

SBA Paycheck Protection Program Forgiveness Guide

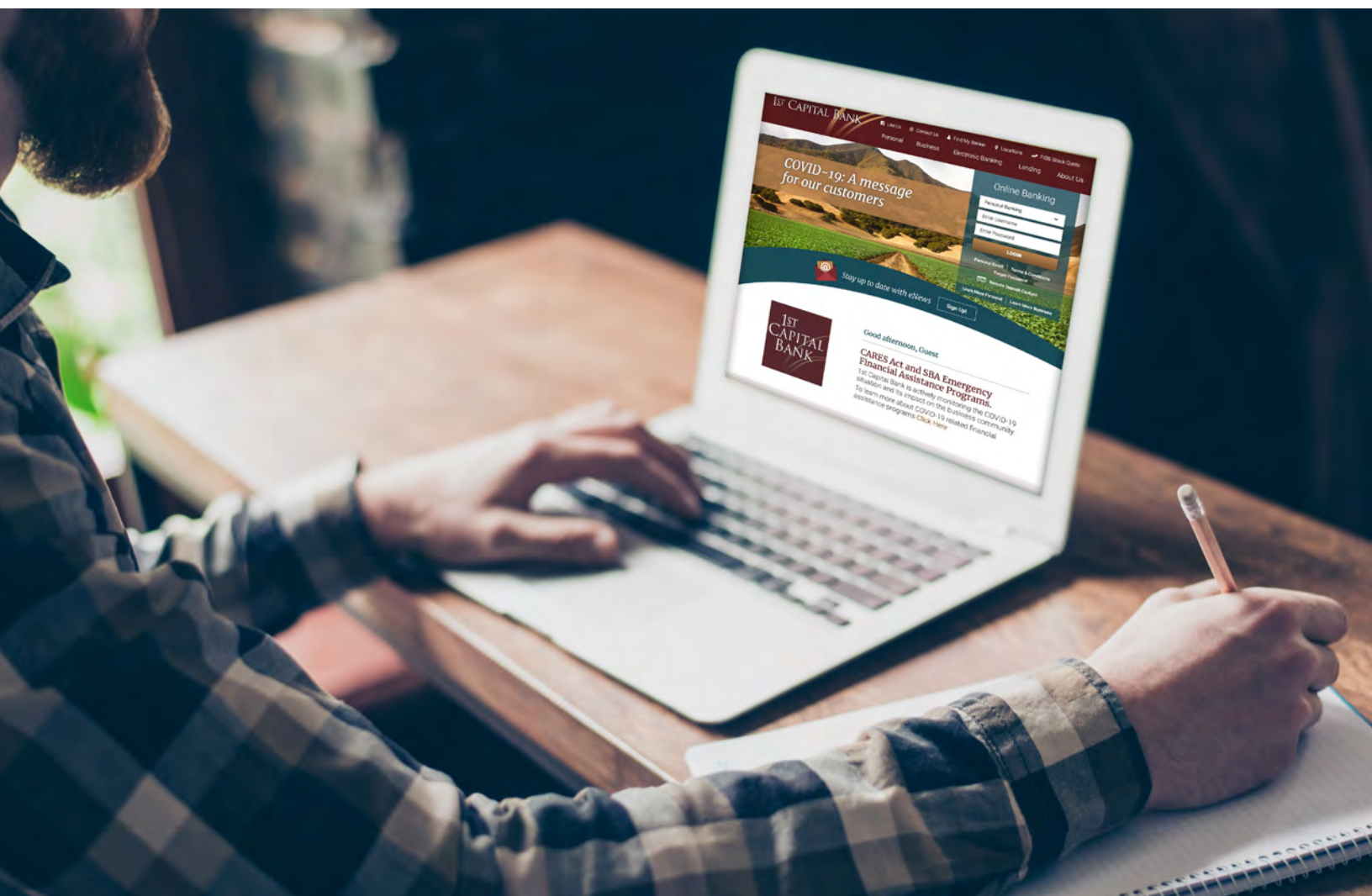


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SBA Paycheck Protection Program Forgiveness Guide

Updated as of: 9/25/2020

Important Note: This information is designed to provide you with considerations based on the Small Business Administration's ("SBA's") Loan Forgiveness Applications and the forgiveness guidelines for the Paycheck Protection Program ("PPP") as currently understood. It is very important to take note that the SBA may issue further guidance with respect to forgiveness of PPP loan amounts. You may want to consult your CPA or attorney.

Determine Eligibility for Form 3508 EZ

The SBA has implemented two versions of the Loan Forgiveness Application — SBA Form 3508 and SBA Form 3508EZ. SBA Form 3508EZ (the "EZ Form") is a streamlined application that does not require you to complete PPP Schedule A or compile the PPP Schedule A Worksheet.

The first step toward completing your Loan Forgiveness Application is determining if you are eligible for the EZ Form. 1st Capital Bank's Form 3508 EZ Eligibility Overview provides an overview of who qualifies for the EZ Form and further resources for completing the EZ Form. Guide is available here:

➔ [Form 3508 EZ Eligibility Overview](#)

3508 Form (Long Form) Resources

If after reviewing the Form 3508 EZ Eligibility Overview, determining you are not eligible for the EZ Form, you must use SBA Form 3508 (the "Long Form") to complete your Loan Forgiveness Application. The Long Form requires additional supporting documentation and payroll calculations to determine your loan forgiveness. A complete listing of 1st Capital Bank's Long Form resources is available here:

➔ [1st Capital Bank's Long Form Resources](#)

PPP Forgiveness Website

1st Capital Bank's PPP Forgiveness website is available here:

➔ <https://www.web.abrigo.com/1st-capital-bank-ppp-forgiveness>

1st Capital Bank has partnered with Abrigo to provide an online platform for completing your PPP Forgiveness. Abrigo created several application guide videos walking you through accessing your application, filling out your application, inputting the required fields for the forgiveness calculation, and understanding how the calculation is working within the software.

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SBA Paycheck Protection Program Form 3508EZ (EZ Form) Eligibility Overview

Important Note: This information is designed to provide you with considerations based on the Small Business Administration's ("SBA's") Loan Forgiveness Applications and the forgiveness guidelines for the Paycheck Protection Program ("PPP") as currently understood. It is very important to take note that the SBA may issue further guidance with respect to forgiveness of PPP loan amounts. You may want to consult your CPA or attorney.

Overview for Determining Form 3508 EZ Eligibility

The SBA has implemented two versions of the Loan Forgiveness Application — SBA Form 3508 and SBA Form 3508EZ. SBA Form 3508EZ (the "EZ Form") is a streamlined application that does not require you to complete PPP Schedule A or compile the PPP Schedule A Worksheet.

1. EZ Form Eligibility Requirements

You may use the EZ Form if you satisfy at least **one** of the following:

- 1 You are a self-employed individual, an independent contractor, or a sole proprietor who had no employees at the time of your loan application and you did not include any employee salaries in the computation of average monthly payroll in your loan application.

OR

- 2 You did not reduce annual salary or hourly wages of any employee (as defined below) by more than 25 percent during the [Covered Period](#) compared to the period between January 1, 2020 and March 31, 2020.

Employee: For the above statement, employee only includes those employees earning less than \$100,000 at annualized rate during any single payroll period of 2019.

AND

You 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](#).

Not including employees who:

- 1) You offered to rehire and refused — and — the employee was on your payroll as of February 15, 2020.

OR

- 2) You offered to restore hours worked and the employee refused — and — the employee was on your payroll as of February 15, 2020.

OR

- 3 You did not reduce annual salary or hourly wages of any employee (as defined below) by more than 25 percent during the [Covered Period](#) compared to the period between January 1, 2020 and March 31, 2020.

Employee: For the above statement, employee only includes those employees earning less than \$100,000 at annualized rate during any single payroll period of 2019.

AND

You were not able to operate during 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.

2. Next Steps: NOT ELIGIBLE for EZ Form

If you are not eligible to use the EZ Form, then you must use SBA Form 3508 (the “Long Form”). 1st Capital Bank’s resources for Long Form are available here:

[1st Capital Bank’s Long Form Resources](#)

3. Next Steps: ELIGIBLE for EZ Form

If you meet one or more of the three above requirements, please carefully review the EZ Form guides and SBA instructions below for completing your EZ Form application.

EZ Form Supporting Documents

1st Capital Bank’s EZ Form supporting document guide for your required supporting documents are available here:

[EZ Supporting Document Guide](#)

EZ Form Online Application Guide

1st Capital Bank’s step-by-step guide to completing your EZ Form online application is available here:

[EZ Online Application Guide](#)

SBA's EZ Form Instructions

In addition to 1st Capital Bank's guides, please review SBA's full instructions for EZ Form application.

SBA's Instructions for EZ Forgiveness

➔ PPP Forgiveness Website

1st Capital Bank's PPP Forgiveness website is available here:

➔ <https://www.web.abrigo.com/1st-capital-bank-ppp-forgiveness>

1st Capital Bank has partnered with Abrigo to provide an online platform for completing your PPP Forgiveness. Abrigo created several application guide videos. The videos walk you through accessing your application, filling out your application, inputting the required fields for the forgiveness calculation, and understanding how the calculation works.

Covered Period

The Covered Period is the period from when PPP Loan proceeds are received and are used on eligible expenses. The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period.

For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

To qualify for loan forgiveness, the funds must be used for eligible costs incurred or paid during a 24-week or 8-week covered period (ending December 31, 2020, at the latest).

Alternative Covered Period

The SBA's instructions allow Borrowers with a biweekly or weekly payroll schedule to choose an Alternative Covered Period for payroll expenses.

The Alternative Covered Period begins on the first day of their first pay period following their PPP Loan Disbursement Date. This allows Borrowers to maximize their payroll spending during the Covered Period.

For example, a Borrower using 24-week Covered Period that received its loan on Monday 4/20/2020 and their first pay period following Sunday 4/26/2020. The first day of Alternative Covered Period is 4/26/2020 and last day is 10/10/2020 (24 weeks).

The Alternative Covered Period is only applicable for payroll expenses. Nonpayroll expenses must either be paid or incurred during the Covered Period.

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SBA Paycheck Protection Program Form 3508EZ (EZ Form) Supporting Documents

3508EZ Eligibility

The SBA has implemented two versions of the Loan Forgiveness Application — SBA Form 3508 and SBA Form 3508EZ (the “EZ Form”). The EZ Form is a streamlined application that does not require you to complete PPP Schedule A or compile the PPP Schedule A Worksheet otherwise required under SBA Form 3508. This resource is for supporting documents needed to complete your EZ Form Application.

For further information on determining if you are eligible for the EZ Form, please review [EZ Form Eligibility Overview Guide](#).

Payroll Costs

Eligible Expense	Supporting Documents
Cash Compensation	<p>Payroll report types:</p> <ul style="list-style-type: none">• Payroll report from third-party provider (such as ADP®, Paychex®, etc.)• IRS Form 941 for Q2 2020, Q3 2020 (if applicable), and Q4 2020 (if applicable)• State quarterly business and individual wage reporting and unemployment insurance tax filings <p>Or each of following:</p> <ul style="list-style-type: none">• IRS Form 941 for Q2 2020, Q3 2020 (if applicable), and Q4 2020 (if applicable)• Proof of payment (e.g., bank statement)• Self-prepared payroll report of schedule• State quarterly business and individual wage reporting and unemployment insurance tax filings <p>Payroll report requirements:</p> <p>A list of all employees that includes following information:</p> <ul style="list-style-type: none">• Employee name• Last four digits of employee’s SSN• Total cash compensation paid over the period• Total hours worked during the period• Annual salary (for exempt employees)• Hourly wage (for non-exempt employees)• Employer-paid state and local taxes <p>The above list must be compiled for the following periods:</p> <ul style="list-style-type: none">• All payroll periods overlapping the selected Covered Period or Alternative Covered Period• The pay period that includes 1/1/2020• The pay period for the date of Forgiveness Application submission, or 12/31/2020 if submitting after 12/31/2020. <p>If you work with a third-party payroll provider, consider contacting your payroll provider to determine if it can produce specific payroll reports for the forgiveness application process for PPP Loans.</p>

Eligible Expense	Supporting Documents
Employer contributions for employee health insurance and employee retirement plans	<ul style="list-style-type: none"> Account statements from insurance or plan administrator verifying eligible payments or proof of payment
Owners' Compensation	<p>Documentation of 2019 owners' income for all owners, partners, shareholders:</p> <ul style="list-style-type: none"> Copy of W-2 for all owners, if applicable; <p>AND/OR</p> <ul style="list-style-type: none"> Filed Schedule C or F (sole proprietors) <p>OR</p> <ul style="list-style-type: none"> Schedule K-1 for all partners (partnerships)
Full-time Equivalency (FTE) Reduction Exception Documentation, if applicable	<ul style="list-style-type: none"> Written offer to rehire or restore the same salary or wages and same number of hours prior to separation or reduction Evidence documenting the offer and its rejection Records related to employees who were fired for cause, voluntarily resigned, or voluntarily requested and received a reduction in their hours <p><i>SBA requires these documents to be retained by Borrower but not submitted to Lender.</i></p>
COVID-19 Impact on Business Activity Documentation, if applicable	<ul style="list-style-type: none"> Copies of relevant COVID-related restrictions placed on each business location Requirement or guidance from applicable government agencies (such as CDC, OSHA, etc.) related to safety requirements related to COVID Financial statements over the Covered Period demonstrating an impact from COVID-related restrictions <p><i>SBA requires these documents to be retained by Borrower but not submitted to Lender.</i></p>

Nonpayroll Costs

Nonpayroll supporting documents are required for any eligible expense incurred during your Covered Period.

