

Paycheck Protection Program

Customer Forgiveness Guide | EZ & FULL Application

Updated as of March 17, 2021

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Thank you for participating in the Paycheck Protection Program (PPP) through Santander. This guide is for informational purposes and is designed to help you prepare for and navigate the PPP Forgiveness process using either the EZ or Full Forgiveness Application. Please Note: **The Simplified Application (S-App) for PPP loans of \$150,000 or less is not discussed in this guide. Please reference our [S-App Guide](#) for more information on the forgiveness process for borrowers with PPP loans of \$150,000 or less.**

Here you'll find helpful instructions on the forgiveness rules, how to complete Santander's EZ/Full DocuSign Forgiveness Application, and what to expect during the forgiveness process.

It is important to note that information contained in this guide is subject to change as we await further guidance from the U.S. Treasury and SBA. Additional information on PPP laws, rules and guidance can be found at www.sba.gov. You are strongly encouraged to conduct your own due diligence and consult with your own legal, tax, and/or financial advisors regarding PPP Forgiveness. We also encourage you to visit the [U.S. Treasury website](#) for additional resources.

Using this Guide

This resource is designed to assist you at a few critical stages in your PPP forgiveness journey:

Now	1	Skim to learn important concepts
When You Begin to Gather Documents	2	Understand which documents are required by the SBA
As You Complete the Application	3	Use this as a desktop reference guide

The information provided herein is for informational purposes only and is not and should not be considered legal, tax, or financial advice. Santander Bank, N.A. shall have no liability to you relating to or resulting from your use of the information provided to you or any errors therein or omissions therefrom. Customers are responsible for compliance with all applicable Paycheck Protection Program law, rules, and guidance, which is subject to change. Information contained in this guide may not constitute the most up-to-date information, and Santander makes no representation regarding the accuracy or completeness of the information contained herein. Customers are strongly encouraged to conduct their own due diligence and consult with their own legal, tax and/or financial advisors regarding PPP Forgiveness. PPP laws, rules and guidance published by the US Treasury and the Small Business Administration can be found at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>. All examples provided herein are for illustrative purposes only, and are not intended to serve as legal, tax, or financial advice as the application of the PPP law, rules, and guidance is dependent upon your business's facts and circumstances.

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Preparing to Apply

The following five steps are recommended to position you for success as you prepare for the PPP forgiveness process.

1

Understand the Important Concepts that are part of PPP Forgiveness. The forgiveness process requires more from the borrower than the original loan application phase. Being grounded in the terms used and the SBA's PPP rules will help you navigate the Forgiveness Application.

OBTAIN PROFESSIONAL ADVICE

Recommendation:
consult your CPA
and/or Tax Advisor in
completing this
application.

**2**

Determine which application you will use.

The SBA created two versions of the Forgiveness Application for loans over \$150,000: an EZ Application, and a Full Application. There are specific qualifications which must be met to qualify for the streamlined, EZ Application. If you don't qualify for the EZ Application you must complete the Full Application. Whichever version you select, it's best to understand the requirements before you begin.

3

Compile the required documentation.

Each amount claimed for forgiveness must be supported by appropriate documentation, as determined by the SBA. The list of [required documents](#) is included in this Guide. Have these in hand before starting the application process, and ensure that you have electronic versions that can be uploaded at the time of application submission.

4

If Full Application: Become familiar with the "Schedule A Worksheet"

If you must complete the Full Application, the Schedule A Worksheet is where cash compensation, FTE, and salary/wage reduction (if applicable) are calculated for each employee. This is also where you will determine whether you are eligible for FTE exemptions called 'Safe Harbors'. Comfort with this form is recommended before starting.

Note: The Schedule A Worksheet is not to be submitted to Santander. As part of the Application we will provide an annotated version of the Schedule A Worksheet to download and save.

5

Have documents in hand and calculations completed before starting the application.

Each application (EZ and Full) require offline calculations. It's best to know what is required, have the documents compiled and calculations completed before sitting down to complete the Forgiveness Application.

Understanding Important Concepts

As you begin the PPP Forgiveness application process, it's critical that you understand a few important concepts, such as when you must incur the expense, which expenses are eligible for forgiveness, and what factors can reduce the forgiven portion of your PPP loan.

What does loan forgiveness mean?

The SBA will pay the principal owed and any accrued interest for approved forgiven amounts. If the forgiveness is for less than the full loan amount, you will owe both the remaining principal and interest, (including accrued interest from the beginning of the loan), on the unforgiven principal balance.

Am I applying for forgiveness of a 1st Draw or 2nd Draw PPP Loan?

Use the chart below to determine whether you are currently applying for forgiveness of a 1st or 2nd Draw PPP, based on when you received the loan and whether you already received a PPP previously.

PPP Loan Received in ...	is...
2020	Always a 1 st Draw
2021	1 st Draw if Borrower <u>Never</u> Received a Prior PPP Loan
	2 nd Draw if Borrower <u>Did</u> Receive a Prior PPP Loan

Is forgiveness different for 1st and 2nd Draw PPP Loans?

The forgiveness process is largely similar for 1st and 2nd Draw PPP Loans over \$150k:

- You will receive an Invitation to Apply for PPP Loan Forgiveness **8 weeks after receiving your PPP loan**. (For a PPP Loan received in 2020, you were already sent an email invitation to apply for forgiveness to the same email address used for your PPP loan.
- If you received 2 PPP loans** (1st Draw and 2nd Draw) from Santander, you are required to submit a forgiveness application for your 1st Draw PPP Loan before we send your invitation to apply for forgiveness of your 2nd Draw PPP loan.
- You will use separate forgiveness applications for your 1st and 2nd Draw PPP Loans
- 1st & 2nd Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement if:
 - Employee and compensation levels are maintained
 - The loan proceeds are spent on payroll costs and other eligible expenses (some new expenses added); and
- At least 60 percent of the proceeds are spent on payroll costs

How long is the payment deferral period?

To be considered for forgiveness, you must submit a completed Forgiveness Application within roughly 16 months of receiving your PPP Loan (24-week maximum Covered Period + 10 months). If you do not apply for forgiveness within 10 months after the end of the maximum 24-week Covered Period, the payment deferral period expires, and loan payments will begin.

What is the "Covered Period"?

This is the 8 to 24-week period after funds are received when payroll and nonpayroll expenses claimed for PPP loan forgiveness must be spent. The Covered Period definition was formerly either 8 or 24 weeks, but is now no less than 8 and no more than 24 weeks from the date of disbursement.

The Covered Period begins on the date the loan was originally disbursed. It ends on a date selected by you that is at least 8 weeks following the date of loan disbursement and not more than 24 weeks after the date of loan disbursement.

NEW

**The Covered Period is
now between
8 -24 weeks**

Covered Period was formerly
either 8 OR 24 weeks.



Example/ if you received your PPP loan proceeds on Monday, April 20, 2020, the first day of the Covered Period is Monday, April 20, 2020 and the final day of the Covered Period is any date selected by you between Sunday, June 14, 2020 and Sunday, October 4, 2020.

How do I know when expenses are incurred during the Covered Period?

You are eligible for forgiveness of certain costs paid or incurred during the Covered Period. This table helps identify how to categorize whether a paid or incurred expense falls within the chosen period.

