Housekeeping

• All attendees will be muted and placed in listen-only mode for the duration of the presentation.

• A Q&A session will take place at the conclusion of the presentation. You can enter questions as the presentation progresses by clicking on the “?” icon on the toolbar.

• This webinar is being recorded, so anyone can watch it again as we will be posting it on our website, which you can see at www.liberty-bank.com.
Welcome from Don Peruta, Liberty Bank

- Worked with many businesses that have been adversely impacted by the COVID pandemic, helping more than 3,400 businesses secure over $310 million in PPP loans since April 3rd
- Among the top Connecticut-based banks to secure PPP loans for local businesses
- Provided an online platform to facilitate and streamline the PPP application process for businesses
- Communicating to PPP applicants was a top priority every step of the way

What we’ve heard from customers

- “I wanted to personally thank you for your help in this process and supporting our small but growing business. Thank you again and stay well!”
- “I will never forget how Liberty Bank stood by me in this crisis.”
Crowe LLP has a team of people focused on understanding the SBA Paycheck Protection Program, and the firm assists its clients with information and advice regarding their handling of PPP Loans.

This webinar presentation provides only a high-level overview of the SBA requirements and does not provide complete information sufficient for compliance with the SBA PPP requirements.

Crowe LLP is a public accounting, consulting and technology firm with offices around the world. Crowe uses its deep industry expertise to provide audit services to public and private entities. The firm and its subsidiaries also help clients make smart decisions that lead to lasting value with its tax, advisory and consulting services. Crowe is recognized by many organizations as one of the best places to work in the U.S. As an independent member of Crowe Global, one of the largest global accounting networks in the world, Crowe serves clients worldwide.

With You Today: Tim Reimink
Managing Director
timothy.reimink@crowe.com
Topics

- Review of PPP Loan Forgiveness Requirements
- New Application for Loans under $50,000
- PPP Loan Forgiveness Application Portal
- Hypothetical Examples
- Q&A
This webinar presentation does not provide complete information sufficient for compliance with the SBA Paycheck Protection Program (the “PPP”), and it is does not constitute (and is not a replacement for) consultation with your counsel or other advisors to understand how the requirements of the PPP apply to your specific situation. Participants should seek advice from their own counsel or advisors before acting on information presented.

Neither the Small Business Administration nor the Department of Treasury have finalized guidance regarding requirements of the PPP. Additional information, revisions to the Interim Final Ruling, answers to frequently asked questions, and regulatory rulings continue to be published or revised. The information in this webinar presentation and any related documents is subject to change.

The overview provided in this presentation and any related documents is not – and is not intended to be – legal, accounting, tax, consulting, investment, or other professional advice or opinion by Crowe LLP. This information is not intended to create, and receipt does not constitute, a legal relationship, including without limitation an accountant-client relationship. Crowe LLP assumes no obligation to provide notification of changes in tax laws or other factors that could affect the information provided. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this webinar presentation or any related document.
Program Duration

4/3/2020 Program begins

8/9/2020 Last date to receive approval for funds

12/31/2020 All Covered Periods conclude

End of eight-week Covered Period

End of 24-week Covered Period

Timeline of Events

Loan disbursement date

Forgiveness request submitted

Bank has 60 days to make a decision and submit to SBA

SBA has up to 90 days to review and fund forgiveness amount after decision submitted by bank

Payments on any remaining balance begin

Borrower has 30 days to dispute the decision

Payments must begin by 10 months after Covered Period ends or October 2021
Liberty’s PPP Process

- Email link to Portal
- Secure ID and password
- Batches
- Initial Test Run
- Origination Date and Size

- Borrower Info
- Eligible Costs
- Supporting Documents
- Certifications

- Package completeness
- Confirm Amounts
- Verify documentation
- Recommend Decision
- Approve as Requested
- Approve less than Requested
- Decline

- Conversation with Borrower, if needed
- Notification to Borrower of Decision
- Borrower e-signs final application
- Submit application to SBA

- Final Disposition
- Agree with Bank
- Partially Agree
- Decline
- Receipt of Forgiveness Funds
- Amortization of Remaining Balance

Up to 60 days once a complete application is received

Up to 90 days
Loan Forgiveness Requirements
## Recent Noteworthy Changes

<table>
<thead>
<tr>
<th>Program Requirement</th>
<th></th>
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</thead>
</table>
| **New Application for loans under $50,000** | • On October 8, SBA issued a new application 3508S which may be used by borrowers with loans of $50,000 or less.  
• The application requires the borrower to report the amount of forgiveness calculated and to provide certain documentation. |
| **Applying before end of Covered Period** | If the borrower has spent all of the PPP loan proceeds on eligible costs, the borrower may apply for forgiveness prior to the end of the 24 week Covered Period. |
| **Forgiveness Based on Payroll only** | Borrowers may support full forgiveness of their loan based only on eligible cash compensation costs, and forgo reporting any other payroll or non-payroll costs, given compliance with compensation, FTE and documentation requirements. |
| **Related Party Leases** | Rent and lease payments to businesses with any common ownership are eligible for loan forgiveness, but the amount of the loan forgiveness is limited to no more than the amount of mortgage interest paid on the property during the Covered Period that is attributable to the space being rented, and that the lease and the underlying mortgage were entered into prior to February 15, 2020. |
3508S Form

• This new Form impacts a significant number of borrowers. According to the SBA, there are 3,570,000 outstanding PPP loans of $50,000 or less out of the 5,200,000 PPP loans issued, with approximately 1,700,000 of those PPP loans of $50,000 or less made to businesses reporting zero employees other than the owner, or one employee.