Eligible Expense	Supporting Documents
Business Mortgage Interest Payments and Business Debt Interest Payments	<ul style="list-style-type: none"> Lender/bank statements, verifying eligible payments — showing interest portion of payments; include statements covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period <p>OR</p> <ul style="list-style-type: none"> Proof of payment Copy of lender's amortization schedule
Business Rent or Lease Payments	<ul style="list-style-type: none"> Rent/lease statements verifying eligible payments; include statements covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period <p>OR</p> <ul style="list-style-type: none"> Copy of rent or lease agreement and proof of payment
Business Utility Payments	<ul style="list-style-type: none"> Copy of invoices covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period Receipts, cancelled checks, or account statements verifying those eligible payments

Covered Period

Before gathering your supporting documents, you will need to determine your Covered Period. The Covered Period is the period from when PPP Loan proceeds are received and are used on eligible expenses.

The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period.

For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

To qualify for loan forgiveness, the funds must be used for eligible costs incurred or paid during a 24-week or 8-week covered period (ending December 31, 2020, at the latest).

Alternative Covered Period

The SBA's instructions allow Borrowers with a biweekly or weekly payroll schedule to choose an Alternative Covered Period for payroll expenses.

The Alternative Covered Period begins on the first day of their first pay period following their PPP Loan Disbursement Date. This allows Borrowers to maximize their payroll spending during the Covered Period.

For example, if a Borrower using 24-week Covered Period that received its loan on Monday 4/20/2020 and its first pay period following Sunday 4/26/2020, the first day of Alternative Covered Period is 4/26/2020 and last day is 10/10/2020 (24 weeks).

The Alternative Covered Period is only applicable for payroll expenses. Nonpayroll expenses must either be paid or incurred during the Covered Period.

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SBA Paycheck Protection Program Form 3508EZ (EZ Form) Online Application Guide

Important Note: This information is designed to provide you with considerations based on the Small Business Administration's ("SBA's") Loan Forgiveness Applications and the forgiveness guidelines for the Paycheck Protection Program ("PPP") as currently understood. It is very important to take note that the SBA may issue further guidance with respect to forgiveness of PPP loan amounts.

This guide walks you step-by-step through completing the SBA Form 3508EZ (the "EZ Form") for applying for Loan Forgiveness. Please take the time to review this guide in full before starting your application. Your Loan Forgiveness Application will be completed online via 1st Capital Bank's online portal.

Please make sure you have reviewed EZ Form Eligibility Overview and **confirmed you are eligible for the SBA Form 3508EZ** before starting your EZ Form application. 1st Capital Bank's EZ Form Overview can be found here:

➔ [EZ Form Eligibility Overview](#)

If you are not eligible for the EZ Form, you will need to complete the Long Form Application. 1st Capital Bank's Long Form Resources can be found here:

➔ [1st Capital Bank's Long Form Resources](#)

Video Walkthroughs

1st Capital Bank has partnered with Abrigo to provide an online platform for completing your PPP Forgiveness. Abrigo created several application guide videos. The videos walk you through accessing your application, filling out your application, inputting the required fields for the forgiveness calculation, and understanding how the calculation works. Video walkthroughs are available on 1st Capital Bank's PPP Forgiveness Website available here:

➔ [1st Capital Bank's PPP Forgiveness Website](#)

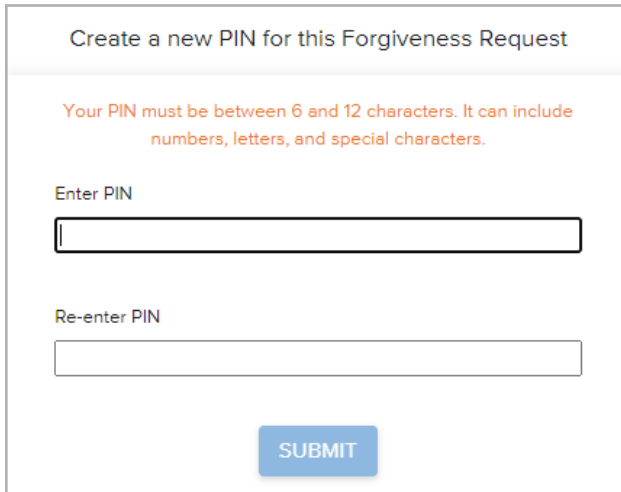
Step 1 — Invitation to Start Application

Your PPP Forgiveness Application will be assigned to a member of 1st Capital Bank's PPP Team. Your assigned PPP team member will send you an email notification to start your Loan Forgiveness Application and work directly with you on completing your application.

The email will provide a link to an online portal for your Loan Forgiveness Application. This guide will help you complete your Loan Forgiveness Application and upload your supporting documents.

Once you click on the link in your email to the online platform, it is recommended you bookmark the link to your favorites on your web browser for easy access.

Step 2 — Create a new PIN for your Forgiveness Request

A screenshot of a web form titled "Create a new PIN for this Forgiveness Request". Below the title, a message states: "Your PIN must be between 6 and 12 characters. It can include numbers, letters, and special characters." There are two input fields: "Enter PIN" and "Re-enter PIN". A blue "SUBMIT" button is located at the bottom of the form.

Once you click on the link provided in your email, you will see the above request to create a PIN for your forgiveness application. Select a PIN number and **be sure to memorize your PIN number or use a password manager to securely save your PIN Number.**

If you have an outside advisor, such as your accountant, assisting with preparing your PPP application, that person will need the link from the email and your PIN Number to access your application.

Online Application — Hints & Tips

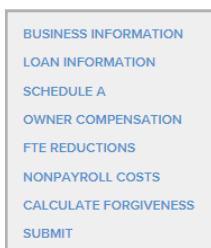
For More Info

❓ Click this question mark to access tool tip to find more information about any field in the application.

Required Data

All fields with an asterisk (*) next to the field name are required data. If any of these fields are not completed you will not be able to submit your application. If your application has a grayed-out field that is missing information, you will need to email your 1st Capital Bank PPP team member to update this information.

Navigation Within Application



On the left-side of the application you will see the menu. By clicking the heading in the menu, you will be able to quickly jump between application sections.

Recommend Internet Browsers

Recommend using Google Chrome or MS Edge for optimal experience in completing your online application.

Step 3 — Check Your EZ Form Eligibility

- 1 Click “CHECK YOUR EZ FORM ELIGIBILITY” button to launch EZ Eligibility option.

TUXEDO TAVERN MKD2 (MOCK)
Please provide documentation to support the expenses claimed below, and please ensure that the attached documents reference the dates and amounts provided.
<div>CHECK YOUR EZ FORM ELIGIBILITY</div>

- 2 To qualify for EZ Form, you must check one of the three boxes below that apply to you.

CHECK YOUR EZ FORM ELIGIBILITY

Supporting Documents

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508EZ if you can check at least one of the three boxes below:

☐ The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

☒ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “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);

AND

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. (Ignore 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. Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused. See 85 FR 33004, 33007 (June 1, 2020) for more details.

☐ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “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);

AND

The Borrower was unable to operate during 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.

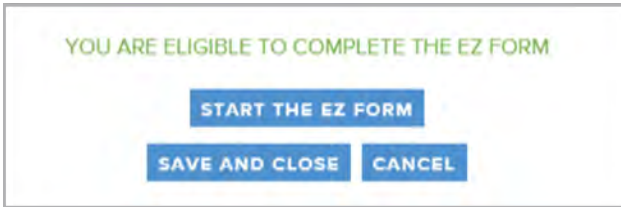
YOU ARE ELIGIBLE TO COMPLETE THE EZ FORM

START THE EZ FORM

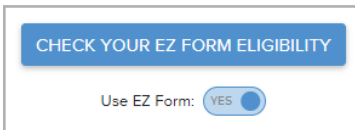
SAVE AND CLOSE

CANCEL

- 3 Once you've selected one of the three boxes, you will see a new button appear **"START THE EZ FORM."**
- 4 Click **"START THE EZ FORM"** to update your form type and complete the EZ Form.

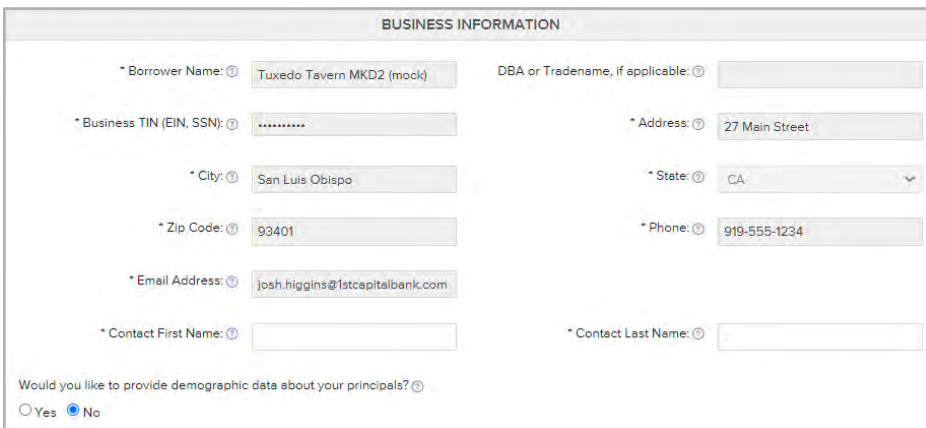
A white rectangular box with a thin gray border. At the top, the text "YOU ARE ELIGIBLE TO COMPLETE THE EZ FORM" is displayed in green. Below this text, there are three blue buttons with white text: "START THE EZ FORM" is centered, "SAVE AND CLOSE" is on the left, and "CANCEL" is on the right.

- 5 You will now see **"Use EZ Form"** toggled to **"Yes."** At any point while completing the application you can elect to switch back to the Long Form by clicking the toggle to **"No."**

A white rectangular box with a thin gray border. At the top, there is a blue button with white text that says "CHECK YOUR EZ FORM ELIGIBILITY". Below the button, the text "Use EZ Form:" is followed by a toggle switch. The toggle switch is currently in the "YES" position, indicated by a blue circle.

- 6 If none of EZ Form eligible description applies to you, you will need to complete [Long Form Application Guide](#).

Step 4 — Complete Borrower Information

A screenshot of a web form titled "BUSINESS INFORMATION". The form contains several input fields, some of which are grayed out. The fields include: "Borrower Name" (Tuxedo Tavern MKD2 (mock)), "DBA or Tradename, if applicable" (grayed out), "Business TIN (EIN, SSN)" (grayed out), "Address" (27 Main Street), "City" (San Luis Obispo), "State" (CA), "Zip Code" (93401), "Phone" (919-555-1234), "Email Address" (josh.higgins@1stcapitalbank.com), "Contact First Name" (grayed out), and "Contact Last Name" (grayed out). At the bottom, there is a question: "Would you like to provide demographic data about your principals?" with two radio buttons: "Yes" and "No". The "No" button is selected.

- 1 Verify the information in the grayed-out fields. If anything needs to be corrected, contact your 1st Capital Bank PPP team member to update the information.
- 2 Select **"Yes"** or **"No"** if you would like to provide demographic information about your principals (voluntary).
- 3 If Yes is selected, a new section will open that will allow you to identify for each principal.

Step 5 — Employment Information

The screenshot shows the 'EMPLOYMENT INFORMATION' form. It has two input fields for the number of employees: 'Number of Employees at Time of Loan Application' and 'Number of Employees at Time of Forgiveness Application', both with the value '1'. Below these is a question: 'Did you compensate any owners during the alternative payroll covered period?' with radio buttons for 'Yes' (selected) and 'No'.

- 1 Answer all of the Employment Information above.

Step 6 — Payroll Information

The screenshot shows the 'PAYROLL INFORMATION' form. It includes a question about the duration of the covered period with radio buttons for '8 weeks' and '24 weeks' (selected). Below this is a date range for the covered period: 'Covered Period starting on the loan disbursement date, not extending past Dec. 31, 2020' with dates '05/11/2020' to '10/25/2020'. There is also a dropdown for payroll frequency, set to 'Biweekly (every other week)'. Another question asks 'Use Alternative Payroll Covered Period?' with 'Yes' selected. Below that is another duration question with '24 weeks' selected. At the bottom is a date range for the alternative period: 'Alternative Payroll Covered Period, starting on the first day of the first pay period following loan disbursement, not extending past Dec. 31, 2020' with dates '05/11/2020' to '10/25/2020'. A blue 'SAVE' button is at the bottom.