Payroll Expenses	Generally, the day earned/worked (if employee is not working, but still on payroll, the day they would have worked). Payroll incurred during the last pay period of the covered period must be paid on or before the next regular payroll date.
Non-Payroll	Incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the covered period.

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What expenses can be forgiven?

The SBA is specific about which expenses are eligible for forgiveness, including payroll and non-payroll expenses. The Economic Aid Act (December 27, 2020) included **4 new non-payroll expenses*** eligible for PPP Forgiveness.

Payroll Expenses* (≥ 60%)	
Compensation	Compensation includes salary, wages, commissions, tips, vacation, parental, family, medical, or sick leave and allowance for separation or dismissal.
State & Local Taxes	Payment of State & Local Taxes assessed on compensation of employees.
Employer Contributions for Employee Healthcare & Retirement group health care	Coverage (payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums and employee retirement plans (not applicable to Independent contractors or sole proprietors).
Non-Payroll Expenses (< 40%)	
Mortgage Interest	Mortgage interest payments for the business on real or personal property (debt incurred before 2/15/20).
Rent	Rent or lease payments for the business on real or personal property (lease in force before 2/15/20).
Utility	Utility payments for the business, including; electricity, gas, water, transportation, telephone, or internet access (service began before 2/15/20).
Covered operations expenditures*	A covered operations expenditure is a payment for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses
Covered property damage costs*	A covered property damage cost is a cost related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.

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Covered supplier costs*	<p>A covered supplier cost means an expenditure made by a borrower to a supplier of goods for the supply of goods that—</p> <p>(A) are essential to the operations of the borrower at the time at which the expenditure is made; and</p> <p>(B) is made pursuant to a contract, order, or purchase order</p>
Covered worker protection expenditures*	<p>A covered worker protection expenditure means an expense to facilitate maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.</p> <p>These are expenses made in compliance with guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established, or guidance issued by a State or local government.</p>
*New PPP Non-Payroll expenses included in The Economic Aid Act (December 27, 2020).	

What is the “60% payroll” requirement?

At least 60% of the PPP loan must be spent on payroll. If you spend less than 60% of your PPP funds on payroll expenses, your maximum forgiveness amount is reduced proportionally to your payroll expenses, so that payroll remains 60% of your maximum forgiveness amount. The following two examples illustrate full and reduced PPP forgiveness based on this factor:

Case 1: Payroll is at least 60% of the forgiveness claim on a \$100,000 Loan.		Case 2: Payroll less than 60% of the forgiveness claim on a \$100,000 Loan.	
Payroll Expense:	\$60,000	Payroll Expense:	\$50,000
Non-Payroll Expense:	\$40,000	Non-Payroll Expense:	\$50,000
Maximum Forgiveness:	\$100,000	Maximum Forgiveness:	\$83,333.33

What can reduce the forgivable amount? *Applicable to the Full Application only*

Your loan forgiveness amount may be reduced if salaries/wages or the number of FTE employees during the Covered Period was less than during the applicable reference period. These reductions are summarized below and explained in detail in the instructions to the Schedule A Worksheet.

Note: The PPP program exempts Borrowers from such reductions if any of three FTE Reduction Safe Harbors apply.

Salary/Wage Reduction

Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual amount of loan forgiveness the Borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period was less than during the most recent full quarter before the Covered Period

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FTE Reduction Quotient

The amount of loan forgiveness you will receive may be less, depending on whether the average weekly number of FTE employees during the Covered Period was less than during the applicable reference period.

What are Safe Harbor's and how can they help me maximize PPP forgiveness?

If completing the Full Application, you will see references to 'Safe Harbors' & 'Exceptions' at various points in your application. Both 'Safe Harbors' and 'Exceptions' are means of avoiding reductions to your potential forgiveness amount if certain conditions are met. These conditions generally apply to re-staffing your business and restoring wages. The SBA outlines specific timeframes to use when comparing your FTE and Cash-Compensation to qualify for the applicable 'Safe Harbor' or Exception.

Salary & Wage Reductions

If you restored salary/hourly wage levels, you may be eligible for elimination of the Salary/Hourly Wage Reduction amount. This is explained in detail later in the instructions to complete the Schedule A Worksheet.

FTE Reduction Safe Harbors

You are exempt from such a reduction in the loan forgiveness amount if you satisfy either of the FTE Reduction Safe Harbors, described in detail in the instructions to Schedule A.

What are the three versions of the Forgiveness Application?

The SBA created three versions of the forgiveness application:

Simplified Application (3508S) (NOT discussed in this guide.)	The Simplified Application (3508S) is for loans of \$150k or less. If you do not meet the loan size criteria for 3508S, you will use the EZ or Full Application, which are discussed in this guide. The 3508S is NOT discussed in this guide.
EZ Application (Discussed in this guide.)	EZ Application with specific qualifications around maintaining or restoring employee wages and headcount.
Full Application (Discussed in this guide.)	You will use the Full Application if you don't qualify for the EZ application. The full application requires further detail on your payroll expenses be entered on the application.

Note: When available, you will see that Santander has combined the EZ and Full Application into one document. The selection of EZ or Full will dictate which fields are required to complete the Application. Santander created a separate 3508S application and 3508S guide for borrowers with PPP loans of \$150k or less.

Do I need to provide supporting documentation?

The SBA's PPP rules require that the claimed forgiveness amounts be supported by specific documents. They must be uploaded and attached to the Forgiveness Application, and will be reviewed by Santander.

Note: You must maintain for at least six years from the date the loan is forgiven or repaid in full all records relating to your PPP loan, including documentation. For a complete list of documents to retain please [see the Documentation Retention section in the appendix of this guide](#).

If not forgiven, is the term for my loan 2 or 5 years?

The Forgiveness Application contains a modification section allowing you to request a 5 year term if your loan has a 2 year term at the time of the SBA's loan forgiveness determination. This only applies if your Paycheck Protection Program loan is not fully forgiven.

Can the SBA review my loan?

At their discretion, the SBA may begin a review of any PPP loan of any size at any time. If the SBA undertakes such a review, they will notify Santander in writing and we will notify you via email within five business days of receipt. We will provide any and all documents related to the loan as requested by the SBA.

The SBA may require Santander to contact you in writing to request additional information, or the SBA may request information directly from you. Santander will provide any additional information provided by you to SBA. The SBA will consider all information provided by the borrower in response to such an inquiry. Failure to respond to the SBA's inquiry may result in a determination that the borrower was ineligible for a PPP loan or ineligible to receive the loan amount or loan forgiveness amount claimed by the borrower.

If the SBA has notified Santander that they have commenced a loan review, Santander cannot approve any application for loan forgiveness for such loan until SBA notifies us that the SBA has completed its review.

I am looking to sell my business, how does this impact my PPP loan?

If you are planning to transfer or sell the assets, common stock or other ownership interest in your business, or to merge with or into another entity, we encourage you to review this guidance from SBA for more information on how this could impact your PPP loan. Remember that your loan agreement provides that you are required to obtain lender consent prior to a change in ownership. We stand ready to work with you to accommodate these changes to your business.

How does my SBA EIDL loan impact my forgiveness?

The SBA's Economic Injury Disaster Loan (EIDL) Program provides financing directly from the SBA to small businesses recovering from declared disasters. The program includes an option to receive an EIDL Loan, an EIDL Advance, or both.

