



PPP Forgiveness Guide

HOW DO I ELECT AN 8-WEEK OR 24-WEEK COVERED PERIOD?

You can elect 24 weeks on the first page of the application under “Payroll Information”. This will notify our SBA Department that you will be completing the application at a later date. Your “Covered Period” will automatically be calculated based upon the choices you select. If you pay your employees bi-weekly or more frequently, you will also have the option to use an “Alternative Covered Period” beginning on the first day of the pay period immediately following your PPP loan funding.

For anyone who was approved on or after June 5, 2020, the system will automatically default to 24 weeks. You have the option to change this at the time you receive the PPP Loan Forgiveness Application.

PAYROLL INFORMATION

* Which duration would you like to use for your Covered Period?: ⓘ
 8 weeks 24 weeks

Covered Period, an eight-week (56-day) period starting on the PPP Loan Disbursement Date: ⓘ
 04/16/2020 to 06/10/2020

* The frequency with which payroll is paid to employees is: ⓘ
 Twice a month

SAVE

WHAT WILL I NEED TO COMPLETE MY APPLICATION?

There are certain documents you will need to gather before you begin the application. In addition, you will need information on your employee count at the time you applied for your PPP loan and at the time of your forgiveness application. You will also need 1041s or other payroll reports showing the number of hours worked by employees during the covered 8-week or 24-week period you used the loan proceeds. The following is a checklist to assist you in gathering the necessary information.

EMPLOYEE COUNT

You will input the following information into the PPP Forgiveness Application.

Note that the “number of employees at the time of application” will be automatically populated from your original Loan Application. Please verify that the number is accurate. **You should not include any independent contractors, owner-employees, self-employed individuals, or partners.**

EMPLOYMENT INFORMATION

* Number of Employees at Time of Loan Application: ⓘ

* Number of Employees at Time of Forgiveness Application: ⓘ

* Did you compensate any owners during the covered period?: ⓘ
 Yes No

The “number of employees at time of forgiveness application” will be based on the number of employees you have at the time you complete the forgiveness application. These figures should be based on your total employee count, not a calculation of FTE, which will be captured later. These figures should be calculated consistently with the method used at application. In other words, if you gave total employee count at application, give the total employee count at forgiveness, but if you provided this figure using some type of FTE calculation (ex. 30 hours per week) then use that method for **THIS PART** of the forgiveness application. The FTE Reduction section of the application may not match exactly as it **MUST** be calculated using 40 hours per week or the alternative method described therein.

You must also indicate whether you have compensated any owners during the “covered” 8-week or 24-week period. **Owners include owner-employees, self-employed individuals or general partners.**

EMPLOYEE LISTING

You will need documentation to assist you in completing a worksheet as part of the application that lists:

1. Anyone you employed during the “Covered Period” or the “Alternative Payroll Covered Period” described below, 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
2. Anyone who was employed in 2020 who was not on your staff at any point in 2019.

PAYROLL DOCUMENTATION

1. **Employee compensation:** Documentation verifying the eligible cash compensation and non-cash benefit payments **made during the Covered Period or the Alternative Payroll Covered Period** consisting of each of the following:
 - a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees, as well as detailed reports on who was paid. We will also need proof of payment to the employee.
 - b. 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);
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
 - c. Payment receipts, canceled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.
2. **Owner compensation:** Suggested documentation for verifying compensation paid to any owners during the Covered Period or the Alternative Payroll Covered Period consist of the following:
 - a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to the owner.
 - b. 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.
 - c. Payment receipts, canceled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

NONPAYROLL DOCUMENTATION

Suggested documentation to verify eligible payments and the existence of the obligations/services **prior to February 15, 2020** consist of canceled checks or account statements, copies of bills or agreements:

1. Covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred during the covered period. Must have been in existence before February 15, 2020 (“business mortgage interest payments”).
2. Covered rent obligations: business rent or lease payments accrued during the covered period pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”).
3. Covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 (“business utility payments”).

FULL-TIME EQUIVALENT (FTE)

1. **Count:** If you reduced the annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020, you will need the full-time equivalent (FTE) count for your employees during one of the following reference periods, which is the average hours number of hours per week for each employee, divided by 40 (unless you elect the simplified method for calculating):

February 15, 2020 to June 30, 2020

OR

January 1, 2020 to February 29, 2020

“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.

You will also need to provide:

- Average FTE between February 15, 2020 and April 26, 2020
 - Total FTE in the pay period that includes February 15, 2020
2. **Documentation:** Evidence of (at the election of the Borrower) the average number of FTE employees on payroll per month during the selected reference period and each period required to calculate if you met the FTE Safe Harbor (if applicable).

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

▼ FTE REDUCTIONS

Select your reference period and enter the average FTE during that period. To maximize your potential forgivable amount, you should choose the reference period with the lowest average FTE. If you did experience a reduction in FTEs, here you can determine if you have met the Safe Harbor requirement, which would exempt you from a reduction in your loan forgiveness based on that FTE reduction.