• Borrowers can use the SBA Form 3508S as their forgiveness application if their PPP loan is $50,000 or less.
  – If a borrower together with its affiliates received PPP loans totaling $2 million or more, they are not eligible to use this form (faith-based organizations are exempt from the affiliation rules)

• The Form allows borrowers with loans of $50,000 or less to self-certify they used the money appropriately and receive loan forgiveness. The borrower does not need to show their forgiveness calculations.

• The Form eliminates the forgiveness adjustments related to reductions of FTE or pay rates.

• The Form still requires borrowers to provide documentation, such as a payroll provider report, but limits the review of such documentation by the bank. Lenders are only required to verify the appropriate documents have been submitted.

• Borrowers must still retain documentation to support all of their calculations for 6 years.
### 3508 EZ Form Requirements

<table>
<thead>
<tr>
<th>Condition 1</th>
<th>AND Condition 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1</strong></td>
<td>The Borrower is a <strong>self-employed individual, independent contractor, or sole proprietor</strong>; Had <strong>no employees</strong> 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).</td>
</tr>
<tr>
<td><strong>Option 2</strong></td>
<td>The Borrower <strong>did not reduce annual salary or hourly wages</strong> of any employee (who made $100,000 or less in 2019) <strong>by more than 25 percent</strong> during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020; The Borrower <strong>did not reduce the number of employees or the average paid hours</strong> of employees between January 1, 2020 and the end of the Covered Period. (Subject to the Safe Harbor provisions for inability to rehire)</td>
</tr>
<tr>
<td><strong>Option 3</strong></td>
<td>The Borrower <strong>did not reduce annual salary or hourly wages</strong> of any employee (who made $100,000 or less in 2019) <strong>by more than 25 percent</strong> during the Covered Period or the Alternative Payroll Covered Period (as defined) compared to the period between January 1, 2020 and March 31, 2020. The Borrower was <strong>unable to operate during the Covered Period at the same level of business activity</strong> as before February 15, 2020, <strong>due to compliance with requirements established or guidance issued</strong> between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.</td>
</tr>
</tbody>
</table>
## Comparison of Forms 3508, 3508EZ and 3508S

<table>
<thead>
<tr>
<th>Qualification for Application</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>All borrowers who do not qualify for Form 3508EZ or Form 3508S may complete the 3508 Standard Form</td>
<td>Borrowers who meet one of three EZ form criteria</td>
<td>Borrowers who received loans less than $50,000, and aggregate loans of related parties is less than $2 million</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FTE and Pay Rate Reductions</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forgiveness amount will be adjusted for reductions in FTE and pay rates during the Covered Period, subject to Safe Harbor provisions</td>
<td>Borrowers must certify that they have made no FTE or pay rate reductions or comply with the Safe Harbor Provisions</td>
<td>No forgiveness adjustments for reductions in FTE and pay rates are applied</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Application</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowers must complete the Application, Schedule A, and associated tables 1 &amp; 2 with information for each eligible cost category, calculated forgiveness and requested forgiveness amount.</td>
<td>Borrowers must complete the Application form with totals for each eligible cost category, calculated forgiveness and requested forgiveness amount.</td>
<td>Borrowers must complete the Application form with the requested forgiveness amount.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Forgiveness Calculation Differences</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to forgiveness amount for FTE reduction and pay rate reduction do not apply, due to qualifying for EZ form</td>
<td>Adjustments to forgiveness amount for FTE reduction and pay rate reduction are eliminated from calculation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Comparison of Forms 3508, 3508EZ and 3508S

<table>
<thead>
<tr>
<th>Documentation to be Submitted</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Borrowers must submit certain required Payroll, FTE and Nonpayroll Documentation.</td>
<td>• Borrowers must submit certain required Payroll, FTE (only if criteria 2 for the EZ form is selected) and Nonpayroll Documentation.</td>
<td>• Borrowers must submit certain required Payroll and Nonpayroll Documentation.</td>
<td></td>
</tr>
<tr>
<td>• Lenders will review documentation to confirm it supports the amount of forgiveness requested.</td>
<td>• Lenders will review documentation to confirm it supports the amount of forgiveness requested.</td>
<td>• Lenders will verify necessary documents have been submitted.</td>
<td></td>
</tr>
</tbody>
</table>

Payroll Costs Documentation

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:
   - 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.

