

# CARES Act

## Paycheck Protection Loan Forgiveness "Form 3508S"

### Checklist and Required Documentation

#### Step 1: Determine if you can apply for forgiveness of your PPP loan using the SBA Form 3508S

- You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using **SBA Form 3508S** only if the total PPP loan amount you received from your Lender was **\$50,000 or less**. *However, a borrower that, together with its affiliates received PPP loans totaling \$2 million or more cannot use this form.*

*Note: SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. Borrowers that use SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reduction in full-time equivalent (FTE) employees or in salaries or wages. SBA Form 3508S also does not require borrowers to show the calculations used to determine their loan forgiveness amount. However, SBA may request information and documents to review those calculations as part of its loan review process.*

If you are not eligible to use this form, you must apply for forgiveness of your PPP loan using SBA Form 3508 or 3508EZ. Please return to [www.bridgewaterbankmn.com/ppp-loan-forgiveness](http://www.bridgewaterbankmn.com/ppp-loan-forgiveness) to download the relevant PPP Forgiveness Calculator and Application.

#### Step 2: Determine your use of the "Covered Period" or the "Alternative Covered Period" for payroll expenses

The loan forgiveness is based on Payroll Expenses during the "Covered Period" or the "Alternative Covered Period" + the Nonpayroll Expenses for the "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.

The "Alternative Covered Period" - Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the 24-week (168-day) period (or for loans received before June 5, 2020 at the election of the borrower,

the eight-week (56-day) period) 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.

- You must choose one Period for all payroll expenses used in the forgiveness calculation.
- The best timeframe is the period that results in the most forgivable expenses.

### **Step 3: Complete the BWB PPP 3508S Loan Forgiveness Calculator**

You will need the following documentation in order to complete the EZ Loan Forgiveness Calculator: (Note: gather documents that are relative to your organization)

Payroll Documentation Required: (For the “Covered Period” chosen)

- Bank account statements or third-party payroll provider reports documenting the amount of cash compensation paid to employees.
- Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
  - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.

**Nonpayroll Documentation Required:** *(verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.)*

- Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period, or lessor account statements from February 2020 and from the Covered period through one month after the end of the Covered Period verifying eligible payments.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

**Documents Borrowers Must Maintain, But Are Not Required to Submit:**

- All records relating to the Borrower's PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower's certifications as to its eligibility for a PPP loan, documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements. 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.

**Step 4: Email Completed BW PPP 3508S Loan Forgiveness Calculator directly to your loan officer for verification along with all support documentation. if a secure link is needed, please contact your loan officer to request a link.**

**Step 5: You will receive the Final PPP Loan Forgiveness application via DocuSign Once the PPP 3508S Loan forgiveness Calculator has been verified Please Complete, initial and sign the application. Your loan officer will be Notified when completed and signed via DocuSign.**