- 1 If your loan was disbursed before 6/5/2020, please choose your covered period (8 weeks or 24 weeks). Loans disbursed after 6/5/2020 default to 24 weeks.
 - a Based on your selection, the Covered Period date range will automatically populate.
- 2 Select the frequency with which payroll is paid to employees.
- 3 If your payroll frequency is biweekly or weekly:
 - a. You have the option to start your Covered Period for payroll purposes on the first day of first pay period following the date of your PPP Loan's disbursement date.
- 4 Click **SAVE**.

Step 7 — Loan Information

LOAN INFORMATION

* SBA PPP Loan Number: * Lender PPP Loan Number:

* PPP Loan Amount: \$ 40,500.00 * PPP Loan Disbursement Date: 05/11/2020

* EIDL Advance Amount: \$ 1,000.00 * EIDL Application Number: 123456789

Check if Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million: ☐

SAVE

- 1 The grayed-out fields will be auto-generated from 1st Capital's database.
- 2 If you received an EIDL Advance — enter the EIDL Advance Amount and Application Number.
- 3 If applicable — check if your loan is greater than \$2 million or if your loans when combined with affiliates' loans are greater than \$2 million dollars.
- 4 Click **SAVE**.

Step 8 — Employee Compensation

EMPLOYEE COMPENSATION

Use this section to enter compensation costs for your employees that were incurred or paid during the Covered Period or Alternative Payroll Covered Period (depending on your selection above).

Required Documents

Line 1. Total amount paid by Borrower for employee cash compensation: \$ 1 document uploaded

Line 2. Total amount paid by Borrower for employer contributions for employee health insurance: \$ 500.00 No documents uploaded

Line 3. Total amount paid by Borrower for employer contributions to employee retirement plans: \$ 2,500.00 No documents uploaded

Line 4. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: \$ 5,000.00 No documents uploaded

SAVE UPLOAD DOCUMENTS

Reminder: Click the question mark next to any field for further description.

- 1 Complete Lines 1 -4 by inputting the amounts from your supporting documentation.
- 2 Individual employee compensation may not exceed an annual compensation of \$100,000. Be sure the amount input into Line 1 includes any adjustments for employees earning \$100,000 or more annually.
- 3 Upload supporting documents for Lines 1 – 4. See next heading “Uploading Supporting Documents” for further instructions.
- 4 Click **SAVE**.

Non-Cash Compensation — Additional Notes:

Line 2 — Employer Contribution for Employee Health Insurance; DO NOT INCLUDE:

1. Any pre-tax or after-tax contributions by employees
2. Any employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation

Line 3 — Employer Contribution for Employee Retirement Plans; DO NOT INCLUDE:

1. Any pre-tax or after-tax contributions by employees
2. Any employer retirement contributions made on behalf of a self-employed individual or general partner, because such payments are already included in their compensation

Line 4 — Employer-Paid State & Local Taxes; DO NOT INCLUDE:

1. Any taxes withheld from employee earnings

Uploading Supporting Documents

EMPLOYEE COMPENSATION

Use this section to enter compensation costs for your employees that were incurred or paid during the Covered Period or Alternative Payroll Covered Period (depending on your selection above).

Required Documents ⓘ

Line 1. Total amount paid by Borrower for employee cash compensation: ⓘ	\$ <input type="text"/>	1 document uploaded
Line 2. Total amount paid by Borrower for employer contributions for employee health insurance: ⓘ	\$ <input type="text" value="500.00"/>	No documents uploaded
Line 3. Total amount paid by Borrower for employer contributions to employee retirement plans: ⓘ	\$ <input type="text" value="2,500.00"/>	No documents uploaded
Line 4. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: ⓘ	\$ <input type="text" value="5,000.00"/>	No documents uploaded

SAVEUPLOAD DOCUMENTS

Please Note: Organize your supporting documents into individual electronic files (PDF, excel, etc.) for each payroll report, payroll expenses, nonpayroll expense, or other document you are uploading. Name the files according to line item it is associated with in PPP forgiveness application with a brief descriptor and the date of the document. Documenting the file names clearly will speed up the review process.

A couple of examples: If you are uploading a PDF of your payroll report ending on 5/31/2020, naming the file “Line 1 – Payroll Report – 5.31.2020.pdf” clearly notes what PPP expense this supporting document is attached to. If you are uploading a PDF of your June 2020 rent expenses, name the file “Line 3 – Rent Invoice – 6.1.2020.pdf.”

- 1 At the bottom of the Employee Compensation section of the application, click the **“UPLOAD DOCUMENTS”** button. This will open the below pop-up in your browser.

UPLOAD DOCUMENT

Drop file here or click to upload.

Maximum File Upload Size: 24 MB (SBA Forgiveness File Size Limit)

Allowed File Types: .pdf, .xls, .xlsx, .csv, .doc, .docx, .jpg, .jpeg, .png

Select Related Fields

- ☐ Line 1. Total amount paid by Borrower for employee cash compensation
- ☐ Line 2. Total amount paid by Borrower for employer contributions for employee health insurance
- ☐ Line 3. Total amount paid by Borrower for employer contributions to employee retirement plans
- ☐ Line 4. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation

UPLOAD CLOSE

- 2 Select the Related Field for the supporting document you are uploading.
 - a. For example — if you are uploading payroll documentation to support the Cash Compensation, then you will check box for Line 1.
- 3 To upload your file: either drag the file into the dashed box — or — click within the dashed box to select the file on your computer.

UPLOAD DOCUMENT

0 b
payroll.docx
Remove file

Password (if applicable):

Select Related Fields

- ☒ Line 1. Total amount paid by Borrower for employee cash compensation
- ☐ Line 2. Total amount paid by Borrower for employer contributions for employee health insurance
- ☐ Line 3. Total amount paid by Borrower for employer contributions to employee retirement plans
- ☐ Line 4. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation

UPLOAD CLOSE

- 4 Scroll to the bottom of the dialog box until you see **“UPLOAD”** and **“CLOSE”** buttons.

- Click the **“UPLOAD”** button to complete your file upload.

EMPLOYEE COMPENSATION

Use this section to enter compensation costs for your employees that were incurred or paid during the Covered Period or Alternative Payroll Covered Period (depending on your selection above).

Required Documents

Line 1. Total amount paid by Borrower for employee cash compensation:	\$		1 document uploaded
Line 2. Total amount paid by Borrower for employer contributions for employee health insurance:	\$	500.00	No documents uploaded
Line 3. Total amount paid by Borrower for employer contributions to employee retirement plans:	\$	2,500.00	No documents uploaded
Line 4. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	\$	5,000.00	No documents uploaded

SAVE **UPLOAD DOCUMENTS**

- To confirm you’ve successfully uploaded your support document, click on the **“1 DOCUMENT LOADED”** to launch a pop-up window to show all documents uploaded associated with this line in Schedule A.

RELATED DOCUMENTS

Payroll Support Docs.docx

CLOSE

- Repeat these upload steps as necessary to upload all required supporting documents to your Loan Forgiveness Application.

Step 9 — Owner Compensation

Owner Compensation should be completed for all owners with a 5 percent or greater ownership of the Borrower. Owners compensation is based on 2019 Compensation, NOT compensation during your Covered Period.

OWNER COMPENSATION

Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). In order to calculate the maximum amount you can pay to each owner, first enter the amount of compensation they received in 2019.

Required Documents

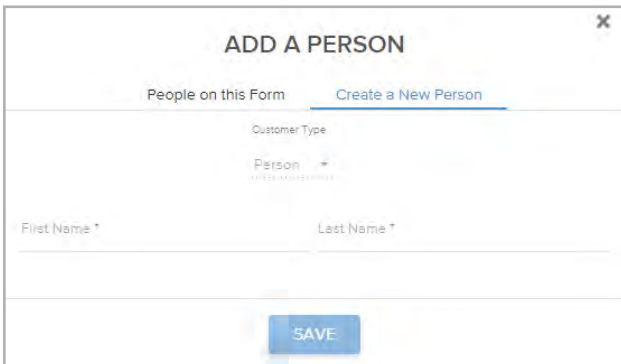
Owner Name	2019 Compensation	Amount Paid	Supporting Documents
X Penguin, John	\$ 100,000.00	\$ 15,250.00	No Document Uploaded
X Penguin, James	\$	\$	No Document Uploaded

+ Add an Owner

Total Amount Paid: \$ 15,250.00

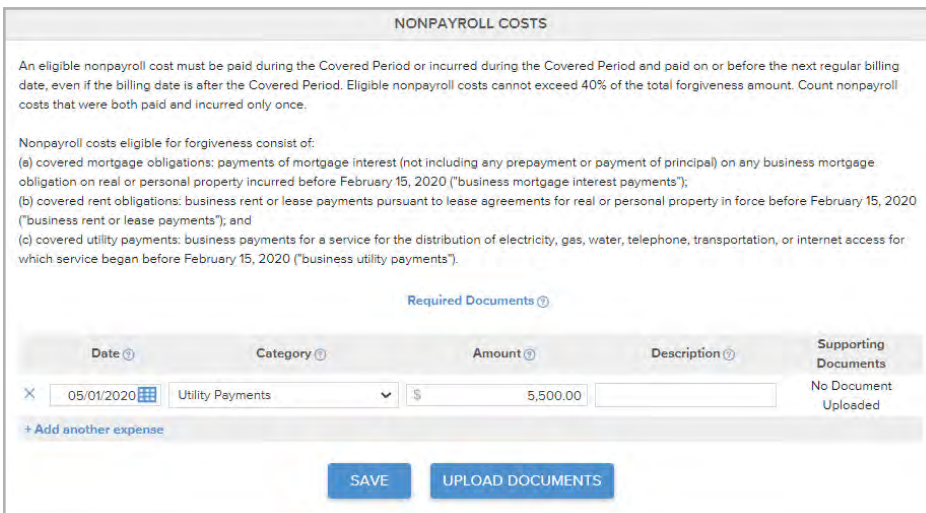
SAVE **UPLOAD DOCUMENTS**

- 1 Click **ADD AN OWNER** to launch dialog box and add all owners who received compensation during 2019.



- 2 The Amount Paid during Covered Period is capped per the SBA instructions. The maximum Amount Paid for 24-week Covered Period is \$20,833 and for 8-week Covered Period is \$15,385. If an individual owner's compensation exceeds the capped amount, enter the capped amount.
- 3 You will have the option to **"ADD A PERSON"** from **"PEOPLE ON THIS FORM"** or **"CREATE A NEW PERSON."**
- 4 Upload any supporting documents for owner compensation.
- 5 Click **SAVE**.

Step 10 — Non payroll Costs



NONPAYROLL COSTS

An eligible nonpayroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.

Nonpayroll costs eligible for forgiveness consist of:

- (a) covered mortgage obligations: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
- (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments"); and
- (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 ("business utility payments").

[Required Documents ⓘ](#)

Date ⓘ	Category ⓘ	Amount ⓘ	Description ⓘ	Supporting Documents
✕ 05/01/2020 ⓘ	Utility Payments ▼	\$ 5,500.00		No Document Uploaded

[+ Add another expense](#)

SAVE **UPLOAD DOCUMENTS**

- 1 Eligible nonpayroll cost are entered into the application one payment at a time.
- 2 For each nonpayroll expense item:
 - a. Enter date paid
 - b. Category: Mortgage Interest, Rent, or Utility payments
 - c. Amount: make sure this corresponds with supporting documentation
 - d. Description: any additional detail explaining the expense
 - e. Click “**UPLOAD DOCUMENTS**” and upload supporting documentation.
 - f. Click **SAVE**.
- 3 Click “**ADD ANOTHER EXPENSE**” to add your next nonpayroll expense.
- 4 Repeat Steps 2 and 3 until all eligible nonpayroll expenses are included.

Nonpayroll Costs — Additional Notes

February 2020 Support Documents

The SBA’s instructions require you to provide supporting documentation that your nonpayroll costs were in place before February 15, 2020. Please make sure to upload the supporting documents for nonpayroll costs as of February 2020 for applicable Utility Payments, Business Mortgage Interest Payments, and Rent/Lease Payments.

Rent or Lease Payments to a Related Party

The SBA issued new guidance on 8/24/2020 on certain nonpayroll costs for Loan Forgiveness. The SBA’s guidance allows rent or lease payments to a Related Party to be an eligible nonpayroll cost, but only if:

1. The amount of Loan Forgiveness requested for rent or lease payments to a related party is no more than the amount of mortgage interest owed on the property during the Covered Period that is attributable to the space being rented by the business
2. The lease and the mortgage were entered into prior to February 15, 2020

The SBA defines Related Party for this purpose as any ownership in common between the business and the property owner. If your rent or lease payments are to a Related Party, you must provide supporting documentation for the Mortgage Interest Payments.

SBA’s policy guidance published on 8/24/2020 can be found here:

➔ [SBAs Policy Guidance](#)

Nonpayroll Costs Attributable to Tenant, Subtenant, or in the Context of Home-based businesses.

