

**SBA PPP Loan Forgiveness Process**  
**Best Practices**  
(updated September 9, 2020)

**Best Practices for completing the PPP Loan Forgiveness Application**

- **Form 3508EZ.** Where possible, use the EZ form (3508EZ) versus the long form (3508) of the PPP Loan Forgiveness Application. Carefully review the Checklist at the start of the application to see if your situation applies. This form requires less input and fewer calculations on your part.
- **Covered Period.** Where possible, use the 24-week Covered Period instead of the 8-week Covered Period or Alternative Payroll Covered Period. All PPP borrowers are eligible to use the 24-week period, even if your loan was funded before the 24-week period became available through legislation. This eliminates the need to squeeze the covered expenses into a very short 8-week period. Further, you may use the 24-week Covered Period even if you don't need the entire 24 weeks of covered costs to apply for forgiveness, and you may apply for forgiveness before the end of the 24-week period.
- **Payroll Provider Forgiveness Tool.** If you use a payroll provider to assist with your company's payroll, the payroll provider may have created a tool to assist with calculating the payroll costs and employee data needed for the forgiveness application. If so, please utilize the tool and submit that information as part of your forgiveness application to the Bank.
- **Owners Compensation.** There are complex rules over applying for forgiveness for owner's compensation. Where you don't need it to gain maximum forgiveness, don't report it. Please refer to question #8 in the SBA FAQs link below.
- **Sole Proprietors, Independent Contractors, Self-employed Individuals.** If you are a sole proprietor, independent contractor or self-employed individual and you have no employees, you only need to submit your 2019 Schedule C or Schedule F from your Federal tax return.
- **Payroll Tax Forms.** Please provide both your Federal quarterly 941 payroll tax form as well as the California tax form. The latter includes state quarterly business and individual employee wage reporting and unemployment insurance tax filings that have been (or will be) reported to the relevant state. Also, provide all filed 941 tax forms for 2020.
- **Bank Statements.** If you are not using a third-party payroll processor, you will need bank statements showing the payroll payments.
- **"Cheat Sheet"** Create and submit a cheat sheet that guides us through your calculations. This can be a narrative or a separate spreadsheet, whatever you prefer. This will make the review process go more smoothly and will help to better justify your request for forgiveness.
- **Additional Guidance.** Prior to submitting your application for forgiveness, seek guidance from your accountant, legal advisors and/or payroll processing company. Additionally, utilize the "Ask an Accountant" feature within our forgiveness portal.

- **Required Documentation.** All required documents per the instructions must be provided in order for Exchange Bank to proceed with your loan forgiveness application.
- **Stop at 100% Forgiveness.** Payroll is the largest and most important component of loan forgiveness. When you've reached 100% forgiveness within our forgiveness application, there is no need to continue providing any additional expenses for forgiveness. This can include further payroll costs or non-payroll costs. Providing additional forgiveness data takes considerable (and unnecessary) time for you to input and for the Bank and SBA to review.