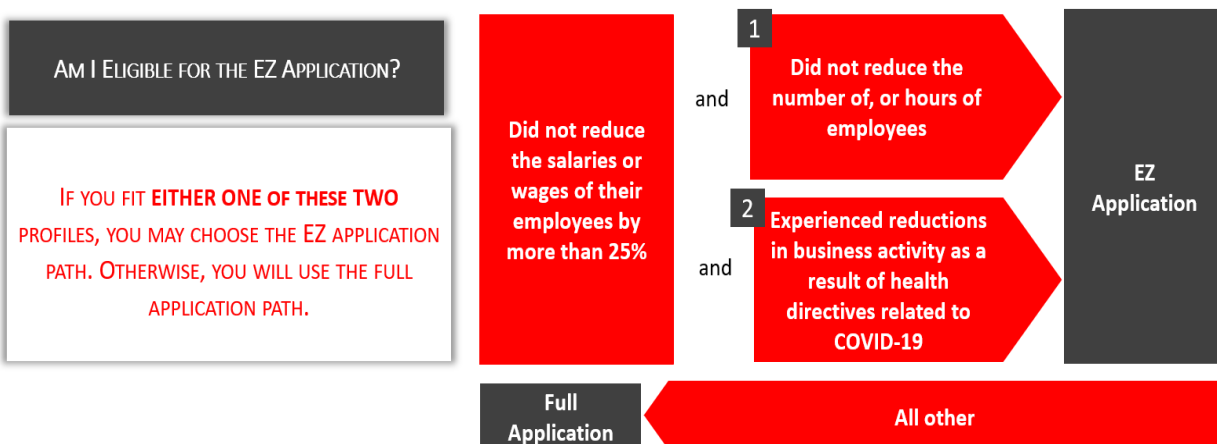
EIDL Loans have a 30-year term and require that borrowers sign a loan authorization agreement.

EIDL Advance* provided to eligible EIDL applicants in amounts ranging from \$1,000-\$10,000 depending on the # of employees in the business (\$1,000 per employee up to \$10,000). It appears in eligible borrower's bank account as a direct deposit from 'SBAD TREAS 310'.

The EIDL Advance Amount received by the borrower will not reduce the amount of forgiveness to which the borrower is entitled and will not be deducted from the forgiveness payment amount that SBA remits to the Lender.

Selecting the Right Version of the Application

If your loan is over \$150,000 you will use either the EZ Application or the Full Application. Santander has combined the Full & EZ Application into one DocuSign Application and created a standalone Simplified Application for eligible borrowers.



For details regarding the SBA EZ application eligibility, please see page 1 of the [SBA EZ Application Instructions](#) on the SBA website. The SBA's version of these applications and their respective instructions are available on the [U.S. Treasury website page](#) for Small Businesses.

What to Expect During the Forgiveness Application Process

How we will communicate prior to applying	We will notify you via email when our Forgiveness Application is available and will send you reminders every other week until you request our application. Santander will continue to communicate with you via email throughout the process.
Santander's application	We will only accept Forgiveness Applications via our automated DocuSign application. We cannot accept manually completed applications. An email reminder sent twice a month will contain a link to request a Forgiveness Application. Once clicked, we will send an application via email, using DocuSign.
Completing the application	<ul style="list-style-type: none"> You will access the forgiveness application via DocuSign. The Forgiveness Application contains both the EZ and the Full Applications. You will select your application path, and be directed to complete the appropriate fields. We will pre-populate some information about you and your loan into the application. The Forgiveness Application will require you to enter certain information, and will calculate certain fields on our behalf. The application can be submitted once all of the required fields are completed, and required documents uploaded. You are encouraged to save a copy of the application for your records. The SBA included an optional "borrower demographic" section for program reporting purposes only. Disclosure is voluntary and will have no bearing on the loan forgiveness decision. Federal law requires us to collect certain information about our customers. If we have been unable to reach you, the forgiveness application will include a questionnaire that must be completed and returned to Santander. The Forgiveness Application contains a loan modification section allowing you to request a 5 year term if yours was a two-year term, at the time of the SBA's loan forgiveness determination. This only applies if the loan is not fully forgiven. If a <u>Covered Individual</u> has or had a <u>Controlling Interest</u> in your business at the time of submitting your Forgiveness Application or, when your PPP loan application was submitted, Form 3508 D will be required.
What happens after I submit the application?	<p>Your application will be assigned to a Forgiveness Team case manager for review. Financial Institutions have up to <u>60 days from receipt of a complete application</u> to submit a lender decision to the SBA, for their final decision. <i>Important: a complete set of documents clearly supporting the claimed forgiveness amounts will facilitate the review.</i></p> <p>Your case manager will contact you via email with any questions about the application or requests for additional documentation.</p> <p>We will notify you via email of our decision on your application and send it to the SBA for final review. <u>The SBA has an additional 90 days to provide a final decision</u> on request.</p> <p>After the SBA provides their final decision, we will notify you if your loan was forgiven in whole, in part, or if the request was denied. If the Loan was partially forgiven, and there is a balance remaining, we will notify you of the monthly payment amount and start date.</p> <p><i>Note: If Santander denies your Forgiveness Application in full, you will have 30 days to appeal through a request to Santander. Upon receipt, Santander must notify the SBA of your request within 5 days.</i></p>
How will I be kept informed?	Once the application is submitted, we will send you a weekly automated Status Update to keep you informed of progress. We will notify you by email when we approve or decline the application, and if any issues with the application need to be resolved.

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How you will complete the Santander Forgiveness Application

We will notify you via email that we are ready to take your Forgiveness Application. Every other week, we will send a follow-up email with gentle reminders including:

- *Forgiveness is not automatic; an application must be submitted*
- *We have available materials to help prepare, including this Guide*

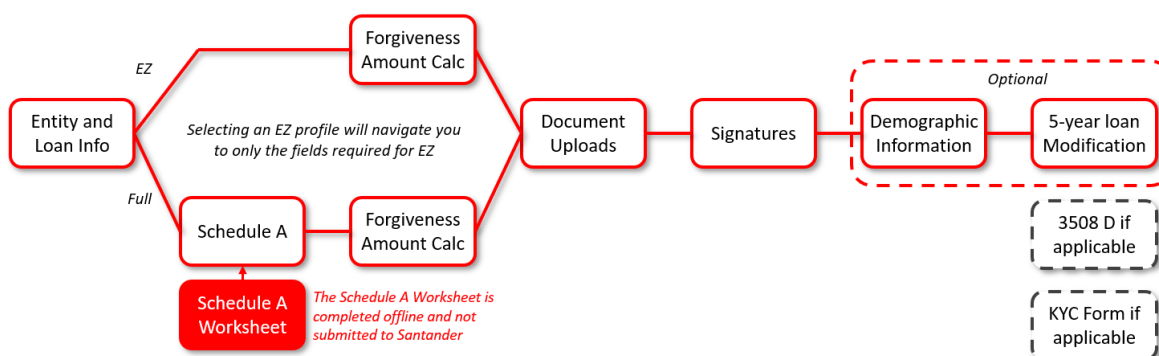
Our invitation to apply will contain a link to request a Forgiveness Application. Once clicked, we will send to the same email address a forgiveness application via DocuSign.