The SBA issued new guidance on 8/24/2020 stating that nonpayroll costs attributable to the business operation of a tenant or subtenant of the PPP Borrower, or in the context of home-based businesses, such as household expenses, are **not eligible as nonpayroll costs**. Any portion of nonpayroll costs paid by tenant or subtenant needs to be excluded from submitted nonpayroll costs.

The SBA’s guidance provides four examples of how to account for nonpayroll costs. If this section is applicable to you, it is recommended you review SBA’s guidance directly:

[➔ SBAs Policy Guidance](#)

Step 11 — Calculate Forgiveness

CALCULATE FORGIVENESS

This calculator provides you an estimate of the forgiveness amount you may be eligible for, based on the data you have provided above.

PAYROLL AND NONPAYROLL COSTS

Line 1. Payroll Costs (sum of amounts entered in the Employee and Owner Compensation sections): ⓘ

\$23,250.00

Line 2. Business Mortgage Interest Payments: ⓘ

\$0.00

Line 3. Business Rent or Lease Payments: ⓘ

\$0.00

Line 4. Business Utility Payments: ⓘ

\$5,500.00

POTENTIAL FORGIVENESS AMOUNTS

Line 5. Sum of the amounts on lines 1, 2, 3, and 4: ⓘ

\$28,750.00

Line 6. PPP Loan Amount: ⓘ

\$40,500.00

Line 7. Payroll Cost 60% Requirement (Line 1 divided by 0.60): ⓘ

\$38,750.00

FORGIVENESS AMOUNT

Line 8. Forgiveness Amount (the smallest of Lines 5, 6, and 7): ⓘ

\$28,750.00

All items in the Calculate Forgiveness section are populated from either Payroll Cost, Nonpayroll Costs, or calculations.

Line 8 is the calculated Forgiveness Amount.

Step 12 — Review Your Application Before Submitting

1 Please take the time to review your Forgiveness Application thoroughly:

a. All data is input correctly

b. All required supporting documents are uploaded

c. All the required fields are completed; if you are missing any required field you will be unable to submit your application

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SBA Paycheck Protection Program Forgiveness Guide

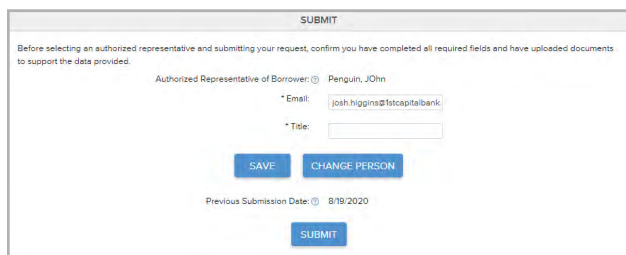
19

- 2 If the Forgiveness amount in Line 8 is less than your PPP Loan Amount, the difference **will not be forgiven**.
 - a. In the above example, the PPP Loan amount is \$40,500 and the Forgiveness amount is \$28,750, for a difference of \$11,750

Step 13 — Submit Application to 1st Capital Bank

The final step is to submit your Loan Forgiveness Application to 1st Capital Bank for review.

- 1 Select an Authorized Representative of Borrower.
 - a. Click “**CHANGE PERSON**” to select a different person or create a new person as Authorized Representative.
- 2 Verify or input the email of the Authorized Representative of Borrower.
- 3 Click “**SUBMIT**” button.
- 4 If prompted, review and complete any missing required fields.



The screenshot shows a web form titled "SUBMIT". At the top, it says: "Before selecting an authorized representative and submitting your request, confirm you have completed all required fields and have uploaded documents to support the data provided." Below this, there is a dropdown menu for "Authorized Representative of Borrower" with "Penguin, John" selected. Underneath are two fields: "* Email" with the value "josh.higgins@1stcapitalbank" and "* Title" which is empty. There are two buttons: "SAVE" and "CHANGE PERSON". Below these is a label "Previous Submission Date:" followed by a date selector showing "8/19/2020". At the bottom is a large blue "SUBMIT" button.

Step 14 — Signing Your Application

Once you have completed and submitted your application, 1st Capital Bank will review your application.

- 1 After the Bank has completed its review, you will receive an email from Adobe Sign asking you to digitally sign your application.

- 2 Please click the “**REVIEW AND SIGN**” button in your email from Adobe Sign to sign your application.

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:
The Authorized Representative of the Borrower certifies to all of the below by initialing next to each one.

[Initials] The dollar amount for which forgiveness is requested:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes payroll costs equal to at least 60% of the forgiveness amount;
- if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$20,833 per individual; and
- if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$13,383 per individual.

[Initials] I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

[Initials] The Borrower did not reduce salaries or hourly wages by more than 25 percent for any employee during the Covered Period or Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020. For purposes of this certification, the term "employee" includes 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.

[Initials] The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

[Initials] I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.

[Initials] The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

[Initials] The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to

- 3 Adobe Sign will provide you a PDF of your completed application. Follow Adobe Sign's instructions to initial the certifications and sign the PPP Forgiveness Application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

[Signature]

Signature of Authorized Representative of Borrower

John Penguin
Print Name
SBA Form 3508EZ (06/20)
Page 2

Sep 8, 2020

Date

CEO

Title

- 4 Once you have signed all required parts of the application, click “**CLICK TO SIGN.**”

I agree to the [Terms of Use](#) and [Consumer Disclosure](#) of this document

[Click to Sign](#)

Support Questions

A PPP team member will be assigned to your PPP Forgiveness Application. The email invitation to begin the PPP Forgiveness Application will be from the team member assigned to your loan. If you need assistance, please email your PPP team member with a detailed message of your issue in completing your application.

SBA Paycheck Protection Program Form 3508 (Long Form) Resources

Long Form Resources

The SBA Form 3508 (the “Long Form”) requires additional supporting documentation and payroll calculations to determine your Loan Forgiveness. Below are additional guides from 1st Capital Bank to assist you in completing your Long Form application online.

Long Form Supporting Documents

1st Capital Bank’s Long Form supporting document guide details the required supporting documents necessary to complete the application. The guide is available here:

➔ [Long Form Supporting Document Guide](#)

Long Form Online Application Guide

1st Capital Bank’s Online Application Guide walks you step-by-step to completing your Long Form online application and the accompanying PPP Schedule A Worksheet. The guide is available here:

➔ [Long Form Online Application Guide](#)

SBA 3508 Form Instructions

In addition to 1st Capital Bank’s guides, please review the SBA’s full instructions for completing the Long Form application.

➔ [SBA Instructions for 3508 Form](#)

PPP Forgiveness Website

1st Capital Bank’s PPP Forgiveness website is available here:

➔ <https://www.web.abrigo.com/1st-capital-bank-ppp-forgiveness>

1st Capital Bank has partnered with Abrigo to provide an online platform for completing your PPP Forgiveness. Abrigo created several application guide videos. The videos walk you through accessing your application, filling out your application, inputting the required fields for the forgiveness calculation, and understanding how the calculation works.

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SBA Paycheck Program Form 3508 (Long Form) Support Documents

Payroll Costs & Full-Time Equivalency (FTE) Calculation

Eligible Expense	Supporting Documents
Cash Compensation	<p>Payroll report types:</p> <ul style="list-style-type: none"> • Payroll report from third-party provider (such as ADP®, Paychex®, etc.) • IRS Form 941 for Q2 2020, Q3 2020 (if applicable), and Q4 2020 (if applicable) • State quarterly business and individual wage reporting and unemployment insurance tax filings <p>Or each of following:</p> <ul style="list-style-type: none"> • IRS Form 941 for Q2 2020, Q3 2020 (if applicable), and Q4 2020 (if applicable) • State quarterly business and individual wage reporting and unemployment insurance tax filings • Proof of payment (e.g., bank statement) • Self-prepared payroll report of schedule <p>Payroll report requirements: A list of all employees that includes following information:</p> <ul style="list-style-type: none"> • Employee name • Last four digits of employee's SSN • Total cash compensation paid over the period • Total hours worked during the period • Annual salary (for exempt employees) • Hourly wage (for non-exempt employees) • Employer-paid state and local taxes <p>The above list must be compiled for all overlapping payroll periods for the following date ranges:</p> <ul style="list-style-type: none"> • Selected Covered Period or Alternative Covered Period • 2/15/2019 to 6/30/2019 • 1/1/2020 to 2/29/2020 • 2/15/2020 to 4/26/2020 • 1/1/2020 to 3/31/2020 • The pay period for the date of Forgiveness Application submission, or 12/31/2020 if submitting after 12/31/2020 • For Seasonal Employers only: Select the consecutive 12-week period from 5/15/2019 to 9/15/2019 when you had the fewest number of employees <p>If you work with a third-party payroll provider, consider contacting your payroll provider to determine if it can produce specific payroll reports for the Forgiveness Application process for PPP Loans.</p>
Employer contributions for employee health insurance and employee retirement plans	<ul style="list-style-type: none"> • Account statements from insurance or plan administrator verifying eligible payments or proof of payment

Eligible Expense	Supporting Documents
Owners' Compensation	<p>Documentation of 2019 owners' income for all owners, partners, shareholders:</p> <ul style="list-style-type: none"> • Copy of W-2 for all owners, if applicable <p>AND/OR</p> <ul style="list-style-type: none"> • Filed Schedule C or F (sole proprietors) <p>OR</p> <ul style="list-style-type: none"> • Schedule K-1 for all partners (partnerships)
Full-time Equivalency (FTE) Reduction Exception Documentation, if applicable	<ul style="list-style-type: none"> • Written offer to rehire or restore the same salary or wages and same number of hours prior to separation or reduction • Evidence documenting the offer and its rejection • Records related to employees who were fired for cause, voluntarily resigned, or voluntarily requested and received a reduction in their hours <p><i>SBA requires these documents to be retained by Borrower but not submitted to Lender</i></p>
COVID-19 Impact on Business Activity Documentation, if applicable	<ul style="list-style-type: none"> • Copies of relevant COVID-related restrictions placed on each business location • Requirement or guidance from applicable government agencies (such as CDC, OSHA, etc.) related to safety requirements related to COVID • Financial statements over the Covered Period demonstrating an impact from COVID-related restrictions <p><i>SBA requires these documents to be retained by Borrower but not submitted to Lender</i></p>

Nonpayroll Costs

Eligible Expense	Supporting Documents
Business Mortgage Interest Payments and Business Debt Interest Payments	<ul style="list-style-type: none"> • Lender/bank statements, verifying eligible payments — showing interest portion of payments; include statements covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period <p>OR</p> <ul style="list-style-type: none"> • Proof of payment • Copy of lender's amortization schedule
Business Rent or Lease Payments	<ul style="list-style-type: none"> • Rent/lease statements verifying eligible payments; include statements covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period <p>OR</p> <ul style="list-style-type: none"> • Copy of rent or lease agreement and proof of payment
Business Utility Payments	<ul style="list-style-type: none"> • Copy of invoices covering February 2020 and from beginning of ➡ Covered Period to one month after end of Covered Period • Receipts, cancelled checks, or account statements verifying those eligible payments

Covered Period

Before gathering your supporting documents, you will need to determine your Covered Period. The Covered Period is the period from when PPP Loan proceeds are received and are used on eligible expenses.

The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period.

For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

To qualify for Loan Forgiveness, the funds must be used for eligible costs incurred or paid during a 24-week or 8-week covered period (ending December 31, 2020, at the latest).

Alternative Covered Period

The SBA's instructions allow Borrowers with a biweekly or weekly payroll schedule to choose an Alternative Covered Period for payroll expenses.

The Alternative Covered Period begins on the first day of their first pay period following their PPP Loan Disbursement Date. This allows Borrowers to maximize their payroll spending during the Covered Period.

For example, if a Borrower using 24-week Covered Period that received its loan on Monday 4/20/2020 and its first pay period following Sunday 4/26/2020, the first day of Alternative Covered Period is 4/26/2020 and last day is 10/10/2020 (24 weeks). The Alternative Covered Period is only applicable for payroll expenses. Nonpayroll expenses must either be paid or incurred during the Covered Period.

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SBA Paycheck Protection Program Form 3508 (Long Form) Online Application Guide

This guide walks you step-by-step through completing the SBA Form 3508 (the “Long Form”) for applying for Loan Forgiveness. Please take the time to review this guide in full before starting your application.

