



PPP FORGIVENESS FREQUENTLY ASKED QUESTIONS as of 8/24/20

1. Is Loan Forgiveness automatic?

No. You must request and apply for forgiveness through our on-line portal and qualify.

2. Do I need to have received my PPP loan from Bankwell to apply for forgiveness from Bankwell?

Yes. Only the lender who funded your PPP loan can process your forgiveness application.

3. When must I send in an application?

There is no immediate need to apply for PPP loan forgiveness. You may want to wait to submit pending additional changes that may be made in Congress that currently propose making forgiveness for loans of \$150,000 or less to be based on a one page attestation by the Borrower.

4. How many times can I submit for forgiveness?

A business entity can only apply once so please be sure to take the time to understand the forgiveness application, including possibly consulting with relevant advisors, such as your attorney, accountant, and financial advisor. As mentioned above, you may want to wait pending ongoing Congressional discussions about additional simplifications to the forgiveness process.

5. Can I send in a hard (paper) copy application?

No. You can only apply for forgiveness via our on-line portal. Please do not attempt to submit a PPP forgiveness application downloaded from the SBA or other site.

6. Am I eligible to utilize the EZ form of forgiveness application?

Check the guidelines that are available on our portal. Sole proprietors, independent contractors, and self-employed individuals 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 automatically qualify to use the PPP Loan Forgiveness Application Form 3508EZ.

7. Should I use the EZ Form if eligible?

You can use either form; however, the EZ Form is easier to fill out and easier for the Bank to review. The SBA recommends the use of the EZ form if you are eligible to use it.

8. If I use an Alternative Payroll Covered Period does it also apply to non-payroll costs?

No. All non-payroll costs are based upon a Covered Period starting with the date of the loan funding.

9. To obtain 100% forgiveness what is the minimum amount of loan proceeds that must be used for covered payroll costs?

60%. No more than 40% of your loan proceeds may be used for covered non-payroll costs.

10. How could forgiveness be reduced?

The amount of forgiveness can be reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees (who make <\$100,000).

11. If I choose the 24 week Covered Period, do I need to wait a full 24 weeks to apply for forgiveness?

No. You may apply as soon as your loan proceeds are fully utilized.

12. Will forgiveness be granted without supporting documentation?

No. Please see following questions for more information.

13. What documents are needed to substantiate Payroll Expenses?

- a) Bank account statements or third-party payroll service provider reports documenting cash compensation paid to employees
- b) Tax forms or equivalent third-party payroll service provider reports for: payroll tax filings and state quarterly wage reporting and unemployment insurance tax filings
- c) Payment receipts, cancelled checks, or account statements documenting employee health insurance and retirement plan contributions



- d) FTE Documentation: any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule; documentation showing average number of FTE employees

14. What documents are needed to substantiate Non-Payroll Expenses?

- a) For Business mortgage interest payments – amortization schedule and cancelled checks or bank statements from February 2020 and the Covered Period
- b) For Business rent and lease payments – copy of current lease and receipts or cancelled checks or bank statements from February 2020 and the Covered Period
- c) For Business utility payments – copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks or account statements

Please note that the February 2020 information is requested as proof that the loan/lease/utility was in place in February as required.

15. Should an owner-employee be listed as an employee?

No. There is a separate line for owner compensation.

16. What is transportation utility cost?

Transportation utility cost are transportation utility fees assessed by state and local governments. Only a few states in the country charge such fees.

17. Is interest on non-mortgage debt a forgivable expense, such as term debt, line of credit or credit card debt?

No. The only interest payments that can be forgiven are on a business mortgage obligation on real or personal property that was already in place before February 15, 2020.

18. Can I prepay rent or my mortgage?

No.

19. What is the maximum amount of loan forgiveness that can be requested for the payroll compensation of owner-employees and self-employed individuals?

Compensation for 8-week covered period is capped at lesser of 8/52 of 2019 net profits or \$15,385 per individual in total across all businesses. Compensation for 24-week covered period is (2.5/12) months' worth of 2019 net profit up to \$20,833 per individual in total across all businesses. Excluding any qualified sick leave amount for which a credit is claimed under the Families First Coronavirus Response Act (Section 7002 or 7004).

20. What if I have questions while filling out the application?

Once a PPP Forgiveness Team member has been assigned to review your application, please contact the team member. Prior to having a team member assigned to you, please e-mail PPP@mybankwell.com.

21. What is the impact of an EIDL advance on forgiveness?

EIDL advance amounts will be deducted from the loan forgiveness amount.

22. When will you decide on the amount of my forgiveness?

Final approval of forgiveness is determined by the SBA. We are required to issue a recommendation within 60 days after we receive the signed application for forgiveness. The SBA has 90 days thereafter to complete the forgiveness process. We will notify you in writing if we issue a decision denying the signed loan forgiveness application.

23. Will I be E-signing the application?

Upon completion of your application you will submit it for Bankwell review. Upon review and acceptance, a reviewer will process the application for your e-signature and return (see additional questions below).

24. What if I disagree with your conclusion?

A Bankwell forgiveness team member will review your submitted application and supporting information and will contact you for discussion if we do not agree with your application, if the application requires changes, or we have questions. If we decline your signed forgiveness application, within 30 days of notice of the same, you may request an SBA review of our decision. Also see question 25.

25. What happens if I do not qualify for full (or any) forgiveness?



This will depend on the reasons for non-qualification. In general, for any amount not forgiven, the original terms in the promissory note will apply (1% APR for 24-month term). A payment recalculation of the unforgiven portion will be conducted for balanced principal and interest payments (P&I) over the remaining term of the loan. The PPP Flexibility Act extends the PPP loan payment deferral period from 6 months, to the date on which your eligible forgiveness amount is remitted to the lender. For borrowers who do not apply for forgiveness within 10 months after the end of the covered period, the deferral period will end at that time as well.

26. What happens if I used PPP funds for non-eligible expenses?

If you use PPP funds for unauthorized purposes, the SBA will direct you to repay those amounts. If you knowingly used the funds for unauthorized purposes, you will be subject to additional liability such as charges for fraud. If one of your shareholders, members, or partners use PPP funds for unauthorized purposes, SBA will have recourse against the shareholder, members, or partner for the unauthorized use. Please consult tax, legal or accounting advisors for professional advice.

27. How long do I need to keep my records regarding my PPP loan?

Six years.

28. What if I do not agree with the SBA's decision?

The SBA has set up an appeal process if you do not agree with their decision. Please see PPP-IFR-Appeals-of-SBA-Loan-Review-Decisions-Under-the-PPP (<https://home.treasury.gov/system/files/136/PPP-IFR-Appeals-of-SBA-Loan-Review-Decisions-Under-the-PPP.pdf>).

As a Borrower, you are responsible for understanding the program rules and if you loan qualifies for forgiveness. You should also check the SBA website (<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>) and the Treasury Department website (<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>) frequently as they are regularly updated. Additional questions and answers also are on the SBA's "Frequently Asked Questions (FAQs) on PPP Loan Forgiveness (as of August 11, 2020) sent to you. *Bankwell does not provide legal, financial, tax, or similar advice in connection with your forgiveness application. If you have questions about forgiveness requirements please consult with your attorney, accountant, financial advisor, or other relevant advisors for assistance.*