For PPP loan exceeding \$150k you will automatically receive an application document containing both the EZ and the Full Applications; you will select the appropriate application and be directed to the appropriate fields to complete. For both The Simplified and EZ/Full Application, in many cases, we will pre-populate information about you and your loan into the application.

If you applied for a 2nd Draw PPP Loan from Santander, we will send you an invitation to apply for forgiveness of your 2nd Draw loan 8 weeks after disbursement of 2nd Draw PPP Loan Proceeds.

The Forgiveness Application Flow

Before beginning the application, reference the chart below to gain a sense of the application components, and compile the required information & documentation.



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Required Documentation



The Forgiveness Application **must be accompanied by the SBA required documents**. If not included, the application cannot be considered “complete” and we will contact you to send any missing items. The completeness and clarity of the supporting documents will have a direct impact on how quickly your application can be processed.

As a rule of thumb:

- **Payroll Documentation** must demonstrate Cash Compensation & Payroll Taxes for Covered Period
- **Non-Payroll Documentation** must demonstrate that the service/agreement:
 - Was in place before February 15, 2020 AND
 - Expenses were paid or incurred in February 2020 and during the Covered Period

PPP Forgiveness Payroll & Non-Payroll Documentation

PAYROLL DOCUMENTS		
Sole Proprietor / Single Member LLC (with employees)	Partnership / Multi-Member LLC	S-Corp/C-Corp/Non-Profit
<ul style="list-style-type: none"> - (2019/2020) 1040 Schedule C, to verify your owner compensation replacement - Bank statements or third-party payroll reports documenting the amount of cash compensation paid to employees AND - IRS Payroll tax filings (typically, Form[s] 941) for the Covered Period (Draft if applicable) or equivalent 3rd party payroll report 	<ul style="list-style-type: none"> - (2019/2020) Schedule K-1 or 1040 Schedule C to verify partners /members self-employment net earnings - Bank Statements or third-party payroll service provider reports documenting cash compensation paid to employees AND - IRS Payroll tax filings (typically, Form[s] 941) for the Covered Period (Draft if applicable) or equivalent 3rd party payroll report 	<ul style="list-style-type: none"> - Bank Statements or third-party payroll service provider reports documenting cash compensation paid to employees AND - IRS Payroll tax filings (typically, Form[s] 941) for the Covered Period (Draft if applicable) or equivalent 3rd party payroll report

State & Local Taxes

- State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.

Employee Benefits (as applicable)

- 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

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DOCUMENTS TO SUPPORT NON-PAYROLL EXPENSES CTD. ON NEXT PAGE

IMPORTANT NOTE FOR HOME-BASED BUSINESSES: The amount of loan forgiveness requested for non-payroll costs may not include any amount attributable to household expenses. When determining the amount of non-payroll costs that are eligible for loan forgiveness, the borrower may include only the share of covered expenses that were deductible on the borrower's 2019 or 2020 tax filings, or if a new business, the borrower's expected 2020 tax filings. For more information please view SBA's [Interim Final Rule on Treatment of Owners and Forgiveness of Certain Nonpayroll Costs](#).

<p>Mortgage Interest</p>	<p>Choose Option A or B to support your mortgage interest expense:</p> <p>A. Lender amortization schedule AND Proof of Payments during the Covered Period (Receipts or Cancelled Checks)</p> <p>B. Lender Account Statements from February 2020 AND Statements from Months of Covered Period through one month after the end of the Covered Period</p>
<p>Rent</p>	<p>Choose Option A or B to support your rent expense:</p> <p>A. Current Lease Agreement AND Proof of Payments During the Covered Period (Receipts or Cancelled Checks)</p> <p>B. Lessor account statements from Feb 2020 AND Lessor Account statements from the Covered Period through one month after the end of the Covered Period verifying eligible payments</p>
<p>Utilities</p> <p>Includes electricity, gas, water, transportation, telephone, or internet statements</p>	<p>Each utilities expense claimed must include all of the following:</p> <ol style="list-style-type: none"> 1. Invoices from February 2020 AND 2. Invoices paid during the Covered Period AND 3. Proof of Payments during the Covered Period (Receipts/Cancelled Checks/Account Statements*) <p>*Must include identifying information relating to business (i.e. Business Name, Business Address)</p>
<p><u>Covered Operations Expenditures</u></p>	<ol style="list-style-type: none"> 1. Copy of invoices, orders, or purchase orders paid during the Covered Period AND 2. Receipts, canceled checks, or account statements verifying those eligible payments.
<p><u>Covered Property Damage Costs</u></p>	<ol style="list-style-type: none"> 1. Copy of invoices, orders, or purchase orders paid during the Covered Period AND 2. receipts, canceled checks, or account statements verifying those eligible payments AND 3. Documentation that the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020 and such costs were not covered by insurance or other compensation.

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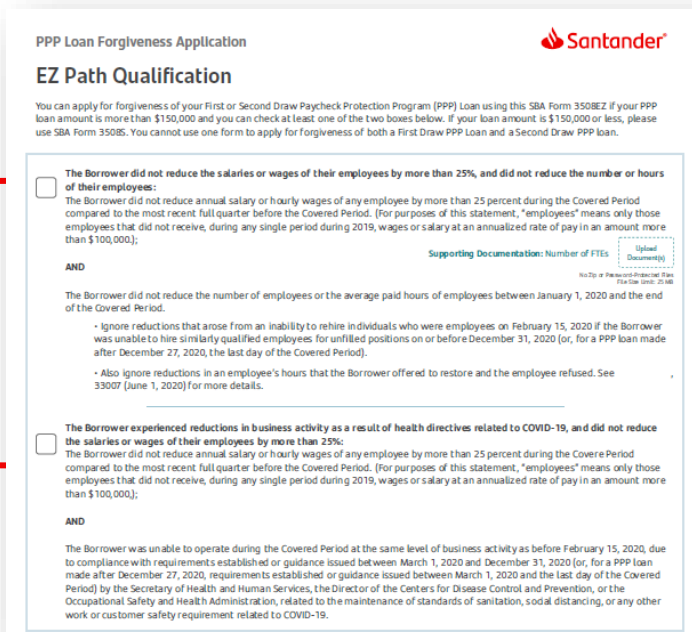
<u>Covered Supplier Costs</u>	<ol style="list-style-type: none"> 1. Copy of contracts, orders, or purchase orders in effect at any time before the Covered Period (except for perishable goods), copy of invoices, orders, or purchase orders paid during the Covered Period <u>AND</u> 2. receipts, canceled checks, or account statements verifying those eligible payments.
<u>Covered Worker Protection Expenditures</u>	<ol style="list-style-type: none"> 1. Copy of invoices, orders, or purchase orders paid during the Covered Period <u>AND</u> 2. receipts, canceled checks, or account statements verifying those eligible payments <u>AND</u> 3. documentation that the expenditures were used by the Borrower to comply with applicable COVID-19 guidance during the Covered Period.
FTE DOCUMENTATION	
FULL APPLICATION ONLY	<p>FTE: Documentation showing Average # of FTE employees on payroll per week during the Borrower's chosen <u>Reference Period</u></p> <p>The selected time period must be the same as that selected for completing PPP Schedule A, line 11. Documents may include: payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.</p>
EZ APPLICATION (PROFILE 2 ONLY)	<p>If you check only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed on January 1, 2020 and at the end of the Covered Period</p>

Completing the EZ Application

- Select **1 of the 2** profiles that aligns with your EZ Path eligibility.