The Long Form application requires you to complete PPP Schedule A and PPP Schedule A Workbook. Your Loan Forgiveness Application will be completed online via 1st Capital Bank’s online portal. A listing of all 1st Capital Bank’s Long Form resources is available here:

➔ [Long Form Resources](#)

Video Walkthroughs

1st Capital Bank has partnered with Abrigo to provide an online platform for completing your PPP Forgiveness. Abrigo created several application guide videos. The videos walk you through accessing your application, filling out your application, inputting the required fields for the forgiveness calculation, and understanding how the calculation works. Video walkthroughs are available on 1st Capital Bank’s PPP Forgiveness Website here:

➔ [1st Capital Bank’s PPP Forgiveness Website](#)

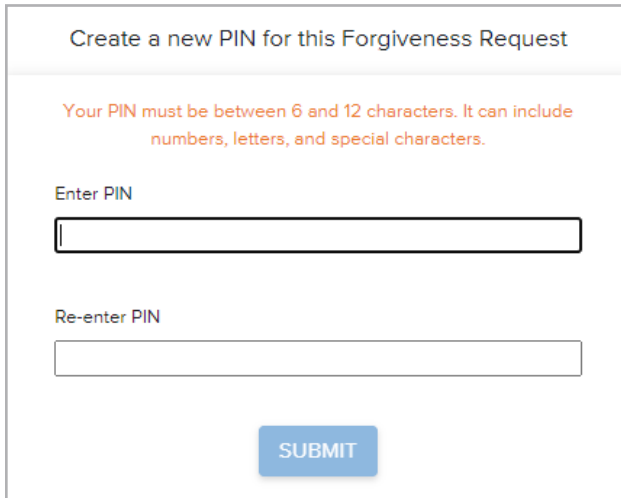
Step 1 — Invitation to Start Application

Your PPP Forgiveness Application will be assigned to member of 1st Capital Bank’s PPP Team. Your PPP team member will send you an email notification to start your Loan Forgiveness Application and work directly with you on completing your application.

The email will provide a link to an online portal for your Loan Forgiveness Application. This guide will help you complete your Loan Forgiveness Application and upload your supporting documents.

Once you click on the link in your email to the online platform, **it is recommended you bookmark the link to your favorites on your web browser for easy access.**

Step 2 — Create a new PIN for your Forgiveness Request



The screenshot shows a web form titled "Create a new PIN for this Forgiveness Request". Below the title, a message states: "Your PIN must be between 6 and 12 characters. It can include numbers, letters, and special characters." There are two input fields: "Enter PIN" and "Re-enter PIN". A blue "SUBMIT" button is located at the bottom of the form.

Once you click on the link provided in your email, you will see the above request to create a PIN for your forgiveness application. Select a PIN Number and be sure to memorize your PIN Number or use a password manager to securely save your PIN Number.

If you have an outside advisor, such as your accountant, assisting with preparing your PPP application, that person will need the link from the email and your PIN Number to access your application.

Online Application — Hints & Tips

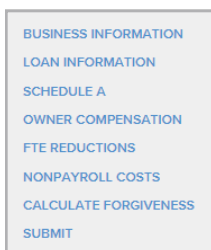
For More Info

❓ Click this question mark to access tool tip to find more information about any fields in the application.

Required Data

All fields with an asterisk (*) next to the field name are required data. If any of these fields are not completed, you will not be able to submit your application. If your application has a grayed-out field that is missing information, you will need to email your 1st Capital Bank PPP team member to update this information.

Navigation Within Application



On the left-side of the application, you will see the menu. By clicking the heading in the menu, you will be able to quickly jump between application sections.

Recommend Internet Browsers

Recommend using Google Chrome or MS Edge for optimal experience in completing your online application.

Step 3 — Complete Borrower Information

BUSINESS INFORMATION	
* Borrower Name: ⓘ	Tuxedo Tavern MKD2 (mock)
DBA or Tradename, if applicable: ⓘ	
* Business TIN (EIN, SSN): ⓘ	*****
* Address: ⓘ	27 Main Street
* City: ⓘ	San Luis Obispo
* State: ⓘ	CA
* Zip Code: ⓘ	93401
* Phone: ⓘ	919-555-1234
* Email Address: ⓘ	josh.higgins@1stcapitalbank.com
* Contact First Name: ⓘ	
* Contact Last Name: ⓘ	
Would you like to provide demographic data about your principals? ⓘ	
<input type="radio"/> Yes <input checked="" type="radio"/> No	

- 1 Verify the information in the grayed-out fields. If anything needs to be corrected, contact your 1st Capital Bank PPP team member to update the information.
- 2 Select “YES” or “NO” if you would like to provide demographic information about your principals (voluntary).
- 3 If Yes is selected, a new section will open that will allow you to identify for each principal.

Step 4 — Employment Information

EMPLOYMENT INFORMATION	
* Number of Employees at Time of Loan Application: ⓘ	1
* Number of Employees at Time of Forgiveness Application: ⓘ	1
* Did you compensate any owners during the alternative payroll covered period? ⓘ	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

- 1 Answer all of the Employment Information above.

Step 5 — Payroll Information

PAYROLL INFORMATION

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

☐ 8 weeks ☒ 24 weeks

Covered Period starting on the loan disbursement date, not extending past Dec. 31, 2020: ⓘ

05/11/2020 to 10/25/2020

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

Biweekly (every other week) ▼

* Use Alternative Payroll Covered Period? ⓘ

☒ Yes ☐ No

* Which duration would you like to use for your Alternative Payroll Covered Period?: ⓘ

☐ 8 weeks ☒ 24 weeks

* Alternative Payroll Covered Period, starting on the first day of the first pay period following loan disbursement, not extending past Dec. 31, 2020: ⓘ

05/11/2020 to 10/25/2020

SAVE

- 1 If your loan was disbursed before 6/5/2020, please choose your Covered Period (8 weeks or 24 weeks). Loans disbursed after 6/5/2020 default to 24 weeks.
 - a. Based on your selection, the Covered Period date range will automatically populate.
- 2 Select the frequency with which payroll is paid to employees.
- 3 If your payroll frequency is biweekly or weekly:
 - a. You have the option to start your Covered Period for payroll purposes on the first day of first pay period following the date of your PPP Loan's disbursement date.
- 4 Click **SAVE**.

Step 6 — Loan Information

LOAN INFORMATION

* SBA PPP Loan Number: [grayed out] * Lender PPP Loan Number: [grayed out]

* PPP Loan Amount: \$ 40,500.00 * PPP Loan Disbursement Date: 05/11/2020

* EIDL Advance Amount: \$ 1,000.00 * EIDL Application Number: 123456789

Check if Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million: ☐

SAVE

- 1 The grayed-out fields will be auto-generated from 1st Capital's database.
- 2 If you received an EIDL Advance — enter the EIDL Advance Amount and Application Number.
- 3 If applicable — check if your loan is greater than \$2 million or if your loans when combined with affiliates' loans are greater than \$2 million.
- 4 Click **SAVE**.

Step 7 — Schedule A

Completing your PPP Schedule A will be the most time-intensive section of your Forgiveness Application. The SBA's Form 3508 (the "Long Form") requires employee-level payroll information across various dates to calculate Full-Time Equivalent Employees (FTE) and Salary/Hourly Wage Reductions.

The application gives you two options for completing PPP Schedule A:

Option 1 ➔ **Download Excel Worksheet to complete PPP Schedule A.**
Further instructions below.

OR

Option 2 ➔ **Provide your own PPP Schedule A calculation.**
Further instructions below.

Option 1 Excel Worksheet Instructions: Full instructions for completing PPP Schedule A Excel workbook are at the end of this guide. You can jump to PPP Schedule A section by clicking here:

➔ **PPP Schedule A Instructions**

Option 1 — PPP Schedule A — Tables 1 & 2

PPP SCHEDULE A WORKSHEET, TABLE 1 TOTALS		
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: ⓘ	\$ 11,520.00	3 documents uploaded
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: ⓘ	1.0	3 documents uploaded
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: ⓘ	\$ 0.00	3 documents uploaded
PPP SCHEDULE A WORKSHEET, TABLE 2 TOTALS		
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: ⓘ	\$ 0.00	3 documents uploaded
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: ⓘ	0.0	3 documents uploaded

1. After you've completed and uploaded the Excel PPP Schedule A workbook, the above fields will automatically populate based on the data within the Excel file. The Excel PPP Schedule A workbook is automatically uploaded as a supporting document.
2. Upload all supporting documentation that was used as inputs into the Excel PPP Schedule A.

Option 2 — Providing Your Own PPP Schedule A Calculation

If you complete your PPP Schedule A calculations without using the Excel Workbook, you will need to provide your calculations as supporting documents. (Instructions on how to upload supporting documents are below.)

Please Note: Be sure your PPP Schedule A Calculation is clearly labeled and can be followed by a reviewer. The SBA requires 1st Capital Bank to review and verify certain information in your Loan Forgiveness Application and supporting documentation. If 1st Capital Bank is unable to meet the SBA's lender requirements for review, 1st Capital Bank cannot submit your application to the SBA for Loan Forgiveness.

Option 2 — PPP Schedule A — Tables 1 & 2

PPP SCHEDULE A WORKSHEET, TABLE 1 TOTALS		
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: ⓘ	\$ 11,520.00	3 documents uploaded
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: ⓘ	1.0	3 documents uploaded
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: ⓘ	\$ 0.00	3 documents uploaded
PPP SCHEDULE A WORKSHEET, TABLE 2 TOTALS		
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: ⓘ	\$ 0.00	3 documents uploaded
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: ⓘ	0.0	3 documents uploaded

1. If you are providing your own PPP Schedule A calculation, you will need to manually input the Lines 1 – 4 from PPP Schedule Table 1 and Table 2.
2. Please be sure to upload supporting documentation of your PPP Schedule A calculation and all inputs into your PPP Schedule A Calculation.
 - a. For example, if a payroll processor report formed the basis of your FTE calculation, the report should be uploaded in this section.

Non-Cash Compensation

This section of PPP Schedule A will be completed the same for Option 1 or Option 2 for calculating FTE amounts.

NON-CASH COMPENSATION PAYROLL COSTS DURING THE COVERED PERIOD OR THE ALTERNATIVE PAYROLL COVERED PERIOD		
Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: ⓘ	\$ 500.00	No documents uploaded
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: ⓘ	\$ 2,500.00	No documents uploaded
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: ⓘ	\$ 5,000.00	No documents uploaded

1. Enter amounts of non-cash compensation into Lines 6, 7, and 8 as instructed in the application.
2. Upload supporting documentation for each line item.

Non-Cash Compensation — Additional Notes

Line 6 — Employer Contribution for Employee Health Insurance; DO NOT INCLUDE:

1. Any pre-tax or after-tax contributions by employees
2. Any employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation

Line 7 — Employer Contribution for Employee Retirement Plans; DO NOT INCLUDE:

1. Any pre-tax or after-tax contributions by employees
2. Any employer retirement contributions made on behalf of a self-employed individual or general partner, because such payments are already included in their compensation

Line 8 — Employer-Paid State & Local Taxes; DO NOT INCLUDE:

1. Any taxes withheld from employee earnings

Owners' Compensation

This section of PPP Schedule A will be completed the same regardless of whether you choose Option 1 or Option 2 for calculating FTE amounts.

Owner compensation should be completed for all owners with a 5 percent or greater ownership of the Borrower. Maximum owner compensation for 24-week Covered Period is \$20,833 and for 8-week Covered Period is \$15,385. Owners compensation is based on 2019 Compensation, NOT compensation during your Covered Period.

1. Click **“GO TO OWNER COMPENSATION”** to jump to Owner Compensation input for the Loan Forgiveness Application.

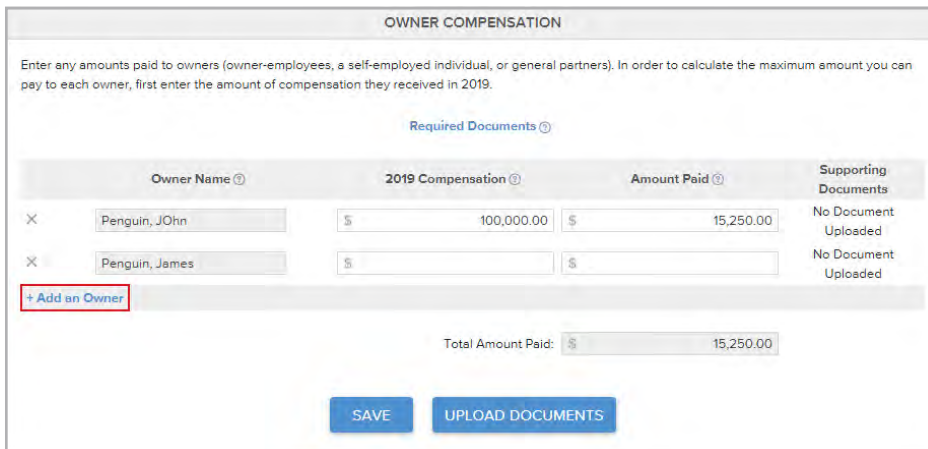


COMPENSATION TO OWNERS

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: 15,250.00

[Go to Owner Compensation](#)

2. Click **“ADD AN OWNER”** to launch dialog box and add all owners who received compensation during 2019.



OWNER COMPENSATION

Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). In order to calculate the maximum amount you can pay to each owner, first enter the amount of compensation they received in 2019.