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.
### Comparison of Forms 3508, 3508EZ and 3508S

<table>
<thead>
<tr>
<th></th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FTE Documentation</strong></td>
<td>Documentation showing (at the election of the Borrower):</td>
<td>d. If you checked only the Option 2 box on the checklist on page 1 of these instructions, 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.</td>
<td>No FTE documentation is required to be submitted.</td>
</tr>
<tr>
<td></td>
<td>a. the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. the average number of FTE employees on payroll per week employed by the Borrower between January 1, 2020 and February 29, 2020; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. in the case of a seasonal employer, the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between May 1, 2019 and September 15, 2019.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Comparison of Forms 3508, 3508EZ and 3508S

<table>
<thead>
<tr>
<th>Non-Payroll Costs Documentation</th>
<th>3508</th>
<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.</td>
<td>Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.</td>
<td>Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.</td>
<td>Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.</td>
</tr>
<tr>
<td><strong>a. Business mortgage interest payments:</strong> 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.</td>
<td><strong>a. Business mortgage interest payments:</strong> 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.</td>
<td><strong>a. Business mortgage interest payments:</strong> 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.</td>
<td><strong>a. Business mortgage interest payments:</strong> 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 verifying interest amounts and eligible payments.</td>
</tr>
<tr>
<td><strong>b. Business rent or lease payments:</strong> 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.</td>
<td><strong>b. Business rent or lease payments:</strong> 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.</td>
<td><strong>b. Business rent or lease payments:</strong> 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.</td>
<td><strong>b. Business rent or lease payments:</strong> Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.</td>
</tr>
<tr>
<td><strong>c. Business utility payments:</strong> Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.</td>
<td><strong>c. Business utility payments:</strong> Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.</td>
<td><strong>c. Business utility payments:</strong> Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.</td>
<td><strong>c. Business utility payments:</strong> Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.</td>
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Comparison of Forms 3508, 3508EZ and 3508S

<table>
<thead>
<tr>
<th>Documentation to be Retained for 6 years</th>
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<th>3508EZ</th>
<th>3508S</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 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.</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>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.</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Documentation supporting the Borrower’s certifications as to the necessity of the loan request.</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>Documentation supporting the certification, if applicable, that the Borrower was unable to operate between February 15, 2020 and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to his documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.</td>
<td>•</td>
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</tbody>
</table>
# Comparison of Forms 3508, 3508EZ and 3508S

<table>
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</thead>
<tbody>
<tr>
<td><strong>PPP Schedule A Worksheet or its equivalent and the following:</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>e. Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor 2.”</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period or Alternative Payroll Covered Period.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Documentation supporting the certification, if applicable, that 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 (other than any reductions that arose from an inability to rehire individuals who were employees on February 15, 2020, if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020). This documentation must include payroll records that separately list each employee and show the amounts paid to each employee between January 1, 2020 and the end of the Covered Period.</strong></td>
<td></td>
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</table>
Common Program Requirements - Overview

Time Period

• Expenses incurred during the Covered Period or Alternative Payroll Covered Period are eligible for forgiveness. The Covered Period includes up to 24 weeks from the date of the loan disbursement for borrowers to use the funds for payroll and other eligible costs.
• The SBA has indicated that for purposes of FTE and expenses, the Covered Period runs from the date of disbursement to the date of submitting the forgiveness application or the end of 24 weeks, whichever is sooner.

Eligible Expenses

• Payroll Costs (see next slide)
• Utilities expenses associated with service agreements in place prior to February 15, 2020 for electricity, gas, water, transportation, fuel, phone and internet access
• Rent associated with leases that took effect prior to February 15, 2020
• Interest Expense
  • Mortgage loans existing prior to February 15, 2020
  • Debt on personal property existing prior to February 15, 2020
  • Loans refinancing an SBA Economic Injury Disaster Loan (EIDL)

Forgiveness Limitations

• Payroll Costs must represent at least 60% of forgiveness amount requested
• No more than 40% of the forgiveness amount can be associated with non-payroll costs for utilities, rent and interest expense
• Safe Harbor provisions exist related to restoring pay or FTE level by December 31, 2020
Common Program Requirements – Payroll Costs

Payroll Costs

- Cash compensation, prior to taxes, paid to employees for wages, salary, bonuses, commissions, tips and other forms of cash compensation, including housing stipends
- Payments for medical, parental, family and sick leave payments
  - Excludes qualified sick and family leave wages for which a credit is allowed under Public Law 116–127
- Payments to employees for vacation time
- Payments for group health benefits costs and premiums
- Amounts paid into retirement plans by borrower
- Payment of state and local payroll taxes by borrower
- Payments of dismissal or separation allowances

Payroll Cost Limitations

- Compensation paid to an employee in excess of an annual salary rate of $100,000 must be excluded from the Payroll Costs amount
- Compensation paid to non-U.S. residents must be excluded from the Payroll Costs amount
- Payments to independent contractors are not includible in Payroll Costs
Remaining PPP Loan Balances

- Any balance of a PPP loan not forgiven must be repaid by borrower.
- Repayment of the remaining balance is over up to 5 years from the date of first disbursement of the loan.
- Interest rate is 1%.
  - Interest accrues from date of disbursement.
- Payments begin the month following when the forgiveness amount is remitted to the lender,
  - or no later than 10 months after the end of the borrower’s Covered Period.
- Any loans received before the change in term made in the Paycheck Protection Flexibility Act may be amended from the current 2 year maturity to reflect the new 5 year maturity.
• The 2019 net profit from Schedule C of the sole proprietorship is used as a substitute for salary of the Sole Proprietor.

