease agreement and receipts or canceled 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.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, canceled checks, or account statements verifying those eligible payments.

Schedule A Worksheet - In the event the loan is chosen by the SBA for subsequent review, borrowers using the standard form, 3508, must provide a copy of the Schedule A Worksheet or an equivalent report from the Borrower's payroll system or payroll processor.

Step 6 **Complete draft version of appropriate form.**

Complete a draft version of Form 3508 or 3508EZ (as determined in Step 4), including all schedules.

Step 7 **Begin the application process.**

Log in to Bangor Savings Bank's PPP Forgiveness application.
You are ready to begin!

<https://bangor.expressbanking.net/2/#/match>

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