Suggested Documents ⓘ

FTE REFERENCE PERIOD For purposes of calculating line 11 of PPP Schedule A, the reference period is, at the Borrower's election: ⓘ	<input type="text"/>	No documents uploaded
Average FTE During the Chosen Reference Period: ⓘ	<input type="text"/>	No documents uploaded
FTE REDUCTION SAFE HARBOR 2		
Step 1. The borrower's total average FTE between February 15, 2020 and April 26, 2020: ⓘ	<input type="text"/>	No documents uploaded
Step 2. The borrower's total FTE in the borrower's pay period inclusive of February 15, 2020: ⓘ	<input type="text"/>	No documents uploaded
Step 3. If step 2 is greater than step 1, proceed to step 4. Otherwise, FTE Reduction Safe Harbor 2 is not applicable. ⓘ	Safe Harbor 2 Not Satisfied	
Step 4. The borrower's total FTE as the earlier of December 31, 2020 and the date this application is submitted: ⓘ	<input type="text"/>	No documents uploaded
Step 5. If the entry for step 4 is greater than or equal to step 2, Line 13 on the Schedule A will equal 1.0 and the FTE Reduction Safe Harbor 2 has been satisfied. ⓘ	Safe Harbor 2 Not Satisfied	

SAVE **UPLOAD DOCUMENTS**

relevant state. Documents submitted may cover periods longer than the specific time period.

Note: there is also a safe harbor for reducing FTE if you restore FTE by the time you apply for forgiveness, or December 31, 2020, whichever is earlier. For more detailed answers to this and other common questions, you can also visit our PPP page at <https://www.americanrivierabank.com/ppp>.

STEPS TO COMPLETE FORGIVENESS APPLICATION

HINT: If you would like to find more information about any fields in the app, utilize the tool tip icon by clicking directly on the available question mark icon beside the corresponding field.

1. Click on the Client Portal Link provided to you by American Riviera Bank.
2. Create a PIN that you will need to use in the future to access your forgiveness application:
 - a. This pin will need to be between 6-12 characters. It can include numbers, letters, and special characters.

b. You may share this link and PIN with trusted individuals as needed but realize they will have access to this information that in the module including uploads.

3. Click **CHECK YOUR EZ FORM ELIGIBILITY**:

a. Check the box beside any of the eligibility options that correspond to your application.

b. Click **Save and Close**.

c. If eligible, check the box next to **Yes to Use EZ Form**. Select the appropriate reason from the options:

4. Complete the **Business Information Tab**:

a. Verify the information in the grayed-out fields. If anything needs to be corrected, contact forgiveness@americanrivierabank.com to update. **Include Borrower Name and ARB Loan Number in the subject line.**

b. Select “Yes” or “No” if you would like to provide demographic information about your principals. (**Optional**)

i. If **Yes** is selected, a new section will open that will allow you to identify for each principal.

c. Under **Employment Information**, answer the required fields.

d. If the loan was disbursed before 6/5, chose which duration you would like to use for your cover period (8 weeks or 24 weeks).

Loans disbursed after 6/5 will default to 24 weeks.

THIS IS IMPORTANT AS IT WILL NOTIFY US YOU ARE ELECTING 24 WEEKS INSTEAD OF 8 WEEKS

- e. In the Payroll Information section select the frequency with which payroll is paid to employees.
- f. Select Yes or No if you are using an Alternative Payroll Covered Period.
 - i. If Yes is selected, enter the day of the first pay period following the PPP Loan Disbursement Date on the page that appears.
5. Complete the Loan Information Section:
 - a. Enter relevant EIDL Advance information (approved prior to 4/3/2020).
 - b. Check box to if Borrower (together with affiliates if applicable received PPP Loans in excess of 2 Million).
6. Complete Schedule A:
 - a. Select the appropriate option:
 - i. Option (1): Download the Excel Worksheet shown in the attachment. Complete and upload the Excel Worksheet using instructions provided on worksheet.
 - ii. Option (2) (**3508 EZ Only**): If calculations have already been made, numbers can be plugged directly into the corresponding fields without the need for the excel sheet.
 - b. Upload Documents.
 - i. Click the upload documents button.
 - ii. Check the boxes beside related field you would like to relate each document to.
 - iii. Drag and drop file or click to upload.
 - iv. Click upload at the bottom of the page.
 - v. Repeat this process for each document.
7. Complete Owner Compensation Section (if Applicable).
 - a. Enter 2019 and Amount Paid.
 - b. Click the Upload Documents button if applicable.
8. Complete the FTE Reductions Section - Refer to Schedule A of this Job Aid (3508 Only).
 - a. Review information uploaded from the Schedule A worksheet.
 - b. Upload Relevant Documents.
9. Complete Nonpayroll Costs Section.
 - a. Enter any relevant nonpayroll line items in the table.
 - b. Upload any relevant documentation by clicking the upload documents button.
10. Review Calculate Forgiveness Section.
11. Submit.
 - a. Select an Authorized representative of Borrower.
 - b. Select from individuals related to the application on the related people tab.
 - c. Use the create new person tab to add an authorized signer that is not already related to the relationship through an application.
 - d. Verify or enter the email of the authorized signer in the email box.
 - e. After information is verified hit the Submit or Submit and (if applicable) Send Email for E-signature button, hit Confirm and Send for E-signature.
 - f. If prompted, review and complete any of the missing required fields.
12. E-sign 3508 document through received signature request email.