

# Payroll Protection Program Forgiveness...

## Where are we now?

November 10th, 2020



# Your Experts



**Drew Schildwachter, COO**

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**Matt Venuto, Head of Sales**

[mvenuto@ConnectPayUSA.com](mailto:mvenuto@ConnectPayUSA.com)

# Thank You



# What Makes Us Different?

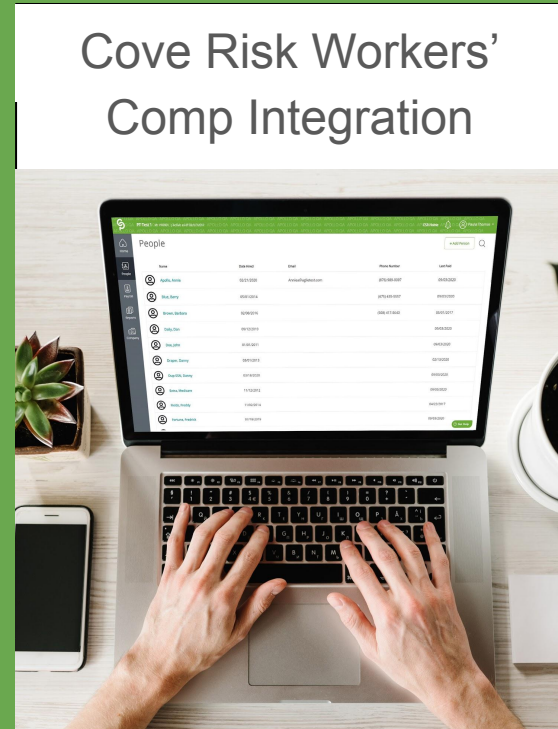
## Connected Service Rep



## Preferred Pricing

The image shows a 'New Employee Setup or Change Form' from ConnectPay. The form is divided into several sections: 'Employee Information' with fields for Client Legal Name, Employee Legal Name, Employee Phone #, Employee ID #, Employee DOB, Employee SSN #, Hire Date, First Name, MI, Last Name, Sex, Address, City, State, Zip, Email, Division, and Department. The 'Form Type' section has checkboxes for 'New Employee' and 'Employee Change'. The 'Exemptions' section includes a table for Federal, State, and City Code exemptions, with columns for Filing Status, Exemptions, Tax Amount, and Total \$ or %. The 'Payroll Information' section at the bottom includes fields for Wage Type, Salary Per Pay Period, and Scheduled Hours. The ConnectPay logo is visible in the top right corner of the form.

## Cove Risk Workers' Comp Integration



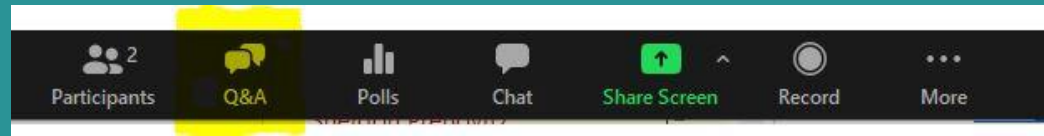


# Payroll Protection Program

- Review the last 6 months
- Where the program is now
- Choosing the Correct Forgiveness Form
- How to prepare for forgiveness
- Tax Implications & Safe Harbor

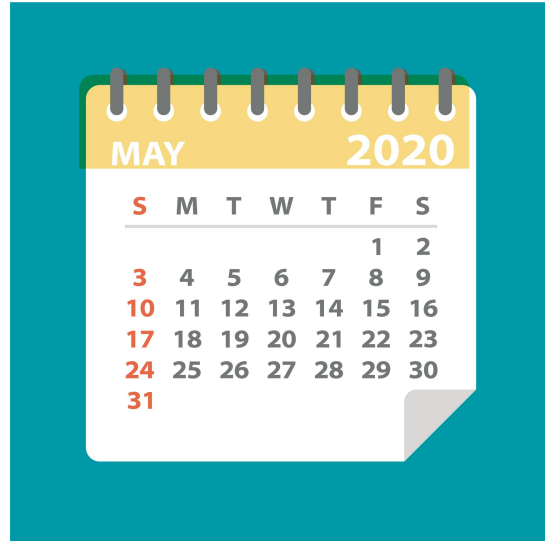


Be Sure to Post questions in the Q&A Forum





- C.A.R.E.S. Act
- March 27th, 2020
- 3rd initiative passed by Congress
- \$350 Billion dollars
- April 16th - First Round of funding was exhausted
- April 23rd - SBA stated borrowers needed to determine if they could prove loan was necessary to sustain operations.
- Safe Harbor got extended 3 times - into May 2020
- April 24th - Added \$320 billion of funding
- Applications opened again April 27th



- May 15th - PPP Loan Forgiveness Application released- Form 3508
- Alternative Covered Period introduced - only available for payroll costs



- June 5th PPP Flexibility Act
- Extended to Dec. 30th, 2020
- Reduced mandatory payroll spending from 75% to 60%
- Flexibility for rehiring workers if:
  - a. they were unable to fill positions with similar qualified employees
  - b. their employees refused to return back to work
  - c. or CDC safety rules made them unable to return to pre-Covid employment levels



# Flexibility Extension

Borrowers now have 10 months after the end of the Covered Period to apply for forgiveness.