[See Details on SBA EZ App Instructions](#)

- Initial corresponding attestations on this page



PPP Loan Forgiveness Application

EZ Path Qualification

You can apply for forgiveness of your First or Second Draw Paycheck Protection Program (PPP) Loan using this SBA Form 3508EZ if your PPP loan amount is more than \$150,000 and you can check at least one of the two boxes below. If your loan amount is \$150,000 or less, please use SBA Form 3508S. You cannot use one form to apply for forgiveness of both a First Draw PPP Loan and a Second Draw PPP Loan.

☐ **The Borrower did not reduce the salaries or wages of their employees by more than 25%, and did not reduce the number or hours of their employees:**
 The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, "employees" means 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).

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.

• Ignore 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 (or, for a PPP loan made after December 27, 2020, the last day of the Covered Period).

• Also ignore reductions in an employee's hours that the Borrower offered to restore and the employee refused. See 33007 (June 1, 2020) for more details.

Supporting Documentation: Number of FTEs Upload Document(s)
No Zip or Password-Protected Files Allowed (max: 25 MB)

☐ **The Borrower experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25%:**
 The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period. (For purposes of this statement, "employees" means 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).

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 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period) 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.

After Selecting your EZ Profile You Will...

- Read summary of eligible Payroll & Non-Payroll Costs & Required Documentation
- Review/Provide Business Information (you can make any necessary changes later in the app)
- Review/Provide Loan Information
- By-Pass Full Application Pages (fields on these pages will autofill with 'N/A')
- Complete the 'Forgiveness Amount Calculation'

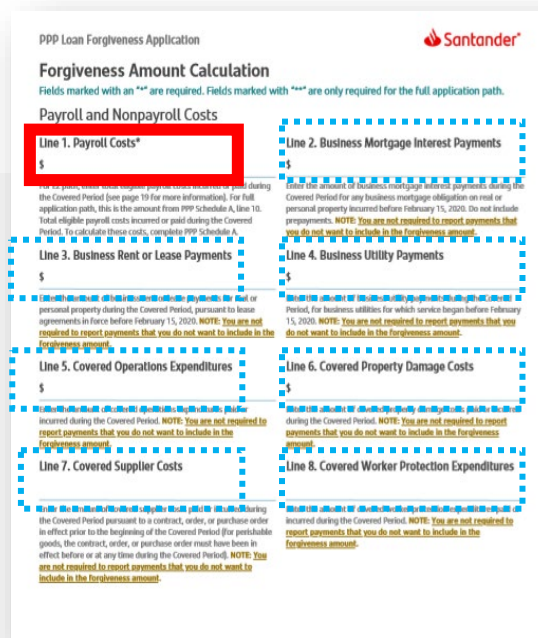
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The **'Forgiveness Amount Calculation'** section is where you will provide eligible expense amounts including*.

1. **Payroll Costs (Always Required)**
2. **Business Mortgage Interest Payments**, if applicable
3. **Business Rent or Lease Payments**, if applicable
4. **Business Utility Payments**, if applicable
5. **Covered Operations Expenditures**, if applicable
6. **Covered Property Damage Costs**, if applicable
7. **Covered Supplier Costs**, if applicable
8. **Covered Worker Protection Expenditures**, if applicable

***IMPORTANT: It's okay if the full amount of your PPP loan was used for payroll! You are not required to include non-payroll expense amounts if covered payroll expenses alone meet or exceed your requested forgiveness amount.**



PPP Loan Forgiveness Application

Forgiveness Amount Calculation

Fields marked with an "*" are required. Fields marked with "*" are only required for the full application path.

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

\$

Line 5. Covered Operations Expenditures

\$

Line 6. Covered Property Damage Costs

\$

Line 7. Covered Supplier Costs

\$

Line 8. Covered Worker Protection Expenditures

\$

For the EZ Application, **Payroll Costs (Line 1)** is the sum of 3 items: **Cash Compensation, Employee Benefits & Owner Compensation**

- **Cash Compensation:** The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period. Do not include qualified wages taken into account in determining the Employer Retention Credit. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For example, for an 8-week Covered Period, the maximum is \$15,385, for a 24-week Covered Period, the maximum is \$46,154. You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period and whose principal place of residence is in the United States.
- **Employee Benefits:** The total amount paid by the Borrower for:
 - Employer contributions for employee group health, life, disability, vision, or dental insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add contributions for these benefits made on behalf of a self-employed individual, general partners, or owner-

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- employees of an S corporation, because such payments are already included in their compensation.
- Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation.
- Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings.
- **Owner Compensation:** Any amounts paid to owners (owner-employees (with an ownership stake of 5% or more), a self-employed individual, or general partners). For each individual owner in total across all businesses, this amount is capped at (a) \$20,833 (the 2.5- month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the individual's applicable compensation in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower.

3 Potential Forgiveness Amounts

Your final forgiveness amount is the smallest of:

Line 12. Eligible expense total automatically by the application

Line 13. Your PPP loan amount

Line 14. Payroll Costs divided by .6 (60% payroll rule)

The final Forgiveness Amount is calculated in **Line 15.** and you will be required to check that this is the amount being requested for forgiveness.

PPP Loan Forgiveness Application

Forgiveness Amount Calculation

Fields marked with an ** are required. Fields marked with **** are only required for the full application path.

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

Line 9. Total Salary/Hourly Wage Reduction**

Line 10. Adjusted Total****

Line 11. FTE Reduction****

Potential Forgiveness Amounts

Line 12. Modified Total**

Line 13. PPP Loan Amount*

Line 14. Payroll Cost 60% Requirement

Line 15. Forgiveness Amount:

This is the lowest of Lines 12, 13, and 14

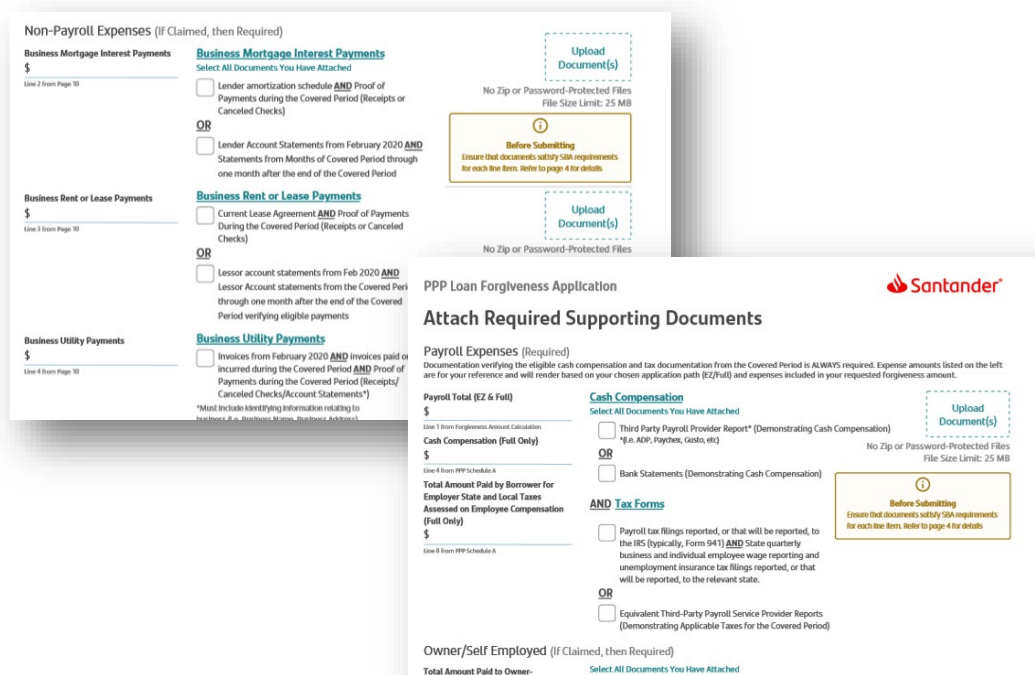
☐ I am applying for PPP Loan Forgiveness in the amount set forth on Line 15.

