FAQ
Paycheck Protection Program Forgiveness Process

Application Process

- **When will the UMB forgiveness application be available?**
  - UMB PPP borrowers will receive an email when the system is open and ready for applications to be submitted.

- **How are forgiveness applications reviewed and approved?**
  - Banks have 60 days to review and submit to the SBA borrower applications.
  - SBA has 90 days after the Bank's submission to approve or reject and reply to the Bank.
  - SBA can also direct Bank to deny the application while SBA continues its review.

- **If the SBA rejects the borrower's forgiveness application, is there an appeals process?**
  - Yes. The Bank will notify you of the Bank’s submission of a recommendation to reject, and you will then have 30 days to request the SBA review the Bank’s decision.
  - The SBA intends to issue additional rules addressing the process for appeals.

- **Can you submit the forgiveness application twice, at 8 weeks and 24 weeks?**
  - No. The SBA may issue additional rules addressing the process for applications and appeals.

- **Can my accountant complete the application on my behalf?**
  - Yes, an agent can complete the application on behalf of the borrower.

FTE Requirements

- **What are the FTE Requirements?**
  - **FTE Employee Reduction**: If total FTEs during Covered Period is less than FTEs during chosen reference period, then the total forgivable expenses will be reduced by the same percentage as the reduction in FTEs. The reference period can be: February 15, 2019 to June 30, 2019; or January 1, 2020 to February 29, 2020; or, if a seasonal employer, any consecutive 12-week period between May 1, 2019 and September 15, 2019.
  - **FTE Reduction Exceptions**:
    - Can include or add back FTEs for:
      1. Any positions for which the company (i) made a good-faith, written offer to rehire and (ii) was unable to hire similarly qualified employees for unfilled positions before December 31, 2020;
2. Any positions for which the company made a good-faith, written offer to remove any reduction in hours, at the same salary or wages, and the employee rejected the offer; and
3. Any positions for which the employee was fired for cause, voluntarily resigned, or voluntarily requested and received a reduction in hours.
4. Any FTE reductions in these cases do not reduce loan forgiveness.

Qualified Expenses

- What are Qualified forgivable expenses?
  - Payroll costs
    - Cash compensation is:
      1. Capped at $15,385 per employee for 8-week Covered Period
      2. Capped at $46,154 per employee for 24-week Covered Period
    - Employer contributions for employee health insurance
    - Employer contributions for employee retirement plans
    - Employer state and local taxes assessed on employee compensation
    - For pass-through entities/self-employed individuals, owner compensation is:
      1. Capped at 8/52’s 2019 compensation or $15,385 for 8-weeks
      2. Capped at 2.5x 2019 monthly compensation or $20,833 for 24-weeks
      3. Paid or Incurred During Covered Period
      4. No Double Counting
      5. Last payment should be adjusted to only reflect amount incurred during Covered Period
  - Non-payroll costs
    - Business mortgage interest payments
      1. No prepayments or payments of principal
      2. Real or personal property
      3. Mortgage must have been incurred before February 15, 2020
    - Business rent or lease payments
      1. No prepayments
      2. Lease agreement must have been in force before February 15, 2020
    - Business utility payments
      1. Distribution of electricity, gas, water, telephone, transportation or internet access
      2. Service must have begun before February 15, 2020
  - What happens if you submit an expense that does not end up meeting the qualification for forgiveness?
    - The SBA will most likely back out the expenses that are deemed not to qualify as forgivable expenses and no forgiveness will be provided for those expenses.
Forms

• **Which form do I use?**
  
  o **Form 3508 EZ**
    
    ▪ Available for three categories of borrowers:
      1. Borrowers that:
        o Are self-employed individuals, independent contractors or sole proprietors;
        o With no employees, and
        o Who did not include any salaries in PPP loan application;
      2. Borrowers that:
        o Did not reduce salaries and hourly wages by more than 25%; and
        o Did not reduce FTE levels between January 1, 2020 and end of Covered Period (except for FTE redemption exceptions); and
      3. Borrowers that:
        o Did not reduce salaries and hourly wages by more than 25%; and
        o Relied on the COVID Guidance Safe Harbor.
    
  o **Form 3508**
    
    ▪ Available to all PPP borrowers
    ▪ Primary difference is the include of Schedule A and the Schedule A Worksheet, both of which call for additional details regarding payroll costs and employees

• **Will the forgiveness process for loans greater than $2 million be different? Will there be additional requirements?**
  
  • All PPP loans with an original principal amount in excess of $2 million will be subject to SBA review.
  • The SBA reserves the right to review any PPP loan, regardless of the loan size.
  • Details of the SBA review process have not been provided.

Other

• **What are the Tax implications on forgiveness amount?**
  
  o Please consult your Tax Advisor
• How do you choose or adjust from the 8-week period to the 24-week period?
  o New 24-week Covered Period
  o Measurement of both forgivable expenses and employee retention
  o Existing PPP Loans - Optional alternative to 8-week Covered Period
  o New PPP Loans (Loans with an SBA Approval number that was issued on or after June 5, 2020) - Required 24-week Covered Period

• If you elect the 24 week option, can you apply for forgiveness earlier or do you need to wait 24 weeks?
  o If the Borrower feels comfortable with the certifications required on the forgiveness application (some of which may speak of periods that run until the end of the Covered Period) and can provide the applicable required documentation, then the Bank will accept forgiveness applications prior to the end of the Covered Period.

• If you received an EIDL advance does it impact forgiveness of the PPP loan?
  o If the Borrower received an EIDL advance prior to submission of the forgiveness application, the amount of the PPP loan that will ultimately be forgiven will be reduced by an amount equal to the EIDL advance.