[Required Documents](#)

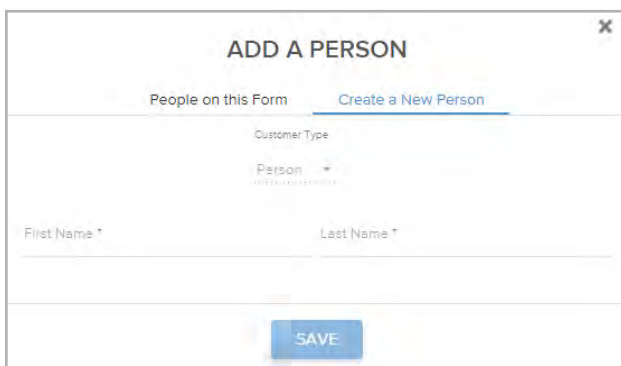
Owner Name	2019 Compensation	Amount Paid	Supporting Documents
X Penguin, John	\$ 100,000.00	\$ 15,250.00	No Document Uploaded
X Penguin, James	\$	\$	No Document Uploaded

[+ Add an Owner](#)

Total Amount Paid: \$ 15,250.00

[SAVE](#) [UPLOAD DOCUMENTS](#)

3. The Amount Paid during Covered Period is capped per the SBA instructions. The maximum Amount Paid for 24-week Covered Period is \$20,833 and for 8-week Covered Period is \$15,385. If an individual owner’s compensation exceeds the capped amount, enter the capped amount.
4. You will have the option to **“ADD A PERSON”** from “People on this Form” or **“CREATE A NEW PERSON.”**



ADD A PERSON

People on this Form [Create a New Person](#)

Customer Type

Person

First Name * Last Name *

[SAVE](#)

5. Upload any supporting documents for owner compensation.
6. Click **SAVE**.

7. Scroll up to PPP Schedule A to see the combined owners' compensation total in Line 9.

COMPENSATION TO OWNERS		Go to Owner Compensation
Line 9. Total amount paid to owner-employees/self-employed individual/general partners: ⓘ	\$	15,250.00

Total Payroll Costs & FTE Calculation

This section of PPP Schedule A will be completed the same if you choose Option 1 or Option 2 for calculating FTE amounts.

TOTAL PAYROLL COSTS	
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): ⓘ	\$ 34,770.00
FULL-TIME EQUIVALENCY (FTE) REDUCTION CALCULATION	
If you satisfy any of the following three criteria, check the appropriate box.	
No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here: ⓘ	<input type="checkbox"/> No documents uploaded
FTE Reduction Safe Harbor 1: If 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here: ⓘ	<input type="checkbox"/> No documents uploaded
FTE Reduction Safe Harbor 2: This box will automatically check if you satisfy FTE Reduction Safe Harbor 2 in the FTE Reduction section below: ⓘ	<input checked="" type="checkbox"/> Go to FTE Reductions
Line 11. Average FTE during the chosen reference period: ⓘ	
Line 12. Total Average FTE (add lines 2 and 5): ⓘ	
Line 13. FTE Reduction Quotient (Line 12 divided by Line 11) or 1.0 if any of the above criteria are met: ⓘ	1.0000
SAVE UPLOAD DOCUMENTS	

1. Line 10 will automatically add from values in Lines 1, 4, 6, 7, 8, and 9.
2. If you completed the Option 1 — Excel PPP Schedule A, the FTE Reduction Calculation will automatically be populated once you've uploaded the Excel worksheet into the application.
3. If you selected Option 2 — providing your own PPP Schedule A calculation:
 - a. You will need to select the relevant FTE Safe Harbors based on your PPP Schedule A Calculation,
OR
 - b. Input Line 11 and Line 12 base on your PPP Schedule A Calculation.
4. Click **SAVE**.

Uploading Supporting Documents to PPP Schedule A

FTE Reduction Safe Harbor 2: This box will automatically check if you satisfy FTE Reduction Safe Harbor 2 in the FTE Reduction section below: [Go to FTE Reductions](#)

Line 11. Average FTE during the chosen reference period:

Line 12. Total Average FTE (add lines 2 and 5):

Line 13. FTE Reduction Quotient (Line 12 divided by Line 11) or 1.0 if any of the above criteria are met:

Please Note: Organize your supporting documents into individual electronic files (PDF, excel, etc.) for each payroll report, payroll expenses, nonpayroll expense, or other document you are uploading. Name the files according to line item it is associated with in PPP forgiveness application with a brief descriptor and the date of the document. Documenting the file names clearly will speed up the review process.

A couple of examples: If you are uploading a PDF of your payroll report ending on 5/31/2020, naming the file “Line 1 – Payroll Report – 5.31.2020.pdf” clearly notes what PPP expense this supporting document is attached to. If you are uploading a PDF of your June 2020 rent expenses, name the file “Line 3 – Rent Invoice – 6.1.2020.pdf.”

1. At the bottom of the PPP Schedule A section of the application, click the “**UPLOAD DOCUMENTS**” button. This will open the below pop-up in your browser.

UPLOAD DOCUMENT ✕

Drop file here or click to upload.

Maximum File Upload Size: 24 MB (SBA Forgiveness File Size Limit)

Allowed File Types: .pdf, .xls, .xlsx, .csv, .doc, .docx, .jpg, .jpeg, .png

Select Related Fields

- ☒ Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1
- ☐ Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1
- ☐ Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1
- ☐ Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2
- ☐ Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2
- ☐ Line 6. Total amount paid by Borrower for employer contributions for employee health insurance
- ☐ Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans

2. Select the Related Field for the supporting document you are uploading.
 - a. For example — if you are uploading payroll documentation to support the Cash Compensation calculated in PPP Schedule A, you will check the box (in the above screenshot).
3. To upload your file: either drag the file into the dashed box — or — click within the dashed box to select the file on your computer.
4. Scroll to the bottom of the dialog box until you see “**UPLOAD**” and “**CLOSE**” buttons.

Select Related Fields

- ☒ Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1
- ☐ Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1
- ☐ Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1
- ☐ Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2
- ☐ Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2
- ☐ Line 6. Total amount paid by Borrower for employer contributions for employee health insurance
- ☐ Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans
- ☐ Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation
- ☐ If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period
- ☐ FTE Reduction Safe Harbor 1

UPLOAD **CLOSE**

5. Click the “**UPLOAD**” button to complete your file upload.
6. To confirm you’ve successfully uploaded your support document, click on the “x document loaded” to launch a pop-up window to show all documents uploaded associated with this line in PPP Schedule A.

PPP SCHEDULE A WORKSHEET, TABLE 1 TOTALS

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: ①	\$ 11,520.00	3 documents uploaded
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: ①	1.0	3 documents uploaded

7. Repeat these upload steps as necessary to upload all required supporting documents to your Loan Forgiveness Application.

RELATED DOCUMENTS

- Tuxedo Tavern MKD2 Worksheet.x...
- Tuxedo Tavern MKD2_Tuxedo Tave...
- Payroll Support Docs.docx
- payroll_docs.docx

CLOSE

Step 8 — FTE Reductions

If you completed Option 1 — Excel PPP Schedule A:

- 1 FTE Reductions section will automatically populate after uploading the Excel workbook.
- 2 Excel workbook will automatically be uploaded as supporting document.
- 3 Click **SAVE**

If you completed Option 2 — Providing Your Own PPP Schedule A calculation:

- 1 Manually complete each of the above fields based on your PPP Schedule A calculation.
- 2 Upload supporting documentation for your PPP Schedule A Calculation.
- 3 Click **SAVE**.

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.

[Required Documents ⓘ](#)

FTE REFERENCE PERIOD

For purposes of calculating line 11 of PPP Schedule A, the reference period is, at the Borrower's election: ⓘ

February 15, 2019 to June 30, ▼ 3 documents uploaded

Average FTE During the Chosen Reference Period: ⓘ

1.0 3 documents uploaded

FTE REDUCTION SAFE HARBOR 2

Step 1. The borrower's total average FTE between February 15, 2020 and April 26, 2020: ⓘ

0.9 3 documents uploaded

Step 2. The borrower's total FTE in the borrower's pay period inclusive of February 15, 2020: ⓘ

1.0 3 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. ⓘ

Proceed to Step 4

Step 4. The borrower's total FTE as the earlier of December 31, 2020 and the date this application is submitted: ⓘ

1.0 3 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 Satisfied

SAVE

UPLOAD DOCUMENTS

Step 9 — Nonpayroll Costs

- 1 Eligible nonpayroll cost are entered into the application one payment at a time.

NONPAYROLL COSTS

An eligible nonpayroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.

Nonpayroll costs eligible for forgiveness consist of:

- (a) covered mortgage obligations: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
- (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments"); and
- (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 ("business utility payments").

[Required Documents ⓘ](#)

Date ⓘ	Category ⓘ	Amount ⓘ	Description ⓘ	Supporting Documents
<input type="text" value="05/01/2020"/>	<input type="text" value="Utility Payments"/>	<input type="text" value="\$ 5,500.00"/>	<input type="text"/>	No Document Uploaded

[+ Add another expense](#)

SAVE **UPLOAD DOCUMENTS**

- 2 For each nonpayroll expense item:
 - a. Enter date paid
 - b. Category: Mortgage Interest, Rent, or Utility payments
 - c. Amount: make sure this corresponds with supporting documentation
 - d. Description: any additional detail explaining the expense
 - e. Click **"UPLOAD DOCUMENTS"** button and upload supporting documentation
 - f. Click **SAVE**
- 3 Click **"ADD ANOTHER EXPENSE"** to add your next nonpayroll expense.
- 4 Repeat Steps 2 and 3 until all eligible nonpayroll expenses are included.

Nonpayroll Costs — Additional Notes

February 2020 Support Documents

The SBA's instructions require you to provide supporting documentation that your nonpayroll costs were in place before February 15, 2020. Please make sure to upload the supporting documents for nonpayroll cost as of February 2020 for applicable Utility Payments, Business Mortgage Interest Payments, and Rent/Lease Payments.

Rent or Lease Payments to a Related Party

The SBA issued new guidance on 8/24/2020 for Rent/Lease payments to a Related Party. The SBA's guidance allows rent or lease payments to a Related Party to be an eligible nonpayroll cost, but only if:

1. The amount of loan forgiveness requested for rent or lease payments to a Related Party is no more than the amount of mortgage interest owed on the property during the Covered Period that is attributable to the space being rented by the business
2. The lease and the mortgage were entered into prior to February 15, 2020

The SBA defines Related Party for this purpose as any ownership in common between the business and the property owner. If your rent or lease payments are to a Related Party, you must provide supporting documentation for the Mortgage Interest Payments.

SBA's policy guidance published on 8/24/2020 can be found here:

➔ [SBA Guidance on Certain Nonpayroll Costs](#)

Nonpayroll Costs Attributable to Tenant, Subtenant, or in the Context of Home-Based Businesses.

The SBA issued new guidance on 8/24/2020 stating that nonpayroll costs attributable to the business operation of a tenant or subtenant of the PPP Borrower or, in the context of home-based businesses, such as household expenses, are **not eligible as nonpayroll costs**. Any portion of nonpayroll costs paid by tenant or subtenant needs to be excluded from submitted nonpayroll costs.

The SBA's guidance provides four examples of how to account for nonpayroll costs. If this section is applicable to you, it is recommended you review SBA's guidance directly:

➔ [SBA Guidance on Certain Nonpayroll Costs](#)

Step 10 — Calculate Forgiveness

All items in the Calculate Forgiveness section are populated from either PPP Schedule A or Nonpayroll Costs, or auto-populated from calculations. Each calculation is explained within parenthesis.

Line 11 is the calculated Forgiveness Amount.

CALCULATE FORGIVENESS	
This calculator provides you an estimate of the forgiveness amount you may be eligible for, based on the data you have provided above.	
PAYROLL AND NONPAYROLL COSTS	
Line 1. Payroll Costs (Schedule A, Line 10): ⓘ	\$ 34,770.00
Line 2. Business Mortgage Interest Payments: ⓘ	\$ 0.00
Line 3. Business Rent or Lease Payments: ⓘ	\$ 0.00
Line 4. Business Utility Payments: ⓘ	\$ 5,500.00
ADJUSTMENTS FOR FULL-TIME EQUIVALENCY (FTE) AND SALARY/HOURLY WAGE REDUCTIONS	
Line 5. Total Salary/Hourly Wage Reduction (Schedule A, line 3): ⓘ	\$ 0.00
Line 6. Sum of lines 1, 2, 3, and 4, minus line 5: ⓘ	\$ 40,270.00
Line 7. FTE Reduction Quotient (Schedule A, line 13): ⓘ	1.0000
POTENTIAL FORGIVENESS AMOUNTS	
Line 8. Modified Total (Line 6 multiplied by Line 7): ⓘ	\$ 40,270.00
Line 9. PPP Loan Amount	\$ 40,500.00
Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): ⓘ	\$ 57,950.00
FORGIVENESS AMOUNT	
Line 11. Forgiveness Amount (smallest of lines 8,9,10): ⓘ	\$ 40,270.00

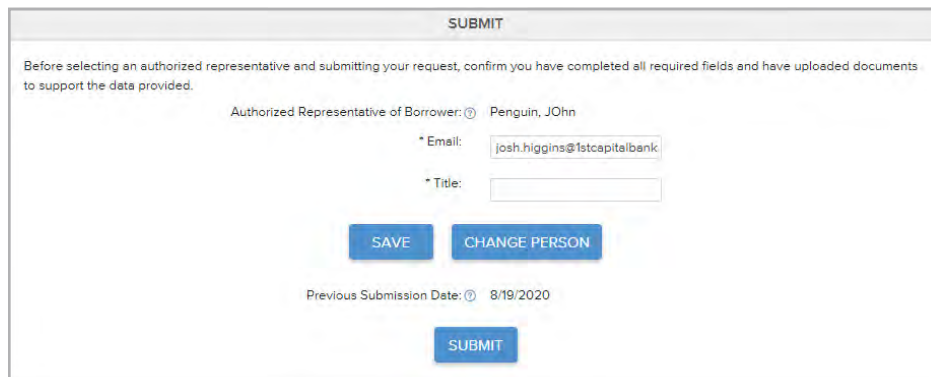
Step 11 — Review Your Application before Submitting

- 1 Please take the time to review your Forgiveness Application thoroughly:
 - a. All data is input correctly.
 - b. All required supporting documents are uploaded.
 - c. All the required fields are completed; if you are missing any required field, you will be unable to submit your application.
- 2 If the Forgiveness amount in Line 8 is less than your PPP Loan amount, the difference **will not be forgiven**.
 - a. In the above example, the PPP Loan amount is \$40,500 and the Forgiveness amount is \$40,270, for a difference of \$260.

