

PPP Loan Forgiveness Application Strategies for Success

Before you get started

- In order to maximize the amount of your PPP loan forgiveness, make sure you have used all your PPP loan funds for eligible costs. **You have up to 24 weeks from the time of the loan to use the PPP funds on eligible expenses.** This is known as the “covered period.”
- **You must apply for PPP loan forgiveness within 10 months of the end of the covered period to avoid having your loan go into repayment before a loan forgiveness decision is made. No PPP loan payments are due during this time until a final loan forgiveness decision is made by the SBA.**
- **Have all of your documents supporting forgivable expenses ready to upload** to our PPP Loan Forgiveness Application online portal.
- **Consider contacting your payroll service provider** (if applicable) to see if they have prepared special forgiveness reports that will make completing the application easier.
- **Consider contacting your CPA** for additional guidance on how to interpret the PPP Loan Forgiveness rules for your organization.
- **If you received an Economic Injury Disaster Loan (EIDL) advance** from the SBA you will need to know your **EIDL advance application number** and the portion of EIDL funds you received which were considered an EIDL advance grant. You may call the SBA Disaster Assistance Center at 800-659-2955 to obtain this information. The SBA will deduct the amount of your EIDL advance grant against your PPP Loan Forgiveness total.
- **Don't over complicate** your submission for loan forgiveness. If you have enough documentation to support full forgiveness in just payroll expenses, you are not obligated to enter and submit data for non-payroll expenses.

Using our secure PPP Loan Forgiveness Application Portal

- Enterprise Bank has set up an online portal to help our customers complete and submit their PPP Loan Forgiveness Application and supporting documents. There are Help buttons throughout the portal to guide you through the application process. **All PPP Loan Forgiveness Applications must be submitted through the online portal.**
- **The Portal is best viewed using one of the following internet browsers: Chrome 60 or greater, Firefox 55 or greater, Microsoft Edge (Chromium Based).** Internet Explorer 11 and Microsoft Edge Legacy are also supported. The Safari browser is not recommended.

- Our PPP Loan Forgiveness Application Portal has been set up to be accessed by the primary contact provided by each of our PPP Loan customers. Enterprise Bank will send an email to the primary contact with a link to the portal. **The primary contact may designate an authorized representative to fill out the PPP Loan Forgiveness Application** on their behalf, by logging in to the portal and entering the name and email address of that authorized representative in the designated spaces on the first page of the application form, and then click on the “Save and Exit” button. A link to the portal will then be emailed to the authorized representative of the borrower.
- Each time authorized users log in to the PPP Loan Forgiveness Application Portal, they will be emailed a **one-time verification code**. The one-time verification code can be used for 5 minutes. Users can click on the “Resend” button if they do not receive the one-time verification code within 2 minutes.
- The PPP Loan Forgiveness Application Portal has been designed to help our PPP Loan customers with their loan forgiveness calculations. **Applicants should fill in the unshaded boxes in the Portal.** The shaded boxes are either prefilled based on data from your original PPP Loan Application, or are calculated fields based on data you are entering into the Portal at the time of your PPP Loan Forgiveness Application. If any of the pre-filled data does not agree with your records please contact us.
- The PPP Loan Forgiveness Application Portal offers our customers an online workbook which can be filled out to determine how much of their payroll and non-payroll expenses qualify for forgiveness. Alternatively, customers who have already made those calculations on their own may upload their own manual **workbook showing those calculations which must tie back to the expense figures stated on the PPP Loan Forgiveness Application.** Please note that the online workbook available in the portal will accommodate payroll data up to 200 employees. If you have more than 200 employees, you will need to upload a manual workbook showing your calculations of your total forgivable expenses.
- The PPP Loan Forgiveness Portal will prompt you to upload documents supporting the expense figures on your application. Please upload supporting documents that are not encrypted or password protected; and are **smaller than 5 MB each.**
- As you enter your information into our portal **your entries will be saved automatically** when you click on the “Continue” button on the bottom of each page and click on the “Save” button in the Online Workbook.