• Owner compensation is capped based on 2019 compensation.
  • For borrowers using a 8-week period, owner compensation is capped at $15,385.
  • For borrowers using a 24-week period, owner compensation is capped at $20,833 or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower.
  • *This cap applies to not just sole proprietors, but also owner/employees and partners of other business types.*

• Other payroll costs (health benefits, retirement, etc.) for Sole Proprietors without employees would not be included, since there are no employees.

• Amounts paid for other business-related expenses (utilities, rent, interest) incurred during the Covered Period would be forgivable up to 40% of the loan forgiveness amount.
  • Sole Proprietors also must have claimed or be entitled to claim a deduction for such expenses on their 2019 Form 1040 Schedule C for them to be an expenditure during the Covered Period which can be included in the forgiveness amount.
Standard Application Requirements

• **Schedule A**
  • Borrowers are required to complete the Schedule A Form.
  • This form requires compensation and full-time equivalent (FTE) employee details as compared to the Borrower’s selected reference period

• **Compensation Reductions**
  • Forgiveness amounts may be reduced if the total salary or wages of any employee is reduced during the Covered Period more than 25% of the total salary or wages as compared to the period of January 1, 2020 through March 31, 2020
  • Borrowers have until the earlier of the date in which they submit their application or 12/31/20 to reinstate all wages to pre-pandemic levels required for full forgiveness

• **FTE**
  • Forgiveness amount may be adjusted if there is a reduction of FTE during the Covered Period. Forgiveness is adjusted by the FTE Reduction Quotient, which is the ratio of Covered Period FTE compared to a base reference period FTE. If the ratio is greater than one, borrower has maintained headcount and has met this requirement. If the ratio is less than one, forgiveness will be adjusted proportionally.
**FTE Safe Harbors**

**Full-time Equivalent (FTE) Safe Harbor Provisions**

- FTE reductions may be accepted without a reduction in forgiveness if the Borrower meets one of the following:
  - Safe Harbor 1 – Provides a Safe Harbor from reductions in forgiveness, based on reductions in full-time equivalent (FTE) employees for Borrowers that are unable to return to the same level of business activity prior to February 15, 2020 due to compliance requirements between March 1, 2020 and December 31, 2020.
  - Safe Harbor 2 – 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 December 31, 2020 to its FTE employee levels in the pay period that included February 15, 2020.

**FTE Reduction Exceptions**

- Any FTE reductions in the following cases do not reduce the Borrower’s loan forgiveness:
  - The Borrower made a good-faith, written offer to rehire an employee, which has been rejected by the employee.
  - Were fired for cause.
  - Voluntarily resigned.
  - Voluntarily requested and received a reduction for their hours.
  - Borrower made good faith, written offer to restore any reduction in hours at the same salary or hourly wages, but the employee rejected.
  - Borrower was unable to rehire similarly qualified employees for unfilled positions by December 31, 2020.
PPP Portal
Hi Brianna Collins,

Thank you for your interest in applying for loan forgiveness. Please click the link below to complete verifying your account and submit a forgiveness request.

https://ppp.forgivenessportal.americanmomentum.bank/registration-redeem?returnurl=https://ppp.forgivenessportal.americanmomentum.bank/forgiveness-request&invitation=dq0ph7mKyYsHyDw80JHhFwnh30hGQV1r1dR4tTC17w16aw3-fmYsnyZDnY-ZXr7Ur2S1S121wFAZv38m-bwvBDgyQgtSfTERFw-KA11xSH3oY7hKyETQrkLZurIK0bro-F43IYbn1zbuB5RMN11c6KGM/DkAowBLKrVbdQ-

Regards,

American Momentum Bank
Portal Registration

When registering for your loan forgiveness application portal, you will be required to verify loan information, including entering your loan number into the registration portal. Your loan number will be the Liberty Bank loan number associated with your PPP loan, which can be obtained through online banking.

If you have not documented your Liberty Bank loan number, your lending officer or local branch will assist you in obtaining this information.
Registration Success

Registration Invitation Accepted

Success

We found your loan information and have completed your registration. Welcome to the Forgiveness Request Portal! Please click the link below to log in and begin the forgiveness request process.