Step 12 — Submit Application to 1st Capital Bank

The next step is to submit your Loan Forgiveness Application to 1st Capital Bank for review. The Bank's review may take up to 60 days.

- 1 Select an Authorized Representative of Borrower.
 - a. Click “**CHANGE PERSON**” to select a different person or create a new person as Authorized Representative.
- 2 Verify or input the email of the Authorized Representative of Borrower.
- 3 Click “**SUBMIT**” button.



The screenshot shows a web form titled "SUBMIT" with a warning message: "Before selecting an authorized representative and submitting your request, confirm you have completed all required fields and have uploaded documents to support the data provided." Below this, there is a section for "Authorized Representative of Borrower" with a dropdown menu showing "Penguin, JOhn". There are two required fields: "* Email:" with the value "josh.higgins@1stcapitalbank" and "* Title:" which is empty. Below these fields are two buttons: "SAVE" and "CHANGE PERSON". At the bottom, there is a "Previous Submission Date:" field showing "8/19/2020" and a "SUBMIT" button.

- 4 If prompted, review and complete any missing required fields.

Step 13 — Signing Your Application

Once you have completed and submitted your application, 1st Capital Bank will review your application.

- 1 After the Bank has completed its review, you will receive an email from Adobe Sign asking you to digitally sign your application.
- 2 Please click the “**REVIEW AND SIGN**” button in your email from Adobe Sign to sign your application.

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:
The Authorized Representative of the Borrower certifies to all of the below by initialing next to each one.

[Initials] The dollar amount for which forgiveness is requested:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes payroll costs equal to at least 60% of the forgiveness amount;
- if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$20,833 per individual; and
- if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$13,383 per individual.

[Initials] I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

[Initials] The Borrower did not reduce salaries or hourly wages by more than 25 percent for any employee during the Covered Period or Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020. For purposes of this certification, the term "employee" includes 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.

[Initials] The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

[Initials] I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.

[Initials] The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

[Initials] The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to

- 3 Adobe Sign will provide you a PDF of your completed application. Follow Adobe Sign's instructions to initial the certifications and sign the PPP Forgiveness Application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

[Signature]

Signature of Authorized Representative of Borrower

John Penguin
Print Name
SBA Form 3508EZ (06/20)
Page 2

Sep 8, 2020

Date

CEO
Title

- 4 Once you have signed all required parts of the application, click “**CLICK TO SIGN.**”

I agree to the [Terms of Use](#) and [Consumer Disclosure](#) of this document

[Click to Sign](#)

Support Questions

A PPP team member will be assigned to your PPP Forgiveness Application. The email invitation to begin the PPP Forgiveness Application will be from the team member assigned to your loan. If you need assistance, please email your PPP team member with a detailed message of your issue in completing your application.

PPP Schedule A — Excel Workbook Instructions

Overview of Schedule A

Reductions in full-time equivalent (FTE) employees and reductions in salaries or hourly wages paid during the Covered Period (or Alternative Payroll Covered Period) will reduce the loan amount eligible for forgiveness. The PPP Schedule A calculates your FTEs and salary/hourly wage reductions with payroll data input by you across several periods.

Video Walkthrough

1st Capital Bank's PPP Forgiveness website provides several application guide videos to completing the PPP Schedule A Excel Workbook. Find the videos under "Calculation Spreadsheet Videos" on our website. Website is available here:

➔ [1st Capital Bank's PPP Forgiveness Website](#)

Step 1 — Download Blank Excel Worksheet

The screenshot shows a web form titled "SCHEDULE A". It contains instructions about entering FTE and payroll data. Below the instructions are two buttons: "DOWNLOAD BLANK WORKSHEET" and "UPLOAD COMPLETED WORKSHEET". Under the "DOWNLOAD BLANK WORKSHEET" button, there is a section titled "PPP SCHEDULE A WORKSHEET, TABLE 1 TOTALS". This section contains two lines of input fields. Line 1 is for "Cash Compensation" with a value of "11,520.00" and a note "3 documents uploaded". Line 2 is for "Average FTE" with a value of "1.0" and a note "3 documents uploaded".

- 1 Click "DOWNLOAD BLANK WORKSHEET" button to download.
- 2 The file may take a second or two before it starts downloading. Click once and wait at least 10 seconds before clicking again to prevent multiple files from downloading.
- 3 Open Excel file from selected download location.

Step 2 — Review Reference Period

INSTRUCTIONS: Please review the reference periods below, and if applicable, enter a starting date in the yellow field for the seasonal reference period. If any of the fields below are blank, please go back into the online Forgiveness Application and complete the Covered Period information and download this workbook.

****Please hover over the field labels for additional information.**

	Start Date	End Date
Covered Period or Alternative Payroll Covered Period:	5/11/2020	10/25/2020
Do you intend on submitting this application before the end of your Covered or Alternative Payroll Covered Period?		
Are you a seasonal employer?	No	

For purposes of this calculation, the reference period is, at the Borrower's election, either (i) February 15, 2019 to June 30, 2019; (ii) January 1, 2020 to February 29, 2020; or (iii) in the case of seasonal employers, either of the preceding periods or a consecutive twelve-week period between May 1, 2019 and September 15, 2019.

- 1 Go to worksheet tab titled “STEP 1. Review Reference Period”
- 2 Review the instructions listed in red
- 3 Answer question: “Do you intend on submitting this application before the end of your Covered or Alternative Payroll Covered Period?”
 - a. If you answer yes: A second question “When do you intend on submitting this application? (required)” will be required.

Hint — Hover over cells for more info

INSTRUCTIONS: Please review the reference periods below, and if applicable, enter a starting date in the yellow field for the seasonal reference period. If any of the fields below are blank, please go back into the online Forgiveness Application and complete the Covered Period information and download this workbook.

****Please hover over the field labels for additional information.**

	Start Date	End Date
Covered Period or Alternative Payroll Covered Period:		
Do you intend on submitting this application before the end of your Covered or Alternative Payroll Covered Period?		
Are you a seasonal employer?		

Covered Period:
Eight-week (56-day) Covered Period of your PPP loan. The first day of the Covered Period is the date of the first PPP loan disbursement. For example, if the Borrower received its PPP loan on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, June 14.

Alternative Covered Period:
For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to use the Alternative Covered Period. The Alternative Covered Period begins on the first day of the first pay period following the PPP loan disbursement date. For example, if the Borrower received its PPP loan disbursement on Monday, April 20, and the first day of the first pay period following the PPP loan disbursement is Sunday, April 26, the first day of the Alternative Covered Period is April 26 and the last day of the Alternative Covered Period is Sunday, June 14. Borrowers who elect to use the Alternative Covered Period must apply the Alternative Covered Period whenever there is a reference in the application to “the Covered Period” or “the Payroll Covered Period.” However, Borrowers must apply the Covered Period (not the Alternative Covered Period) whenever there is a reference in the application to “the Covered Period” or “the Payroll Covered Period.”

For any cell in the worksheet that has a red triangle in the upper right-hand corner, you can access additional information by hovering over the cell with your cursor.

Step 3 — Input Payroll

- 1 Go to worksheet tab “STEP 2. INPUT PAYROLL.”

[illegible]

- 2** Review worksheet instructions in red at the top of the sheet.

Overview of STEP 2. Input Payroll

The Schedule A worksheet is designed to capture multiple reference periods to calculate your Full-Time Equivalency (FTE) and Salary/Hourly Wage Reduction. By providing payroll data over multiple periods, **you will maximize your forgiveness** because the Schedule A Workbook will calculate against all the various parameters in the SBA's Forgiveness Calculation.

Required Payroll Data

Payroll data is captured at the employee level. To complete the Payroll Data for Schedule A you will need overlapping payroll reports from the following dates:

- Covered Period (24 weeks or 8 weeks after the date of your loan)
- 2/15/2019 to 6/30/2019
- 1/1/2020 to 2/29/2020
- 2/15/2020 to 4/26/2020
- 1/1/2020 to 3/31/2020
- Pay period that includes 2/15/2020
- The pay period that includes the date of submission of Forgiveness Application, or if submitting after 12/31/2020, then as of 12/31/2020

Input Payroll Data into PPP Schedule A Worksheet

It is recommended to read the entire instructions for completing the payroll data first before starting to input the required data into the spreadsheet.

INSTRUCTIONS: Hover over the column labels for additional instructions and guidance. Please start entering in your employees in row 6. All columns / fields must be completed in order to generate accurate calculations.							Compensation in Covered Period
Only List Employees (1) whose principal place of residence is in the United States (2) were employed by the Borrower at any point 5/11/2020 to 10/25/2020 (3) and include all employees that were employed by the Borrower at any point during all of the following reference periods: 2/15/2019 to 6/30/2019, 1/1/2020 to 2/29/2020. Providing employee information for more than one reference period gives you the best chance for maximum forgiveness as we'll use the period with the lowest FTE for comparison.							5/11/2020 to 10/25/2020
Employee First Name	Employee Last Name	Employee Identifier (Last 4 digits of their Social Security Number) <small>Hover For Tips</small>	Select "yes" for any FTE Reduction Exceptions: <small>Hover For Tips</small>	Was this Employee employed by the Borrower at any point in 2019? (Yes/No)	Did this Employee receive compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019? (Yes/No)	Is this employee paid an annual salary? (Yes/No) <small>Hover For Tips</small>	Total hours paid from 5/11/2020 to 10/25/2020

- 1 Input all employees employed at any point during your covered period. (In the example above the covered period is 5/11/2020 to 10/25/2020.) The worksheet will automatically update your covered period based on what is input into "STEP 1. Review Reference Period" tab. Input the following items per employee:

- a. Column B — Employee First Name
- b. Column C — Employee Last Name
- c. Column D — Last four digits of Social Security Number
- d. Column E — Yes or No if Employee has FTE Reduction Exceptions
- e. Column F — Yes or No if employee was employed during 2019
- f. Column G — Yes or No if employee earned more than \$100,000 on annualized rate during 2019
- g. Column H — Yes or No if employee is on an annual salary

Compensation in Covered or Alternative Payroll Covered Period	
5/11/2020 to 10/25/2020	
Total hours paid from 5/11/2020 to 10/25/2020	Total cash compensation from 5/11/2020 to 10/25/2020

- 2 Input employee compensation during Covered Period.

- a. Column I — Input total hours paid from by employee for Covered Period

In the example above, the covered period is 24-week period from 5/10/2020 to 10/25/2020. An employee working 40 hours per week during the 24-week period would have 960 hours worked (40 hours per week x 24 weeks).

b. Column J — Input total cash compensation for Covered Period

K	L
For Salary / Hourly Wage Reduction Calculation	
1/1/2020 to 3/31/2020	
Total hours worked from 1/1/2020 to 3/31/2020 <small>Hover For Tips</small>	Total cash compensation from 1/1/2020 to 3/31/2020 <small>Hover For Tips</small>

3 Input employee compensation for Salary/Hourly Wage Reduction portion of the Forgiveness Calculation.

a. Column K — Input total hours paid by employee from 1/1/2020 to 3/31/2020

b. Column L — Input total cash compensation by employee from 1/1/2020 to 3/31/2020

M	N	O
Step 2a of Reduction Safe Harbor	Step 2b of Reduction Safe Harbor and Step 1 of FTE Reduction Safe Harbor	Step 2b of Reduction Safe Harbor
2/15/2020 to 4/26/2020		
Annual salary or hourly wage as of 2/15/2020	Total hours paid from 2/15/2020 to 4/26/2020. <small>Hover For Tips</small>	Total cash compensation from 2/15/2020 to 4/26/2020 <small>Hover For Tips</small>

4 Input employee compensation for Reduction Safe Harbor portion of PPP Forgiveness calculation.

a. Column M — Enter employee's annual salary or hourly wage as of 2/15/2020, i.e., annual salary of \$75,000 or hourly wage of \$20

b. Column N — Input total hours paid by employee between 2/15/2020 to 4/26/2020

c. Column O — Input total cash compensation by employee between 2/15/2020 to 4/26/2020

P
Step 2c of Reduction Safe Harbor
Average annual salary or hourly wage as of the earlier of 12/31/2020 and the date this application is submitted

5 Input data for Step 2c of Reduction Safe Harbor.

- a. Column P — Input employee salary or hourly wage as of application submission date — or — as of 12/31/2020 if application is submitted after 12/31/2020

Q	R	S
For Line 11 of Schedule A: FTEs for selected reference period		
2/15/2019 to 6/30/2019	1/1/2020 to 2/29/2020	
Total hours paid from 2/15/2019 to 6/30/2019 <small>Hover For Tips</small>	Total hours paid from 1/1/2020 to 2/29/2020 <small>Hover For Tips</small>	

6 Input employee data for FTE reference periods.

- a. Column Q — Input total hours paid by employee between 2/15/2019 to 6/30/2019
- b. Column R — Input total hours paid by employee between 1/1/2020 to 2/29/2020.

