

CHECKLIST FOR PPP LOAN FORGIVENESS PREPARATION

Prepare for your PPP loan forgiveness request. This information is based upon available guidance from the SBA and is subject to change. Please consult your legal/financial professional for legal advice.

IF YOU'RE A SELF-EMPLOYED/SOLE PROPRIETOR OR INDEPENDENT CONTRACTOR –

See separate section for self-employed farmers.

- Schedule C of the 1040 Form for the most recent tax filing.
- 1099-MISC form(s) detailing nonemployment compensation received.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the 8 weeks following PPP loan, such as:
 - ✓ Payroll statement or similar documentation
 - ✓ Payroll report from payroll provider
 - ✓ Copies of checks for wages/salaries
 - ✓ Payroll tax filings (Form 941)
 - ✓ Income, payroll, and unemployment insurance filing from your state
 - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the 8-week period.
- Cancelled checks/statements for utilities paid during 8-week period.
- Cancelled checks/statements for mortgage interest paid during the 8-week period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

IF YOU'RE A SELF-EMPLOYED/SOLE PROPRIETOR FARMER

- Schedule F and Schedule 1 of the 1040 Form for the most recent tax filing.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the 8 weeks following PPP loan, such as:
 - ✓ Payroll statement or similar documentation
 - ✓ Payroll report from payroll provider
 - ✓ Copies of checks for wages/salaries
 - ✓ Payroll tax filings (Form 941)
 - ✓ Income, payroll, and unemployment insurance filing from your state
 - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the 8-week period.
- Cancelled checks/statements for utilities paid during 8-week period.
- Cancelled checks/statements for mortgage interest paid during the 8-week period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

CHECKLIST FOR PPP LOAN FORGIVENESS PREPARATION, CONT.

FOR ENTITIES – CORPORATIONS & LLCs, INCLUDING NON-PROFITS - follow the checklist which applies to your tax filing status, for example, if a single-member LLC files as a sole proprietor using schedule C, see checklist for sole proprietors. See separate section for Partnerships & S Corporations.

- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the 8 weeks following PPP loan, such as:
 - ✓ Payroll statement or similar documentation
 - ✓ Payroll report from payroll provider
 - ✓ Copies of checks for wages/salaries
 - ✓ Payroll tax filings (Form 941)
 - ✓ Income, payroll, and unemployment insurance filing from your state
 - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the 8-week period.
- Cancelled checks/statements for utilities paid during 8-week period.
- Cancelled checks/statements for mortgage interest paid during the 8-week period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

FOR PARTNERSHIPS & S CORPORATIONS

- Schedule K-1 for each partner or S Corporation owner for the most recent tax filing.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the 8 weeks following PPP loan, such as:
 - ✓ Payroll statement or similar documentation
 - ✓ Payroll report from payroll provider
 - ✓ Copies of checks for wages/salaries
 - ✓ Payroll tax filings (Form 941)
 - ✓ Income, payroll, and unemployment insurance filing from your state
 - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the 8-week period.
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- Cancelled checks/statements for mortgage interest paid during the 8-week period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

LOAN FORGIVENESS INFORMATION FOR ALL BUSINESSES

1. PPP loans used for expenses to the satisfaction of the SBA may be forgiven for eligible expenses incurred over eight weeks, starting from the day the loan funds were dispersed to the business.
2. At least 75% of the loan must be used for payroll costs. Payments to independent contractors cannot be included in payroll costs. Payroll for seasonal workers may be determined differently. If the business has seasonal workers, please contact your loan officer.
3. For administrative convenience, the SBA permits calculating the 8 weeks of payroll using the period that begins on the first day of the business' first payroll following loan disbursement.
4. 8 weeks of payroll expenses is eligible for forgiveness. This may be less than the full amount of your loan because the loan amount was likely based upon 2.5 times your monthly payroll or net profit, which is roughly 10 weeks. Spend remaining PPP funds on mortgage interest, rent or utilities expenses.
5. Annual compensation to any individual of more than \$100,000 is excluded from payroll, not including non-cash benefits, i.e. employer contributions to a retirement plan/health care coverage.
6. Up to 25% of the loan may be forgiven if used for mortgage interest, rent payments and utility expenses. The business must have claimed or be entitled to claim a deduction for these expenses on the 2019 tax filing to claim them for forgiveness. And, the mortgage, lease agreement and utility services must have all been in effect before February 15, 2020.
7. Keep records for the following utilities: electric, gas, water, transportation, telephone, and internet.
8. The goal of PPP is to have the business maintain its previous employee headcount and salary levels. If the business previously laid off employees, the forgivable amount of the PPP loan may decrease in proportion to the ratio between the headcount during the forgivable period and your pre-pandemic headcount. If you need additional information on this issue, please contact your loan officer.
9. It is unknown whether prepayment of eligible expenses, such as rent, is an allowed use of PPP funds and eligible for forgiveness.
10. If the business was not in business in 2019 but was in operation before February 15, 2020, the business may need documentation, such as bookkeeping/financial statements, for the months that it was in operation before February 15, 2020.
11. If the business does not have eligible business expenses for forgiveness, the remaining balance of the loan will be repaid by the business according to the loan terms: 1% interest for 2 years.
12. A simple bank or credit card statement may not be enough for the SBA to grant forgiveness. If expenses are paid using cash, credit cards, PayPal, or payment methods other than checks, evidence must show what was paid and when.
13. Recordkeeping involves keeping track of the receipt/invoice/official record of payment and noting the amount spent, what it was spent on, the date, and the purpose.