# Where are we now?

November 10th, 2020

- To our knowledge, only a handful of loans have been forgiven.
- 2% of loans have been submitted

# SBA Service Center

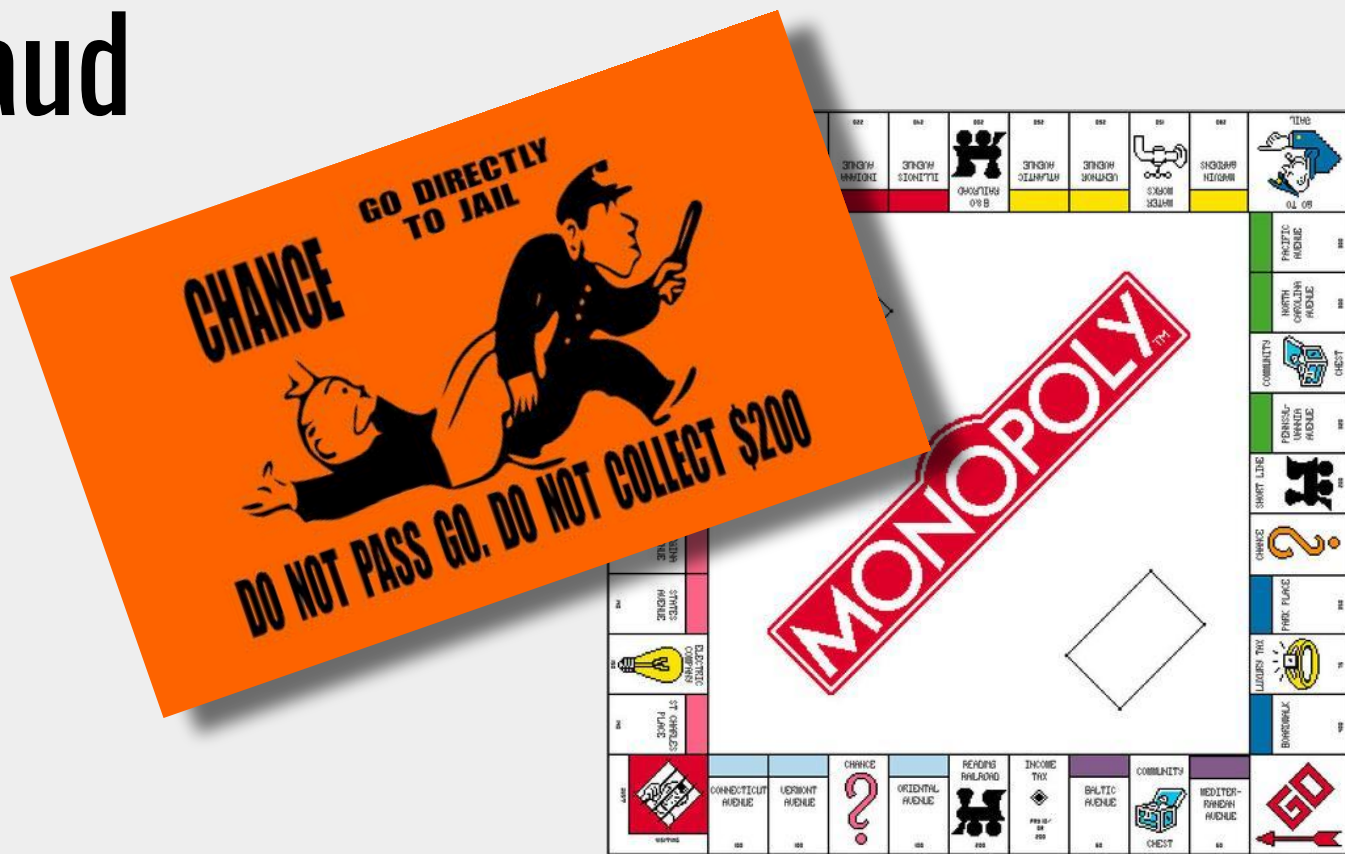
## Little Rock, Arkansas

### Services the East Coast Thru Texas

## 4.2 Million Loan Applications to Process



# Fraud



# Hurry Up and Wait...

## Taxation

- IRS Notice 2020-32
- We recommend you talk to your accountant

# Hurry Up and Wait...

# Blanket Forgiveness

- Congress is proposing a simplified process for forgiveness
- Threshold for loans under \$150K
- Blanket Forgiveness might not be granted due to Fraud