T	U	V	W
For FTE Reduction Safe Harbor			
Number of hours paid in the Borrower's pay period inclusive of 2/15/2020 <small>Hover For Tips</small>	Number of calendar days in the Borrower's pay period inclusive of 2/15/2020 <small>Hover For Tips</small>	Number of hours paid in the Borrower's pay period inclusive of the earlier of December 31, 2020 and the date this application is submitted <small>Hover For Tips</small>	Number of calendar days in the Borrower's pay period inclusive of the earlier of December 31, 2020 and the date this application is submitted <small>Hover For Tips</small>

7 Input employee data for FTE Reduction Safe Harbor.

- a. Column T — Input total hours paid for the payroll period that includes 2/15/2020. For example, using a biweekly payroll: 2/15/2020 was a Saturday. If your payroll paydays were on Friday 2/7/2020 and Friday 2/21/2020, you would enter payroll data as of 2/21/2020, which includes 2/15/2020. A FTE of 1.0 works 80 hours or more during a two-week pay period.
- b. Column U — Input the number of calendar days in your payroll period that includes 2/15/2020. For example, if your payroll is biweekly, this would be 14 days.
- c. Column V — Input total hours paid for the payroll period that includes either your application submission date — or — pay period that includes 12/31/2020 if you are submitting your application after 12/31/2020. See above example in 7.a. for further detail.
- d. Column W — Input the number of calendar days for the payroll period that includes either your application submission date — or — payroll period that includes 12/31/2020 if you are submitting your application after 12/31/2020. See above example in 7.b. for further detail.

- 8 For any employees who were **not on your payroll during your Covered Period**, but were on your payroll during any of the below date ranges, you will need to repeat the above Steps 1 – 7 for these employees, as applicable.

Date Ranges:

- a. 1/1/2020 to 3/31/2020
- b. 2/15/2020 to 4/26/2020
- c. 2/15/2019 to 6/30/2019
- d. 1/1/2020 to 2/29/2020

- 9 After completing Steps 1 – 8, it is recommended you carefully review the data for accuracy. Your Loan Forgiveness Calculation is driven by the payroll data you completed and any errors may lead to incorrect calculation of your Loan Forgiveness.

Average FTE and FTE Calculation Methods

A key part of the Forgiveness Calculation is calculating each employee's Average FTE based on hours worked during the Covered Period. An employee working an average 40 hours per week during the Covered Period would be 1.0 FTE. An employee working an average of 30 hour per week during the be 0.80 FTE (30 hours per week / 40 hours per week = 0.75 ~rounded to nearest tenth = 0.8). The maximum FTE is 1.0 for an employee. If an employee averages more than 40 hours per week, that employee is capped at 1.0.

The SBA's Forgiveness Calculation also allows a simplified method of calculation FTE by employee. Under the simplified method, employees with average of 40 hour per week or more are a 1.0 FTE. All employees with less than 40 hours per week are assigned a 0.5 FTE.

The Schedule A Workbook will calculate both the “simplified” and “regular” method and automatically selects the method that maximizes your Forgiveness amount. In general, the FTE calculation measures your Average FTEs during your covered period against reference periods (pre-COVID date ranges) to see if you have reduced your Average FTE during your Covered Period.

There are several “safe harbors” for the FTE that if met exempt the FTE reduction from reducing you potential Loan Forgiveness. Further discussion on these FTE Safe Harbors is below under “Step 6 — FTE Reduction Safe Harbor” heading. By inputting all the requested data into “Step 2 — Input Payroll,” your Forgiveness will be calculated against every available option to increase your potential Forgiveness amount.

Salary/Wage Reduction Calculation

Another key part of the Forgiveness Calculation is calculating Salary/Hourly Wage Reduction by employee. The Salary/Wage Reduction measures if an employee's Salary/Hourly Wage was reduced by 25 percent or more during Covered Period compared to their Salary/Hourly Wage from 1/1/2020 to 3/31/2020. The Salary/Wage Reduction only applies to employees making less than \$100,000 on an annualized basis.

There are several “safe harbors” for the Salary/Wage Reduction that if met exempt the reduction from reducing your potential Loan Forgiveness. By inputting all the requested data into “Step 2 — Input Payroll,” your Forgiveness will be calculated against every available option to increase your potential Forgiveness amount.

Step 4 — Review Schedule A Worksheet Table 1

REVIEW: Schedule A Worksheet, Table 1				
Employees who were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period, whose principal place of residence is in the United States; and received compensation from the Borrower at an annualized rate of <u>less than or equal to \$100,000</u> for all pay periods in 2019, or were not employed by the Borrower at any point in 2019.				
Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
				-
				-

Schedule A Worksheet — Table 1 takes employee data that was entered in “STEP 2. INPUT PAYROLL” worksheet tab for employees earning less than \$100,000 and shows the output of the Average FTE calculation and Salary/Hourly Wage Reduction calculation.

- 1 Go to worksheet tab “SCHEDULE A WORKSHEET TABLE 1.”
- 2 This worksheet tab is for review only with data populated from “STEP 2. INPUT PAYROLL” worksheet.
- 3 Review the Table 1 by employee (Columns B:F in Excel worksheet)
 - a. Cash Compensation during your Covered Period
 - b. Average FTE during covered period
 - c. Salary/Hourly Wage Reduction (if applicable)
- 4 If any of the employee amounts above do not look correct, go back to “STEP 2. INPUT PAYROLL” and confirm you’ve input the correct amount for the employee in question.

Employees & positions that qualify for FTE Reduction Exceptions are itemized in Table 1 with a zero "Average FTE" and "Salary / Hourly Wage Reduction." Also, employees' & positions' average FTE from the chosen reference period is add to the total FTE Reduction Exceptions.

FTE Calculation Method:		Regular
Totals:		
Box 1	Total Cash Compensation	\$ -
	Average FTE (Compiled)	-
	FTE Reduction Exceptions (Total)	-
Box 2	Total Average FTE	-
Box 3	Total Salary / Hourly Wage Reduction	\$ -

- 5 Review Table 1 totals for employees earning less than \$100,000 annually (Columns H:J in Excel worksheet).
 - a. Box 1 — Total Cash Compensation: The sum total of each employee in Table 1’s cash compensation during the Covered Period
 - b. Box 2 — Total Average FTE: This is the total of the following:
 - i. Average FTE (Compiled): The sum total of each employee in Table 1’s Average FTE
 - ii. FTE Reduction Exceptions: The sum total of all employees with FTE Reduction Exemptions
 - c. Box 3 — Total Salary/Hourly Wage Reduction: The sum total of each employee in Table 1’s Salary/Hourly Wage Reduction

Step 5 — Review Schedule A Worksheet Table 2

REVIEW: Schedule A Worksheet, Table 2			
Employees who were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period, whose principal place of residence is in the United States; and received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.			
Employee's Name	Employee Identifier	Cash Compensation	Average FTE
			-
			-

Schedule A Worksheet — Table 2 takes employee data that was entered in “**STEP 2. INPUT PAYROLL**” worksheet tab for employees earning \$100,000 or more and shows the output of the Average FTE calculation and Cash Compensation. There is no Salary/Hourly Wage reduction calculation for employees earning \$100,000 or more.

In this table, Cash Compensation will be capped at maximum of \$100,000 annualized for your selected covered period.

Example:

- If you’re covered period is 24 weeks, the maximum an employee’s compensation in Table 2 is \$46,154.
- Calculation: $\$100,000 / 52 \text{ weeks} = 1,923.07 \text{ per week}$. $\$1,923.07 \times 24\text{-weeks} = \$46,154$.

- 1 Go to worksheet tab “**SCHEDULE A WORKSHEET TABLE 2.**”
- 2 This worksheet tab is for review only with data populated from “**STEP 2. INPUT PAYROLL**” worksheet.
- 3 Review the Table 2 by employee (Columns B:E in Excel worksheet)
 - a. Cash Compensation during your Covered Period (capped at \$100,000 annualized)
 - b. Average FTE during covered period

- 4 If any of the employee amounts above do not look correct, go back to “**STEP 2. INPUT PAYROLL**” and confirm you’ve input the correct amount for the employee in question.

FTE Calculation Method:		Regular
Totals:		
Box 4	Total Cash Compensation (Box 4)	\$ -
Box 5	Total Average FTE (Box 5)	0.0

- 5 Review Table 1 totals for employees earning \$100,000 or more annually (Columns G:I in Excel worksheet).
 - a. Box 4 — Total Cash Compensation: The sum total of each employee in Table 2’s cash compensation during the Covered Period
 - b. Box 4 — Total Average FTE: The sum total of each employee in Table 2’s Average FTE

Step 6 — FTE Reduction Safe Harbor

The Forgiveness Calculation includes several “safe harbors” to its FTE calculation. If any of these safe harbors are met, there is no reduction in Forgiveness Calculation due to FTE. The employee data input into “Step 2. Input Payroll” worksheet will be calculated to determine if you meet any of the FTE Reduction Safe Harbors.

- 1 Go to “FTE Reduction Safe Harbor” worksheet.
- 2 This worksheet tab is for review only with data populated from “Step 2. Input Payroll” worksheet.
- 3 Item 1 is the total average FTE between 2/14/2020 and 4/26/2020.
 - a. This calculation is derived from data input into “Step 2. Input Payroll” worksheet in Columns M:O
- 4 Item 2 is the total FTE for the pay period that includes 2/15/2020.
 - a. This calculation is taken from data input into “Step 2. Input Payroll” worksheet in Columns T:U
- 5 Item 4 is the total FTE at time of application or as of 12/31/2020 if application is submitted after 12/31/2020.
 - a. This calculation is taken from data input into “Step 2. Input Payroll” worksheet in Columns V:W
- 6 Item 5 is final step in determining your FTE Safe Harbor.
 - a. If the FTE Reduction Safe Harbor is satisfied, there is no reduction to your Loan Forgiveness due to the FTE Calculation.

Step 7 — PPP Schedule A

REVIEW: SBA Form 3508 PPP Schedule A		
Schedule A Worksheet, Table 1 Totals: Employees that receive compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019		
Line 1	Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	\$ -
Line 2	Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	-
Line 3	Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:	\$ -
Schedule A Worksheet, Table 2 Totals: Employees who received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019		
Line 4	Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	\$ -
Line 5	Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	-
NOTE *Lines 6-10 will be entered directly in your online Forgiveness Request Application		
Full-Time Equivalency (FTE) Reduction Calculation		
Line 11	Average FTE during the Borrower's chosen reference period (2/15/2019 to 6/30/2019):	-
Line 12	Total Average FTE (add lines 2 and 5):	-
Line 13	FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	-
Method used for calculating FTE (Regular or Simplified):		Regular

This is the final step in the PPP Schedule Workbook calculation. The amounts in this table will be applied in the PPP Forgiveness application to determine Salary/Hourly Wage Reduction and FTE Reduction Quotient.

For Lines 1-3, these amounts are taken from PPP Schedule A Worksheet, Table 1 for employees earning less than \$100,000 annually.

For Lines 4-5, these amounts are taken from PPP Schedule A Worksheet, Table 2 for employees earning \$100,000 or more annually.

For non-seasonal employers:

- Line 11 is Average FTE for one of two reference periods: 1) 2/15/2019 to 6/30/2019 or 2) 1/1/2020 to 2/29/2020.
- Reference period 2/15/2019 to 6/30/2019 is taken from data input into “**STEP 2. INPUT PAYROLL**” worksheet in Column Q.
- Reference period 2/15/2019 to 6/30/2019 is taken from data input into “**STEP 2. INPUT PAYROLL**” worksheet in Column R.
- The Excel workbook will automatically select which of the two reference periods is most beneficial to your Forgiveness Calculation.

For seasonal employers:

- On “STEP 1. Review Reference Period” worksheet you selected “yes” to seasonal employer and would select which consecutive 12-week period between 5/1/2019 and 9/15/2019 that you had the fewest number of employees.
- The Seasonal Employer reference period is taken from data input into “**STEP 2. INPUT PAYROLL**” worksheet in Column T.

Line 12 is the combined number of FTEs during covered period for all employees.

Line 13 divides Line 12 by Line 11 to calculate the FTE Reduction Quotient. If you met the FTE Reduction Safe Harbor in the prior step, it will automatically enter 1.0.



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