Login and View Requests
Apply Now for Paycheck Protection Program (PPP) Loan Forgiveness

Popular Questions

Can a seasonal employer pay more than the Covered Period cap of either $46,154 for a 24-week period or $15,385 for an 8-week period to a single employee during the Covered Period or Alternative Payroll Covered Period if the annual pay does not exceed $100,000?

Can borrowers return funds they know will be in excess or forgiven without any penalty?
Portal Login

Sign in with a local account

* Username
  brianna@email.web

* Password
  ********

Remember me?

Sign in  Forgot your password?
LOAN FORGIVENESS APPLICATION INSTRUCTIONS FOR BORROWERS

To apply for forgiveness of your Paycheck Protection Program (PPP) loan, you (the Borrower) must complete and submit your application through this Portal. The tabs within this Portal will update based on the selected scenario on the Form Selection tab. Your answers will automatically populate into your selected application. When complete, your Lender will conduct a review before sending you a final copy of the application to sign.

The Portal is defaulted to the Standard PPP Loan Forgiveness Application (SBA Form 3508) which contains the following sections: Summary, Schedule A – Part 1, Schedule A – Part 2, Forgiveness Calculations, Documents, and Authorization. The SBA PPP Loan Forgiveness Application instructions can be found here.

Alternatively, if you meet one of the other three scenarios defined in the Form Selection tab, the Portal will update to reflect the EZ PPP Loan Forgiveness Application (SBA Form 3508EZ). The Portal will update to have the following sections: Summary, Forgiveness Calculations, Documents, and Authorization. The SBA PPP Loan Forgiveness Application EZ instructions can be found here.

Please review the instructions tied to your respective form. As you navigate through the Portal, instructions and help text can be reviewed by clicking on the question mark next to the field text. All fields with an (*) must be completed before the application can be submitted to your Lender. If you need to contact your Lender, please utilize the Contact Form within the Portal.
Hypothetical Examples
A business has three U.S. resident employees, each of whom had an annual salary of $52,000 and one owner who had an annual salary of $100,000. Related benefit costs included in payroll costs amount to $10,647 for the employees for an eight week Covered Period. The business received a PPP Loan of $66,000. Borrower is using an 8-week Covered Period.

No changes in FTE or employee compensation have occurred since the beginning of the year.
Please select the option that best describes your PPP Loan Forgiveness Application scenario:

- The Borrower is electing to complete the standard Loan Forgiveness Application (SBA Form 3508)

- SBA Form 3508EZ - Option 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).

- SBA Form 3508EZ - Option 2:
  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 Payroll Covered Period (as defined to right) compared to the period between January 1, 2020 and March 31, 2020;
  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.

- SBA Form 3508EZ - Option 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 Payroll Covered Period (as defined to right) 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 compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID - 19.
PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1
$24,000.00

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1
3.00

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1
$0.00

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2
$0.00

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2
0.00
PPP Schedule A Part 1

Required Documentation

Payroll:
- Payroll reports: Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees
- Payroll summary: A report summarizing the compensation paid to each employee during the Covered Period
Required Documentation

- **Health Insurance and Retirement Contributions:** Documentation supporting employer contributions included in the forgiveness amount to health insurance and retirement plans including receipts, canceled checks or account statements.
PPP Schedule A Part 1

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

- Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance
  - 8000

- Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans
  - 2000

- Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation
  - 647

Compensation to Owners

- Line 9. Total amount paid to owner-employees/self-employed individual/general partners
  - 15385

Total Payroll Costs

- Line 10. Payroll Costs (Sum of Lines 1, 4, 6, 7, 8, and 9)
  - $0.00

Required Documentation

- **Tax Forms:** Tax Forms for the periods that overlap with the Covered Period including: Payroll tax filings reported, or that will be reported, to the IRS and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reports, or that will be reported, to the relevant state.
Required Documentation

Owner Compensation:
• Bank account payments or third-party payroll service provider reports documenting the amount of cash compensation paid during the Covered Period
• Documentation supporting 2019 owner compensation to support the appropriate amount of owner compensation. For a 24-week period, owner compensation is capped at $20,833 for each individual or the 2.5 month equivalent of their compensation in 2019, whichever is lower. For an 8-week period, this amount is capped at 8/52 of 2019 compensation (up to $15,385).
Forgiveness Calculations

Required Documentation

Nonpayroll Costs - 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 lender account statements from the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
Nonpayroll Costs – 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 Lessor account statements from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
 forgiveness Calculations

For the following section please complete Lines 2, 3, and 4. The remaining fields have been filled based on the information captured throughout the process.

Payroll and Nonpayroll Costs
Line 1. Payroll Costs (The amount from Schedule A - Part 1, Line 10) $50,032.00

Line 2. Business Mortgage Interest Payments $800

Line 3. Business Rent or Lease Payments $4,000

Line 4. Business Utility Payments $4,000

Adjustments for Full-Time Equivalency
Line 5. Total Salary/ Hourly Wage Reduction (The amount from Schedule C - Part 1, Line 10) $0.00

Line 6. The sum of amounts on Lines 1, 2, 3, and 4, $50,032.00

Line 7. FTE Reduction Quotient (The number from Schedule C - Part 1, Line 9) 1.00

Overview
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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"). ...