Keep in mind that this amount will require further review, and is subject to approval by Santander and the SBA.

Supporting Documentation must be submitted along with your Forgiveness application.

Use our [Required Documents Table](#) to complete this section accurately. Our DocuSign application will guide you to the required Document Upload placeholders based on expenses included in your application.

Note: *The file size limit for each document is 25MB.*



The image displays two overlapping screenshots of the PPP Loan Forgiveness Application form. The top screenshot shows the 'Non-Payroll Expenses (If Claimed, then Required)' section, which includes fields for Business Mortgage Interest Payments, Business Rent or Lease Payments, and Business Utility Payments. Each field has a 'Select All Documents You Have Attached' button and a 'Upload Document(s)' placeholder. The bottom screenshot shows the 'Payroll Expenses (Required)' section, which includes fields for Payroll Total (EZ & Full), Cash Compensation, and AND Tax Forms. It also features a 'Select All Documents You Have Attached' button and a 'Upload Document(s)' placeholder. Both screenshots include a 'Before Submitting' warning box stating: 'Ensure that documents satisfy SBA requirements for each line item. Refer to page 4 for details.'

Borrower Certifications: Similar to your original PPP Application you will be required to initial every Forgiveness Borrower Certification included in the application. It is essential that you initial next to every certification statement as well as sign the document.

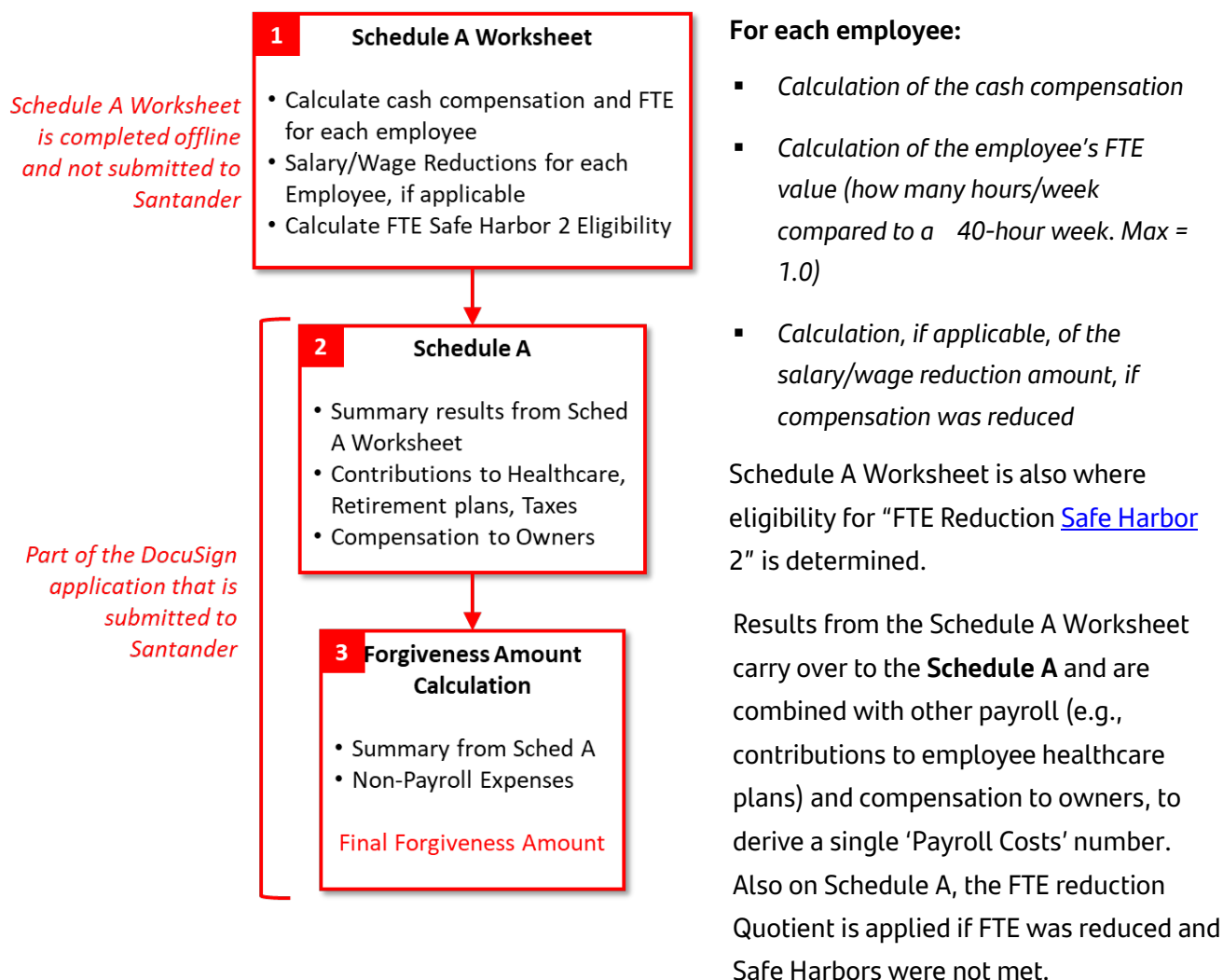
Last Updated: March 17, 2021

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Completing the Full Application

The Full Application will have an order of operation shown below on the left with instructions on the right.

The **Schedule A Worksheet** must be completed first as it is the basis for all that follows.



The Payroll Cost calculated in Schedule A is carried forward to the **Forgiveness Amount Calculation section**, where it is added to Non-Payroll expenses (Rent, Mortgage Interest, Utilities) to achieve a final Forgiveness Amount.

Detailed Instructions for the Schedule A Worksheet – Full Application Only

Who should complete the Schedule A Worksheet?	The “Schedule A Worksheet” is part of the Full Application. Borrowers who complete the EZ Application do not complete this form.	
What is it?	The Schedule A Worksheet calculates important values on employee salary and the number of FTE employed before and after the PPP loan was made; these values are then entered into Schedule A.	
Can a payroll processor or payroll system calculate this?	Yes. Your payroll system or payroll processor provider may prepare an alternate report; it should be specifically prepared for this use.	
What, exactly, is calculated in this form?	Cash Compensation	This is the salary / wages component of employee compensation, excluding contributions to healthcare plans, retirement plans, and payroll taxes. Note: This form is for employees only. Compensation paid to owners and general partners is captured elsewhere on Schedule A. Do not include any independent contractors, owner-employees, self-employed individuals, or partners.
	Salary / Wage Reductions	If cash compensation paid to employees was reduced by at least 25% – and not restored – the potential forgiveness amount will be reduced.
	FTE Reductions	If FTE (that is, either employees, or their hours worked) were reduced – and not restored – the potential forgiveness amount will be reduced. Note: There are multiple exceptions / Safe Harbors available to reduce or eliminate this reduction to the forgiveness amount.
What do I do if I'm not sure how to complete this?	Please consult your CPA or other financial advisor for personalized guidance and assistance.	

