



PPP LOAN FORGIVENESS DOCUMENTATION REQUIREMENTS

We strongly recommend gathering all of your required documentation now, before entering your forgiveness details into our online portal. Having your required documentation ready is essential to submitting your forgiveness application to Valley Strong successfully. Please note, you will need to upload scanned documentation during the online application process. Detailed information about the documents that will be required at the time of application are listed below.

CASH PAYROLL COMPENSATION

Documents verifying the eligible* cash payroll payments from the Covered Period or Alternative Payroll Covered Period consist of the following:

OPTION 1

Third-party payroll report

OPTION 2

Form 941 reported or that will be reported

OPTION 3

Internal payroll report or Bank statements

You may need to upload multiple documents and/or multiple types of documents.

** Eligible cash payroll compensation can be gross salary, gross wages, gross commissions, or similar compensation; cash tips, bonuses and hazard pay or the equivalent; payments for vacation, parental, family, medical or sick leave; allowances for separation or dismissal.*

NON-CASH PAYROLL COMPENSATION

Documents verifying the eligible* non-cash payroll payments from the Covered Period or Alternative Payroll Covered Period consist of the following:

- State quarterly business and individual wage reporting, reported or that will be reported AND/OR Unemployment insurance tax filings reported or that will be reported
- Account statements
- Payment receipts or Cancelled checks

You may need to upload multiple documents and/or multiple types of documents.

** Eligible non-cash payroll compensation can be employer contributions to employee benefits consisting of group health care coverage, including insurance premiums and retirement; payments of employer state and local taxes assessed on compensation of employees.*

OWNER COMPENSATION

Documents verifying the eligible cash compensation to an owner-employee, a self-employed individual or general partner from the Covered Period or Alternative Payroll Covered Period consist of the following:

- 2019 Tax Form 1040 Schedule C
- 2019 Tax Form 1040 Schedule F
- 2019 Tax Form 1065 Schedule K-1

If you are using the 3508 long application and payments were made to more than one owner-employee/general partner, you must also upload a table with the name and amount paid to each.

FTE CALCULATIONS

3508EZAPPLICATION

If you are using the 3508 EZ application and you only checked Box 2 on the "Checklist for Using SBA Form 3508EZ", you must upload one of the following documents showing the number of FTEs on January 1, 2020 and another one showing the number of FTEs at the end of your selected covered period.

OPTION 1

Form 941 reported or that will be reported

OPTION 2

State quarterly business and individual employee wage reporting, reported or that will be reported

OPTION 3

Unemployment insurance tax filings reported or that will be reported

3508LONGAPPLICATION

If you are using the 3508 application, you must upload one of the following documents showing the average number of FTE employees on your payroll per week.

OPTION 1

Form 941 reported or that will be reported

OPTION 2

State quarterly business and individual employee wage reporting, reported or that will be reported

OPTION 3

Unemployment insurance tax filings reported or that will be reported

Your documents must cover one of the following date ranges:

OPTION 1

February 15, 2019 and June 30, 2019

OPTION 2

January 1, 2020 and February 29, 2020

OPTION 3

If you are a seasonal employer, you can choose from the timeframes above or any consecutive 12-week period between May 1, 2019 and September 15, 2019

You may need to upload multiple documents and/or multiple types of documents.

BUSINESS MORTGAGE INTEREST PAYMENTS

Documentation verifying existence of the mortgage prior to February, 15, 2020, eligible payments, paid or incurred, from your Covered Period and one month after your Covered Period ends consist of the following:

OPTION 1

Lender account statements showing amount owed and paid

OPTION 2

Lender account statements showing amount owed AND Payment receipts or Cancelled checks

OPTION 3

Lender amortization schedule AND Payment receipts or Cancelled checks

You may need to upload multiple documents and/or multiple types of documents.

BUSINESS RENT OR LEASE PAYMENTS

Documentation verifying existence of the rent or lease prior to February 15, 2020, eligible payments, paid or incurred, during your Covered Period and one month after your Covered Period ends consist of the following:

OPTION 1

Account statements or invoices showing amount owed and paid

OPTION 2

Account statements showing amount owed AND Payment receipts or Cancelled checks

OPTION 3

Copy of entire rent or lease agreement AND Payment receipts or Cancelled checks

You may need to upload multiple documents and/or multiple types of documents.

BUSINESS UTILITY PAYMENTS

Documentation verifying existence of the utility prior to February 15, 2020, eligible payments, paid or incurred, during your Covered Period and one month after your Covered Period ends consist of the following:

OPTION 1

Account statements or invoices showing amount owed and paid

OPTION 2

Account statements showing amount owed AND Payment receipts or Cancelled checks

OPTION 3

Invoices showing amount owed AND Payment receipts or Cancelled

You may need to upload multiple documents and/or multiple types of documents.

DOCUMENTS EACH BORROWER MUST MAINTAIN BUT IS NOT REQUIRED TO SUBMIT

Once you have submitted your loan forgiveness application, you will need to retain the following items to support your forgiveness application for six years after the date the loan is forgiven or repaid in full. You also need to be prepared to share all documentation with an authorized representative of the SBA, including the Office of the Inspector General upon request

- a. All records relating to the your PPP loan, including the documentation submitted with your PPP loan application
- b. Documentation supporting your certifications as to the necessity of the loan request and its eligibility
- c. Documentation necessary to support your loan forgiveness application along with documentation demonstrating your material compliance with PPP requirements

If you are using the 3508 EZ application, you will need to retain the following:

- a. Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period or Alternative Payroll Covered Period.
- b. 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 December 31, 2020.
- c. 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). 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.

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- 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 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.

If you are using the 3508 long application, you will need to retain your Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the listing of each individual employee in your 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 your PPP Schedule A Worksheet Table 2; specifically, that 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 December 31, 2020.
- d. Documentation supporting the certification, if applicable, that you were 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 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."

What happens if not all of my loan is forgiven?

Any remaining principal balance and applicable accrued but unpaid interest must be repaid. Payments will begin six months following the loan disbursement. Interest on the remaining principal balance will accrue at the rate of 1%. The total remaining principal will be re-amortized and principal and all accrued and unpaid interest must be repaid within two years of the initial loan disbursement.

Valley Strong Credit Union cannot provide financial, legal or tax advice, including interpretation of the SBA's rules or guidance for loan forgiveness, or how they may apply to the circumstances of your business. Please seek financial, legal or tax advice from your financial, legal and/or tax professional(s). Please note that the information above is taken directly from the SBA and/or the SBA Paycheck Protection Program Loan Forgiveness Application, and is posted here solely for your convenience. It is not intended to be, and should not be considered, comprehensive or definitive. Please be sure to consult the SBA and/or U.S. Treasury PPP websites for information related to loan forgiveness and the PPP program. Guidance and rules directly from the SBA and/or the U.S. Treasury will supersede and control over any information below or in any FAQ posted here, to the extent of any conflict.