Required Documentation

Nonpayroll Costs – Business Utility Payments

- Copy of invoices from February 2020 and
- Copy of invoices paid during the Covered Period and
- Receipts, cancelled checks or account statements verifying those eligible payments
Forgiveness Calculations

Anticipated Forgiveness
$66,000.00

Overview
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 24-week (168-day) or 8-week (56-day) Covered Period or Alternative Payroll Covered Period ("payroll costs").

Read More

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (The amount from Schedule A - Part 1, Line 10)
$50,032.00

Line 2. Business Mortgage Interest Payments
$8,000.00

Line 3. Business Rent or Lease Payments
$4,000.00

Line 4. Business Utility Payments
$4,000.00

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

Line 5. Total Salary/Hourly Wage Reduction (The amount from Schedule A - Part 1, Line 3)
$0.00

Line 6. The sum of amounts on Lines 1, 2, 3, and 4, then subtract the amount entered in Line 5
$58,032.00

Line 7. FTE Reduction Quotient (The number from Schedule A - Part 2, Line 13)
1.00
Line 6. The sum of amounts on Lines 1, 2, 3, and 4, then subtract the amount entered in Line 5
$66,032.00

Line 7. FTE Reduction Quotient (The number from Schedule A - Part 2, Line 13)
1.00

Potential Forgiveness Amounts

- Line 8. Modified Total (Line 6 multiplied by Line 7)
  $66,032.00

- Line 9. PPP Loan Amount
  $56,000.00

- Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60)
  $83,386.67

Forgiveness Amount

- Line 11. Forgiveness Amount (The smallest number of Lines 8, 9, or 10)
  $66,000.00

Overview

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"), ...

Read More
Line 6. The sum of amounts on Lines 1, 2, 3, and 4, then subtract the amount entered in Line 5
$66,032.00

Line 7. FTE Reduction Quotient (The number from Schedule A - Part 2, Line 13)
1.00

Potential Forgiveness Amounts

Line 8. Modified Total (Line 6 multiplied by Line 7)
$66,032.00

Line 9. PPP Loan Amount
$56,000.00

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60)
$83,386.67

Forgiveness Amount

Line 11. Forgiveness Amount (The smallest number of Lines 8, 9, or 10)
$66,000.00
### 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:
  - Bank account statements or third-party payroll service provider reports documenting the amount of 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 that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).
- **FTE:** Documentation showing (at the election of the Borrower):
  - the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
  - the average number of FTE employees on payroll per month employed by the Borrower 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
Please review and check the box before submitting the application to your Lender.

☑ By checking the box, you (the Borrower) are attesting that the information, evidence, and supporting documents provided adhere to the guidelines outlined by SBA under the Paycheck Protection Program (PPP) and that the information is true and accurate to the best of my knowledge.

Submit to Lender
A business has three U.S. resident employees, each of whom had an annual salary of $52,000 and one owner who had an annual salary of $110,000. One employee resigned on their own merit at the beginning of the Covered Period. The employee’s position was not replaced because the employer could not find another similarly qualified employee by the end of the Covered Period. Borrower is using an 8-week Covered Period.

Related benefit costs included in payroll costs amount to $10,647 for the remaining employees for an eight week Covered Period. The business received a PPP Loan of $66,000.
FTE Reduction Exceptions

1. Any Employees for which the Borrower made a good-faith, written offer to rehire the 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 reductions of their hours.
Required Documentation

FTE Reduction Exceptions
- The borrower is not required to submit documentation supporting their compliance with the FTE Safe Harbor provision at the time of forgiveness application. However, they are required to maintain this documentation for 6 years after they apply for forgiveness.

- In this situation, the borrower would need to formally document the employees resignation at the beginning of the Covered Period.
Forgiveness Calculations

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: $42,032.00

Line 1.a. Cash Compensation: $16000

Line 1.b. Employee Benefits: $10647

Line 1.c. Owner Compensation: $15385

Line 2. Business Mortgage Interest Payments: $8000

Line 3. Business Rent or Lease Payments: $4000

Line 4. Business Utility Payments: $4000

Overview

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 24- week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs").

Read More
**Forgiveness Calculations**

Payroll and Nonpayroll Costs

<table>
<thead>
<tr>
<th>Line 1. Payroll Costs:</th>
<th>$42,032.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 1.a. Cash Compensation:</td>
<td>$16,000</td>
</tr>
<tr>
<td>Line 1.b. Employee Benefits:</td>
<td>$10,647</td>
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<tr>
<td>Line 1.c. Owner Compensation:</td>
<td>$15,385</td>
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<tr>
<td>Line 2. Business Mortgage Interest Payments:</td>
<td>$8,000</td>
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<tr>
<td>Line 3. Business Rent or Lease Payments:</td>
<td>$4,000</td>
</tr>
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<td>$4,000</td>
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</table>

**Overview**

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs").

