

PPP Loan Forgiveness Checklist

Updated June 5, 2020 – We will closely monitor and update this checklist as details are released.
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SPEND ON THE CORRECT THINGS

You, the borrower, must ensure that your PPP Loan funds are used for authorized loan forgiveness purposes in order to receive forgiveness.

- PPP loan funds must be spent on the outlined eligible expenses during the 8 week (or 24 week) period after your loan closing.
- 60% of the expenses must be spent on payroll expenses to qualify for forgiveness.
- No more than 40% of the expenses can be for mortgage interest payments, rent payments and utilities payments in order to qualify for forgiveness.

PROVE YOUR EXPENSES WITH DOCUMENTATION

As the borrower, it is important you maintain documentation showing how all loan proceeds were spent, including:

Payroll Costs within 8 week (or 24 week) period

- Compensation Proof: List all employees on payroll along with documentation to verify eligible cash or non-cash compensation payments during the Covered Period or the Alternative Payroll Covered Period, including:
 - Bank account statements or third-party payroll service provider reports
 - Tax forms
 - Payment receipts, canceled checks or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans

Non-Payroll Costs within 8 week (or 24 week) period

- Documentation verifying that the mortgage, rent or utilities services were in existence prior to February 15, 2020
- Documentation of mortgage interest payments, rent payments and utilities paid during the 8 week (or 24 week) period following the loan, including:
 - Business Mortgage Statements - Copy of lender amortization schedule and receipts or cancelled checks verifying payments
 - Business Rental or Lease Agreements - Copy of current lease agreement and receipts or cancelled checks verifying payments
 - Business Utility Bills - Copies of utility bill invoices and payment receipts
 - Copies of cancelled checks verifying payments

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Documentation list continued on reverse.

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PROVE YOUR EXPENSES WITH DOCUMENTATION

As the borrower, it is important you maintain documentation showing how all loan proceeds were spent, including:

- Evidence of restoration of pay by December 31, 2020 for any employee whose pay was reduced by 25% or more.
- Evidence that employees remained on payroll or were rehired once loan was received, including a calculation of the average number of FTE employees on payroll during the Covered Period or Alternative Payroll Covered Period, and the "Reference Period" (one of the following should be selected by the borrower) the average monthly number of full-time equivalent employees for the period February 15, 2019 through June 30, 2019 or January 1, 2020 through February 29, 2020 (you, the borrower, are to select the time period) and the average monthly number of full-time equivalent employees for the period of (borrower to select one) for the eight weeks following the date of the loan.
- Copy of all paperwork submitted to the bank.
- Evidence of payroll costs, mortgage interest paid, lease payments and utilities paid before February 15, 2020. If self-employed, these expenses are allowed to the extent they are deductible on Form 1040 Schedule C.
- Copy of Economic Disaster Injury Loan (EIDL) if refinanced with PPP loan. Be sure to determine how much was an advance that does not have to be repaid. If you used PPP to refinance an EIDL loan, only the funds used for payroll costs will be forgiven. Therefore, you should be prepared to provide documentation listed above for the EIDL loan.
- Documentation that you were in business on February 15, 2020 and paid employees or independent contractors (Payroll Tax Filing for 1st quarter 2020)
- For borrowers who are self-employed, the forgiveness amount for owner's compensation is limited to eight weeks' worth of 2019 net profit and does not include covered benefits. It also excludes any qualified sick leave equivalent amount for which a credit is claimed under section 7002 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116-127) or qualified family leave equivalent amount for which a tax credit is claimed under section 7004 of the FFCRA (similar rule as applies to employers with respect to pay for time for which a tax credit is claimed under FFCRA).

For more information and updates visit us online at:

www.NorthBrookfieldSavingsBank.com/ppp-loan-forgiveness

Contact a commercial lender:



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