# 3508S - 50K or less

- 50K or less

**3508EZ** - Did not reduce salary more than 25%

- Did not reduce salary more than 25%

3508 - All loans

- All loans

# salary more than 25%



Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508S

OMB Control No. 3245-0407  
Expiration date: 10/31/2020

**A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$50,000 OR LESS.  
A Borrower that, together with its affiliates, received PPP loans totaling \$2 million or greater cannot use this form.**

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

SBA PPP Loan Number: \_\_\_\_\_

Lender PPP Loan Number: \_\_\_\_\_

PPP Loan Amount: \_\_\_\_\_

PPP Loan Disbursement Date: \_\_\_\_\_

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

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

EIDL Advance Amount: \_\_\_\_\_

EIDL Application Number: \_\_\_\_\_

Forgiveness Amount: \_\_\_\_\_

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

The Authorized Representative of the Borrower certifies to all of the below by **initialing** next to each one.

\_\_\_\_\_ The dollar amount for which forgiveness is requested does not exceed the principal amount of the PPP loan and:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes payroll costs equal to at least 60% of the forgiveness amount;
- if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-



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- includes payroll costs equal to at least 60% of the forgiveness amount;
- if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$20,833 per individual; and
- if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.

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

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

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

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

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

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

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

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

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title



# Determine Your Covered Period(s)

**Select Covered Period:**

Begin: / / End: / /

March						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**Select Alternative Payroll Covered Period:**

Begin: / / End: / /

April						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**Instructions:**

Use Calendar on Page 2 to help determine your Covered Periods

**Select your Covered Period:****Select Covered Period:**

Begin: / / End: / /

**Covered Period:** The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period. **For example,** if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

**If applicable, select your Alternative Payroll Covered Period:****Select Alternative Payroll Covered Period:**

Begin: / / End: / /

**Alternative Payroll Covered Period:** For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs that begins on the first day of their first pay period following their PPP Loan Disbursement Date. **For example,** if the Borrower is using a 24-week Alternative Payroll Covered Period and received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, October 10. Borrowers that elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to "the Covered Period or the Alternative Payroll Covered Period." However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to "the Covered Period" only. In no event may the Alternative Payroll Covered Period extend beyond December 31, 2020.

# FORM 3508EZ Eligibility

June 20th the PPP Loan Forgiveness Form 3508EZ was released for employers who:

- Are Self Employed
- OR
- Did not reduce salaries more than 25% **and** didn't reduce number of employees or average hours paid
- OR
- Did not reduce salaries more than 25% **and** unable to operate due to COVID19



**Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508EZ**

**OMB Control No. 3245-0407  
Expiration date: 10/31/2020**

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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**Forgiveness Amount Calculation:**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: \_\_\_\_\_

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

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

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

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: \_\_\_\_\_

**Forgiveness Amount Calculation:**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

\_\_\_\_\_

Line 2. Business Mortgage Interest Payments:

\_\_\_\_\_

Line 3. Business Rent or Lease Payments:

\_\_\_\_\_

Line 4. Business Utility Payments:

\_\_\_\_\_

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

\_\_\_\_\_

Line 6. PPP Loan Amount:

\_\_\_\_\_

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

\_\_\_\_\_

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

\_\_\_\_\_

**Forgiveness Amount Calculation:**

**Example: Payroll Costs \$1,000 / week**

**8 Week Time Frame**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

**\$8,000**

Line 2. Business Mortgage Interest Payments:

**\$0**

Line 3. Business Rent or Lease Payments:

**\$1,000**

Line 4. Business Utility Payments:

**\$500**

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

**\$9,500**

Line 6. PPP Loan Amount:

**\$10,000**

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

**\$13,333**

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

**\$9,500**

**Forgiveness Amount Calculation:**

**Example: Payroll Costs \$1,000 / week**

**24 Week Time Frame**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

**\$24,000**

Line 2. Business Mortgage Interest Payments:

**\$0**

Line 3. Business Rent or Lease Payments:

**\$0**

Line 4. Business Utility Payments:

**\$0**

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

**\$24,000**

Line 6. PPP Loan Amount:

**\$10,000**

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

**\$40,000**

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

**\$10,000**

# Forgiveness Strategy For Success

- Borrowers opt for 24 weeks as Covered Period or Alternative
- Submit 100% payroll
- Submit loan forgiveness application with 3rd party branded payroll report
- Backup data with 941's



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PPP Loan Forgiveness Application Form 3508EZ**

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  - if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.
- \_\_\_\_\_ I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.
- \_\_\_\_\_ The Borrower did not reduce salaries or hourly wages by more than 25 percent for any employee during the Covered Period or Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020. For purposes of this certification, the term "employee" includes only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.
- \_\_\_\_\_ The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.
- \_\_\_\_\_ I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.
- \_\_\_\_\_ The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more



and business utility payments.