   [Read More](#)
Forgiveness Calculations

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:  
$42,032.00

Line 1.a. Cash Compensation:  
$16000

Line 1.b. Employee Benefits:  
$10647

Line 1.c. Owner Compensation:  
$15385

Line 2. Business Mortgage Interest Payments  
8000

Line 3. Business Rent or Lease Payments  
4000

Line 4. Business Utility Payments  
4000

Overview

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"). ...
A business has five U.S. resident employees, each of whom had an annual salary of $52,000 and two owners each with an annual salary of $110,000. Borrower is using a 24-week Covered Period.

Related benefit costs included in payroll costs amount to $20,500 for the employees for a 24 week Covered Period. The business received a PPP Loan of $108,461.54.
Payroll Costs

Since payroll costs to employees during the Covered Period will be greater than the original loan amount, the Borrower only included employee compensation for the 24-week Covered Period in their forgiveness request.

$52,000/52 weeks = $1,000; $1,000 for 24 weeks for 5 employees = $120,000
# Forgiveness Calculations

## Payroll and Nonpayroll Costs

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Payroll Costs</td>
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<tr>
<td>1.a.</td>
<td>Cash Compensation</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>1.b.</td>
<td>Employee Benefits</td>
<td>$0.00</td>
</tr>
<tr>
<td>1.c.</td>
<td>Owner Compensation</td>
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</tr>
<tr>
<td>2.</td>
<td>Business Mortgage Interest Payments</td>
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</tr>
<tr>
<td>3.</td>
<td>Business Rent or Lease Payments</td>
<td>$0.00</td>
</tr>
<tr>
<td>4.</td>
<td>Business Utility Payments</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

## Overview

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 24- week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs")....

   [Read More](#)
# Forgiveness Calculations

## Payroll and Nonpayroll Costs

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<td></td>
<td>$120,000.00</td>
</tr>
<tr>
<td>1.a. Cash</td>
<td>Compensation</td>
<td>$120000.00</td>
</tr>
<tr>
<td>1.b. Employee</td>
<td>Benefits</td>
<td>$0.00</td>
</tr>
<tr>
<td>1.c. Owner</td>
<td>Compensation</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. Business</td>
<td>Mortgage interest payments</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. Business</td>
<td>Rent or lease payments</td>
<td>$0.00</td>
</tr>
<tr>
<td>4. Business</td>
<td>Utility payments</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

## Overview

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs").

[Read More](#)
A sole proprietor received a PPP loan of $19,230.76. The borrower decided to extend their Covered Period to 24 weeks, but exhausted all funds at 15 weeks. The sole proprietor is also part owner of the office in which the business operates through a related real estate partnership, and the business pays that entity $6000 each month for rent. The sole proprietor had a net profit of $100,000 in 2019.

The related real estate partnership's underlying mortgage interest payment is $2,000 monthly. The borrower also has a vehicle loan with monthly interest costs of $1,000.
Please select the option that best describes your PPP Loan Forgiveness Application scenario:

- **The Borrower is electing to complete the standard Loan Forgiveness Application (SBA Form 3508)**

- **SBA Form 3508EZ - Option 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).

- **SBA Form 3508EZ - Option 2:**
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 Payroll Covered Period (as defined to right) compared to the period between January 1, 2020 and March 31, 2020:
  
  **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.

- **SBA Form 3508EZ - Option 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 Payroll Covered Period (as defined to right) 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 compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID - 19.
 Forgiveness Calculations

Payroll and Nonpayroll Costs

**Line 1. Payroll Costs:**
20833.00

**Line 1.a. Cash Compensation:**
$0.00

**Line 1.b. Employee Benefits:**
$0.00

**Line 1.c. Owner Compensation:**
$20833.00

**Line 2. Business Mortgage Interest Payments:**
2000.00

**Line 3. Business Rent or Lease Payments:**
4000.00

**Line 4. Business Utility Payments:**
0.00

---

**Overview**

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"). ...
Forgiveness Calculations

Required Documentation

**Owner Compensation:**
- Bank account payments or third-party payroll service provider reports documenting the amount of cash compensation paid during the Covered Period
- Documentation supporting 2019 owner compensation to support the appropriate amount of owner compensation. For a 24-week period, owner compensation is capped at $20,833 for each individual or the 2.5 month equivalent of their compensation in 2019, whichever is lower. For an 8-week period, this amount is capped at 8/52 of 2019 compensation (up to $15,385).
Forgiveness Calculations

### Mortgage Interest
The borrower has a vehicle loan and the interest on this loan is $1,000 monthly, which is an includable expense.