The Schedule A Worksheet Section Contains:

- A. [How to Prepare for and Complete the Schedule A Worksheet](#)
- B. [How to Complete “Table 1” and “Table 2”](#)
- C. [FTE Reduction “Safe Harbor 2”](#)

A. How to Prepare for and Complete the Schedule A Worksheet

1.	Become Familiar with the Definitions & Tables
	<ul style="list-style-type: none"> Only Include Employees on Tables 1 & 2, Not Owners/Partners <ul style="list-style-type: none"> Separately list each employee. In the "Employee Identifier" column, enter the last four digits of each employee's Social Security Number. Do not include any independent contractors, owner-employees, self-employed individuals, or partners. Owner/Partner Compensation will be accounted for elsewhere on your Full Application. For Each Employee... <ul style="list-style-type: none"> Average FTE is a simple calculation of weekly hours worked divided by 40. The Salary / Hourly Wage Reduction on Table 1 may reduce the amount of allowable forgiveness. This reduction does not apply if wage reduction was not more than 25%, or if the employee's wage was restored by (a) for a PPP loan made before December 27, 2020, December 31, 2020 or (b) for a PPP loan made after December 27, 2020, the last day of the Covered Period. <p>Time Periods</p> <ul style="list-style-type: none"> The Covered Period, if applicable, is the period where the loan is to have been spent on eligible expenses. Eligible expenses in this period only may be forgiven. The periods to compare are not consistent, formula to formula. Some use February 15 as a baseline; others use January 1 – March 31, 2020. Be mindful of which periods are being compared.
2.	Compile Supporting Documentation (Payroll reports, documentation indicating hours worked, etc.)
3.	Complete Table 1
	<ol style="list-style-type: none"> Who: All employees; employed at any point during the Covered Period <ol style="list-style-type: none"> Principal place of residence is in the United States AND Compensation from Borrower at an annualized rate of ≤ \$100,000 for all pay periods in 2019 <ol style="list-style-type: none"> OR were not employed by the Borrower at any point in 2019. Using supporting documents, complete the Employee Name, Identifier, Cash Compensation Average FTE columns. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that maximum is \$15,385. For a 24-week Covered Period, that maximum is \$46,154. Calculate the Average FTE. Calculate the Salary / Wage Reduction for each employee, using the steps outlined on the last page of this document. If you require additional space, please refer to the Appendix. Calculate "FTE Reduction Exceptions" using definitions below, add to the FTE Reduction Exceptions cell above Box 2. Calculate Totals in Boxes 1, 2, and 3.
4.	Complete Table 2
	<ol style="list-style-type: none"> Who: All employees; employed at any point during the Covered Period <ol style="list-style-type: none"> Principal place of residence is in the United States AND Compensation from Borrower at an annualized rate of > \$100,000 for all pay periods in 2019. Using supporting documents, complete the Employee Name, ID, Cash Compensation, and Average FTE columns. <ol style="list-style-type: none"> For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that maximum is \$15,385. For a 24-week Covered Period, that maximum is \$46,154. Calculate the Average FTE. If you require additional space, please refer to the Appendix. Calculate Totals in Boxes 4 and 5.
5.	Calculate Eligibility for FTE Safe Harbor 2
	<p>What You'll Need: FTE # for...</p> <ul style="list-style-type: none"> ✓ Pay Period inclusive of Feb 15 ✓ Average FTE between Feb 15 & April 26 AND ✓ Total FTE at Dec 31, 2020 (1st Draw PPP Loan) or the last day of the Covered Period (2nd Draw PPP Loan)

B. How to Complete "Table 1" and "Table 2"

List in these tables all employees who were employed at any point during the Covered Period whose principal place of residence is in the United States. DO NOT include owners or partners in either table – they will be accounted for in the Full Application.

Table 1*: Employees (not including owner-employees/partners) compensated 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.

Table 2*: Employees (not including owner-employees/partners) compensated at an annualized rate of more than \$100,000 for any pay period in 2019.

* For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that maximum is \$15,385. For a 24-week Covered Period, that maximum is \$46,154.

CASH COMPENSATION: The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical, or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period.

AVERAGE FTE: For Each Employee = Average Number of Hours Paid per Week/ 40 hours

*The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

Table 1 (\leq \$100,000 annualized salary – see definition)

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

FTE REDUCTION EXCEPTIONS: Indicate the number of FTE for any position which:

- (1) the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before (a) December 31, 2020, for a PPP loan made before December 27, 2020 or (b) the last day of the Covered Period, for a PPP loan made after December 27, 2020;
- (2) any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period and the employee rejected the offer, and
- (3) any employees who during the Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

SALARY / HOURLY WAGE REDUCTION: Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period as compared to the most recent full quarter before the Covered Period. The amount in excess of 25% should be entered in Table 1, unless the employee meets the Wage/Salary Safe Harbor eligibility.

Note: If the employee's salaries or wages were reduced between Feb. 15 – April 26, 2020, but restored by either Dec. 31, 2020 or the date of application, (a) for a PPP loan made before December 27, 2020, December 31, 2020 or (b) for a PPP loan made after December 27, 2020, the last day of the Covered Period, the Salary/Hourly Wage Reduction does not need to be reflected in Table 1.

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Table 2 (>\$100,000 annualized salary – see definition)

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4:	Box 5:

CASH COMPENSATION: The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical, or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period.

AVERAGE FTE: Same formula as Table 1

What You Need to Know About the Salary/Wage Reduction, & FTE Reduction Safe Harbors 2

A Borrower's loan forgiveness amount may be reduced if salaries /wages or the number of FTE employees during the Covered Period was less than during the Borrower's chosen "reference period." However, the SBA's PPP program exempts Borrowers from such a reduction if any of three FTE Reduction Safe Harbors apply, as described below.

Salary/Wage Reduction

The amount of loan forgiveness the Borrower will receive may be less, depending on whether the salary or hourly wages of certain employees during the Covered Period were reduced by more than 25% during the Covered Period as compared to the most recent full quarter before the Covered Period. If the Borrower restored salary/hourly wage levels, the Borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount.

FTE Reduction Safe Harbor 2: The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met:

(a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and

(b) the Borrower then restored its FTE employee levels to its FTE employee levels in the Borrower's pay period that included February 15, 2020 by not later than:

- (i) December 31, 2020, for a PPP loan made before December 27, 2020, or
- (ii) the last day of the Covered Period, for a PPP loan made after December 27, 2020.

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 <u>applicable</u> 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 (a) for a PPP loan made before December 27, 2020, as of December 31, 2020 or (b) for a PPP loan made after December 27, 2020, the last day of the covered period:	
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 <u>apply</u> and the Borrower must complete line 13 of PPP Schedule A (Full Application) by dividing line 12 by line 11 of that schedule.	