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

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

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

In addition, the Authorized Representative of the Borrower must certify by **initialing at least ONE** of the following two items:

\_\_\_\_\_ 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, and reductions in an employee's hours that a borrower offered to restore and were refused).

\_\_\_\_\_ 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 COVID-19.

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



**Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508EZ**

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

**Instructions**

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

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

# Form 3508



Paycheck Protection Program  
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407  
Expiration Date: 11/30/2020

PPP Loan Forgiveness Calculation Form

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

SBA PPP Loan Number: \_\_\_\_\_ Lender PPP Loan Number: \_\_\_\_\_  
PPP Loan Amount: \_\_\_\_\_ PPP Loan Disbursement Date: \_\_\_\_\_

Employees at Time of Loan Application: \_\_\_\_\_ Employees at Time of Forgiveness Application: \_\_\_\_\_  
EIDL Advance Amount: \_\_\_\_\_ EIDL Application Number: \_\_\_\_\_

Payroll Schedule: The frequency with which payroll is paid to employees is:  
☐ Weekly ☐ Biweekly (every other week) ☐ Twice a month ☐ Monthly ☐ Other \_\_\_\_\_

Covered Period: \_\_\_\_\_ to \_\_\_\_\_  
Alternative Payroll Covered Period, if applicable: \_\_\_\_\_ to \_\_\_\_\_  
If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here: ☐

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

- Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): \_\_\_\_\_
- Line 2. Business Mortgage Interest Payments: \_\_\_\_\_
- Line 3. Business Rent or Lease Payments: \_\_\_\_\_
- Line 4. Business Utility Payments: \_\_\_\_\_
- Adjustments for Full-Time Equivalency
- Line 5. Total Salary/Health Insurance/Benefits: \_\_\_\_\_

# Full Time Equivalent (FTE) & Safe Harbor





# Safe Harbor 1

Unable to return to  
same level of business  
activity due to CDC  
Guidelines or  
government orders



# Safe Harbor 2

Reduced Headcount >  
Rehired before end of  
covered period





# FTE Exceptions

1. The Borrower made a good-faith, written offer to rehire an employee, which was rejected by the employee
  2. Were fired for cause
  3. Voluntarily resigned
  4. Voluntarily requested and received a reduction of their hours
  5. Borrower made a good faith, written offer to restore any reduction in hours at the same salary or wages, but the employee rejected
  6. Borrower was unable to hire similarly qualified employees for unfilled positions by December 31, 2020
- Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.



Paycheck Protection Program  
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407  
Expiration Date: 11/30/2020

## PPP Schedule A

## PPP Schedule A Worksheet, Table 1 Totals

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

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

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

## PPP Schedule A Worksheet, Table 2 Totals

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

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

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

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

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

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

### Compensation to Owners

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

## Total Payroll Costs

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

#### Full-Time Equivalency (FTE) Reduction Calculation

If you satisfy **any** of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 1.0 on line 13; otherwise, complete lines 11, 12, and 13:

**No reduction in employees or average paid hours:** If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here ☐.

**TTT Reduction Safe Harbor 1:** If you were 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here ☐.

**FTE Reduction Safe Harbor 2:** If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here ☐

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

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

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met: \_\_\_\_\_



**Paycheck Protection Program**  
**Loan Forgiveness Application Revised June 16, 2020**

OMB Control Number 3245-0407  
Expiration Date: 11/30/2020

## PPP Schedule A Worksheet

**Table 1:** List employees who:

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

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

**Table 2:** List employees who:

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

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

Attach additional tables if additional rows are needed.

### ETE Reduction Safe Harbor 2:

Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter:

Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1: \_\_\_\_\_.

Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, FTE Reduction Safe Harbor 2 is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Step 4. Enter the borrower's total FTE as of the earlier of December 31, 2020, and the date this application is submitted: \_\_\_\_\_

Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor 2 has been satisfied. Otherwise, FTE Reduction Safe Harbor 2 does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

# HELPFUL TIPS

- FTE Calculation method  
(remember there are 2 methods)
- The two Safe Harbors
- The six FTE Reduction  
Exceptions
- Alternative Covered Period
- Retain all your documents for  
six years

# Questions & Answers

Still have PPP questions?

[drew@ConnectPayUSA.com](mailto:drew@ConnectPayUSA.com)

Interested in learning more about  
ConnectPay?

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