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Payroll Expense Guidance

- Please keep in mind the **limits on employee cash compensation** that qualify for forgiveness. Under the PPP program's rules, cash compensation paid to an employee in excess of a \$100,000 annualized rate of pay during the covered period does not qualify for forgiveness. For example, forgivable cash compensation for an 8-week covered period would be capped at **\$15,385**, for a full 24-week covered period it would be capped as **\$46,153**. This cap would be prorated if you apply for forgiveness partially through the 24-week covered period.
- **Owners compensation** is capped at **\$15,385** for an 8-week covered period and **\$20,833** for a 24-week covered period. The 24-week covered period limit is based on 2.5 months of each owner's 2019 compensation up to \$100,000 annualized ($2.5/12 * \$100,000 = \$20,833$). Owners are defined as anyone on the company's payroll who owns at least 5% of the company. The owners compensation limits apply to each individual owner in total across all businesses in which he or she has an ownership stake.
- **The compensation of sole proprietors** can be documented by providing a copy of Schedule C from your 2019 Form 1040 Income Tax Return.
- The online workbook available in the portal will automatically calculate cash compensation limits. If you are uploading your own calculation workbook for payroll and non-payroll expenses, **please make sure the cash compensation expenses listed in your calculation workbook comply with the forgivable cash compensation limits above.**
- **When calculating the number of Full Time Equivalent employees (FTE)** during the covered expense period and the reference period prior to the covered expense period, the FTE figure should be based on the employee's average weekly hours during the period. Employees working 40 hours or more per week on average count as 1.0 FTE. Employees working less than 40 hours per week on average count as 0.5 FTE, or you may choose to round to the nearest 10th for all part time employees (i.e. 30 hour/week average = .8 FTE)

Non-Payroll Expense Guidance

- **Rent/lease payments to affiliates and related parties** are eligible for forgiveness as long as (1) the amount of loan forgiveness requested for rent or lease payments to a related party is no more than the amount of mortgage interest owed on the property during the Covered Period that is attributable to the space being rented by the business, and (2) the lease and the mortgage were entered into prior to February 15, 2020. Any ownership in common between the business and the property owner is a related party for these purposes. To claim these expenses, you must provide mortgage interest documentation to substantiate these payments. While rent or lease payments to a related party may be eligible for forgiveness, mortgage interest payments to a related party are not eligible for forgiveness.
- For utility expenses, **please provide a copy of your February 2020 monthly invoice statement** as well as each of the monthly invoice statements for your covered period. You must also provide proof of payment of those invoices, either via a canceled check, receipt or as reflected on the subsequent monthly bill from your provider.
- **Business utility payments which qualify for forgiveness** include electricity, gas, water, telephone, transportation or internet access that began before Feb. 15, 2020.
- **Heating oil, propane and natural gas** utilities fall under the gas utilities expense category. (This expense category does not include gas for vehicles.)
- **Transportation utility expense** refers to transportation infrastructure utilities billed to businesses by state and local governments.

Other

- **Once you submit your PPP Loan Forgiveness Application through the online portal, you can log in to the portal to check on the status of your application.** Under the PPP Program rules, the Bank must review your completed application within 60 days of receipt, and then forward it on to the SBA for a final decision on your loan forgiveness. The SBA has 90 days from the date the Bank submits your application to remit your loan forgiveness payment to the Bank. We will notify you of the SBA's decision at that time.



PPP Loan Forgiveness Information

DOCUMENTATION CHECKLIST

Documents that each borrower **must submit** with loan forgiveness application:

PAYROLL BACKUP

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:

- ❑ **Cash payments to employees.**
Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- ❑ **Federal and state payroll tax filings that have been reported or will be reported.** Must provide 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. Forms required include payroll tax filings submitted to the IRS (typically Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings.
- ❑ **Non-cash benefit payments.**
Payment receipts, canceled 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.

FULL-TIME EQUIVALENTS

Documentation showing:

- ❑ **Last Year FTEs:** The average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- ❑ **Current Year FTEs:** The average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or

- ❑ **Seasonal FTEs:**

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 and state quarterly business and individual employee wage reporting and unemployment insurance tax filings. Documents submitted may cover periods longer than the specific time period.

NON-PAYROLL DOCUMENTS

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; 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.
- ❑ **Third-party business rent or lease payments.** Copy of current lease agreement and receipts or canceled checks verifying eligible payments; 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 payments. Covered utilities include electricity, gas, water, transportation, telephone, or internet access.

Documents that each borrower **must maintain** but is not required to submit

- ❑ Documentation supporting the listing of each individual employee in PPP Schedule A Table 1, including the "Salary/Hourly Wage Reduction" calculation, if necessary.
- ❑ Documentation supporting the listing of each individual employee in PPP Schedule A 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.
- ❑ Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- ❑ Documentation supporting the PPP Schedule A Worksheet "FTE Reduction Safe Harbor."

The Borrower must maintain all records relating to the PPP loan, including documentation submitted with the original loan application, supporting documents and certification of the Borrower's necessity of the loan eligibility and request, the above documentation to support the application for forgiveness, and supporting documents that demonstrate the Borrower's compliance with PPP requirements.

*The Borrower is to 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 to access such files upon request.*