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Completing Schedule A – Full Application Only

PPP Loan Forgiveness Application

PPP Schedule A (Full Application Path Only)
Enter the amounts from PPP Schedule A Worksheet Tables as directed. Fields marked with an "*" are required. Please ensure you have completed your PPP Schedule A Worksheet before filling out this information.

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Cash Compensation*
\$

Line 2. Average FTE*
\$

Line 3. Salary/Hourly Wage Reduction*
\$

Line 4. Cash Compensation*
\$

Line 5. Average FTE*
\$

Non-Cash Compensation Payroll Costs During the 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*
\$

PPP Schedule A (Continued)
Enter the amounts from PPP Schedule A Worksheet Tables as directed. Fields marked with an "*" are required.

Compensation to Owners

Line 9. Total Amount Paid to Owner-Employees/Self-Employed Individual/General Partners*
\$

Total Payroll Costs

Line 10. Payroll Costs*
0.00

Full-Time Equivalency (FTE) Reduction Calculation

Check here and skip lines 11 and 12 and enter 1.0 on line 13 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.

Line 11. Average FTE During the Borrower's Chosen Reference Period
\$

Line 12. Total Average FTE
0.00

Line 13. FTE Reduction Quotient*
\$

Line	Input Requested	Guidance
1-5	Enter results calculated on Schedule A Worksheet	
6	Employer Contributions for Employee Health Insurance	Enter amount based on documentation of employer contributions including; payment receipts, canceled checks, or account statements. Do Not Include: contributions made by employees or employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation.
7	Employer Contributions to Employee Retirement Plan	Enter amount based on documentation of employer contributions including; payment receipts, cancelled checks, or account statements.
8	Employer State & Local Taxes Assessed On Employer Compensation	Enter amount based on State quarterly tax filings reported, or that will be reported.
Line	Input Requested	Guidance
9	Owner Compensation: Total Amount Paid to Owner-Employees / Self-Employed Individual / General Partners	8-Week Covered Period: Maximum amount is \$15,385 / Individual 24-Week Covered Period: Maximum amount is \$20,833 / Individual Note: This compensation should not have been included in Schedule A Worksheet Table 1 or Table 2.
10	Line 10 is calculated automatically and carried forward to the Forgiveness Amount Calculation section	
11-13	The calculations on lines 11, 12, and 13 are used to determine whether the loan forgiveness amount may be reduced if the Borrower's average weekly FTE employees during the Covered Period was less than during the Borrower's chosen reference period. If any of the three criteria listed on PPP Schedule A under Full-Time Equivalency (FTE) Reduction Calculation have been met, the Borrower is exempt from such a reduction, and should skip lines 11 and 12. See below for instructions on completing this section	

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FTE Reduction Quotient (Line 13)

Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period was less than during the Borrower's chosen reference period. The Borrower is exempt from such a reduction if either of the FTE Reduction Safe Harbors applies.

The amount of forgiveness reduction is calculated on Schedule A Line 13 ("FTE Reduction Quotient"), which compares the Average FTE in a chosen reference period to the Average FTE calculated in Tables 1 and 2. You may choose one of these three reference periods:

- i. February 15, 2019 to June 30, 2019
- ii. January 1, 2020 to February 29, 2020
- iii. In the case of seasonal employers, either of the preceding periods or any consecutive 12-week period between May 1, 2019 and September 15, 2019

To calculate the Average FTE for the reference period for each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet as described above. (The SBA does not provide a place for calculating the reference period FTE in the Worksheet; perform this calculation offline.)

The total for all employees during the reference period is entered into Schedule A Line 11 and compared to the Total FTE (Table 1 Box 2 and Table 2 Box 5) to calculate the Line 13 "FTE Reduction Quotient." If the Average FTE during the covered period is less than the reference period, the loan forgiveness amount will be reduced by the calculated Quotient.

FTE Reduction Safe Harbors

Borrowers may enter "1.0" into Schedule A Line 13 FTE Reduction Quotient (1.0 means no reduction) if they satisfy any of the following three criteria that appear on Schedule A.

- 1. 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.
- 2. FTE Reduction Safe Harbor 1:** The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the Borrower, in good faith, is able to document that it 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
- 3. FTE Reduction Safe Harbor 2:** The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the Borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020. (Safe Harbor 2 eligibility is calculated on the Schedule A Worksheet.)

Borrower Certifications

Similar to your original PPP Application you will be required to initial every Forgiveness Borrower Certification included in the Forgiveness Application. It is essential that you initial next to every certification statement as well as sign the document.

Supporting Documentation

[Supporting documents](#) must be submitted along with your Forgiveness application. Within your Forgiveness Application you will identify which documents you are providing and will be responsible to upload them to the application. Applications that do not include necessary documentation cannot be processed and will result in delays.

Note: *There are file size limits that you should be aware of when you upload your documents, these limits are called out in the application itself.*

Additional Resources

Depending on your question, please leverage the resources listed below. As a reminder you are encouraged to contact your CPA or Tax Advisor with specific questions related to your Business and completing the PPP Forgiveness Application.

- [Small Business Administration PPP Loan website](#)
- [US Treasury website](#)
- [DocuSign support](#)

Appendix: Six-year Document Retention Requirements

You must maintain in full all records relating to the Borrower's PPP loan for at least six years from the date the loan is forgiven or repaid, including documentation:

- Submitted with its PPP loan application;
- Supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan;
- Necessary to support the Borrower's loan forgiveness application;
- Demonstrating the Borrower's material compliance with PPP requirements; and applicable to the EZ Application or Full Application.

Borrowers are required to permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

Last Updated: March 17, 2021

The information contained herein does not reflect any guidance, rules or law issued after the "Last Updated" date. Please refer to <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program> for the most up-to-date information.

EZ Application

1. Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period relative to the most recent full quarter before the Covered Period. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the most recent full quarter before the Covered Period, and the amounts paid to each employee during the Covered Period. Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for 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 (or, for a PPP loan made after December 27, 2020, the last day of the Covered Period).

2. 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 (or, for a PPP loan made after December 27, 2020, the last day of the Covered Period). 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.

3. 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 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 the last day of the Covered Period) 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. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.

4. 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 the necessity of the loan request and its eligibility for a PPP loan (including the Borrower's gross receipt reduction certification for a Second Draw PPP Loan, if applicable), documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements.

Full Application

PPP Schedule A Worksheet or its equivalent and the following:

- 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.
- b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that SBA Form 3508 (01/21) Page 8 Paycheck Protection Program Loan Forgiveness Application Form 3508 Revised January 19, 2021 OMB Control No.: 3245-0407 Expiration Date: 7/31/2021 each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- c. 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 (i) December 31, 2020 for a PPP loan made before December 27, 2020 or (ii) the last day of the Covered Period for a PPP loan made after December 27, 2020.
- d. 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 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period) 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. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.
- e. Documentation supporting the PPP Schedule A Worksheet "FTE Reduction Safe Harbor 2. 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 the necessity of the loan request and its eligibility for a PPP loan (including the Borrower's gross receipt reduction certification for a Second Draw PPP Loan, if applicable), documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements. Records Retention Requirement: 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. The Borrower must provide documentation independently to a lender to satisfy relevant Federal, State, local or other statutory or regulatory requirements or in connection with an SBA loan review or audit.



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