<table>
<thead>
<tr>
<th>Payroll and Nonpayroll Costs</th>
<th></th>
</tr>
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<tr>
<td><strong>Line 1. Payroll Costs:</strong> 20833.00</td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Line 4. Business Utility Payments:</strong> 0.00</td>
<td></td>
</tr>
</tbody>
</table>
Forgiveness Calculations

Related Party Leases: Per SBA guidance, rent and lease payments to businesses with any common ownership are eligible for loan forgiveness, but the amount of the loan forgiveness is limited to no more than the amount of mortgage interest paid on the property during the Covered Period that is attributable to the space being rented.

In this example, the underlying interest on the building paid by the owner was $2,000 per month, so the borrower is only entitled to claim $2,000 per month for rent.
Forgiveness Calculations

Business Utility Payments:

Non-payroll costs for self-employed individuals are the same as for other borrowers under the PPP loan forgiveness requirements, which are interest, rent and utilities. However, self-employed borrowers must have claimed or be entitled to claim a deduction for such expenses on their 2019 Form 1040 Schedule C for them to be a permissible expenditure during the Covered Period or Alternative Payroll Covered Period following the disbursement of the loan. For example, if a sole proprietor did not claim or is not entitled to claim utilities expenses on their 2019 Form 1040 Schedule C, they cannot use the PPP loan proceeds for utilities during the Covered Period or Alternative Payroll Covered Period.
Forgiveness Calculations

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: 20833.00

Line 1.a. Cash Compensation: 0.00

Line 1.b. Employee Benefits: 0.00

Line 1.c. Owner Compensation: 20833.00

Line 2. Business Mortgage Interest Payments: 2000.00

Line 3. Business Rent or Lease Payments: 4000.00

Line 4. Business Utility Payments: 0.00

Overview

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 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs").

Read More
Frequently Asked Questions
List of FAQ Topics

- Forgiveness Application Submission
- Nonpayroll Expenditures
- Original Loan Application
- Independent Contractors
- Owner Compensation
- Business Owner Defined
- Tax Treatment
- Compensation Reductions
- Forgiveness Process Timeline
Forgiveness Application Submission

When can businesses apply for loan forgiveness?

• Liberty Bank will be sending out portal invitations through a phased approach. Once a borrower has received the link to their unique forgiveness application portal, they will be able to complete their forgiveness application. They may submit a loan forgiveness application any time on or before the maturity date of the loan - including before the end of the Covered Period – if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness.
If a borrower spent all of the PPP funds on payroll, do they need to provide information or documentation for non-payroll expenditures?

- No. The application does not specifically indicate all eligible payroll and non-payroll expenditures need to be documented on the forgiveness application. Borrowers are required to provide information and supporting documentation for the expenditures that are being used to support the forgiveness amount requested.
If my original loan application has the incorrect number of employees listed (for example, a borrower included sole proprietors and owners in the employee calculation), what should I do?

- Borrowers cannot adjust the numbers that were entered on their original PPP loan application. Borrowers should enter the correct number of employees when completing the forgiveness application and upload the appropriate documentation to support their eligible payroll and non-payroll expenditures, as well as FTE calculations for the Covered Period and the reference period.
Independent Contractors

May I use my PPP funds to pay independent contractors?

- No, 1099 Independent Contractors are not paid wages or salary, and payments to them should not be included in your forgiveness calculation. They were able to qualify for their own PPP loan.
Is owner compensation included in payroll?

- Yes, owner compensation is included in payroll costs up to limitations. Owner compensation will also be listed separately from employee compensation on the forgiveness application.
- Payroll costs may not include amounts paid to any employee in excess of an annualized rate of $100,000 during the Covered Period.
- Sole Proprietor and owner compensation is limited to eight weeks’ worth of 2019 net profit (up to $15,385 for any owner) for an 8-week Covered Period or Alternative Payroll Covered Period, or 2.5 months’ worth (2.5/12) of 2019 net profit (up to $20,833 for any owner) for a 24-week Covered Period or Alternative Payroll Covered Period.
How is a business “owner” defined and what percentage of the business must an individual own to be considered an owner?

- Per SBA guidance, an owner is defined as an employee who has 5% or more ownership in the company.
Is the loan taxable income?

- To the extent the PPP loan proceeds are used for eligible payroll and nonpayroll costs incurred and paid during the Covered Period or Alternative Payroll Covered Period, the loan amount is excluded from gross income by statute.
- It should be noted that any eligible expenses incurred associated with the PPP loan amount are not deductible for tax purposes.
Can a borrower make reductions in payroll after the Covered Period is over, but prior to submitting the forgiveness application without reducing their amount of forgiveness?

- The forgiveness calculation is based on expenditures, FTE and salary rates during the Covered Period. The calculation does not reference anything which occurs after the Covered Period.
How long will the forgiveness process take?

- The lender has 60 days to make a decision and submit the application to the SBA. At that time, the lender must also notify the borrower in writing if they have issued a decision to the SBA denying the loan forgiveness application. Within 30 days of notice from the lender, a borrower may request that the SBA review the lender’s decision on the borrower’s forgiveness application. The SBA has 90 days to review and fund the forgiveness amount after the final decision is submitted by the bank.
Questions
Thank You