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Small Business Administration Paycheck Protection Program

Applying for Forgiveness for your 2020 PPP loan
SBA Form 3508S and SBA Form 3508EZ

Fulton Bank

Which application should I choose?

- SBA Form 3508S - first or second draw borrowers with loans under \$150,000
- SBA Form 3508EZ – first or second draw borrowers who did not reduce employee levels, wages, or hours

Tips on Completing Your Application

- Review the accuracy of your calculations
- Provide your lender with required information
- Do not rush the application
- Ensure your Tax ID and business information is correct
- View a demonstration »

Supporting Documentation

Visit [SBA.gov](https://www.sba.gov) for instructions and a list of supporting documentation that will be required.

Prepare these documents and keep them somewhere easily accessible before applying for forgiveness.

[Sample payroll documents »](#)

Payroll Expenses

- Bank account statements or a report from your payroll provider documenting payments to employees
- Tax forms (or equivalent payroll provider reports) including:
 - Payroll tax filings reported (typically Form 941)
 - State quarterly business and individual employee wage reporting
 - Unemployment insurance tax filings
- Payment receipts, cancelled checks, or bank account statements showing employer contributions to group employee benefits plans
- If you checked the box indicating you kept headcount and salaries the same on the instructions form, you will still be required to report the average number of full-time equivalent employees on payroll on January 1, 2020 and at the end of the covered period. This can be done with payroll reports covering January 1 and the last payroll of your covered period.

Non-Payroll Expenses

- **Business mortgage interest payments:** a copy of the amortization schedule with corresponding receipts OR mortgage statements from February 2020 and the months of the covered period.
- **Business rent or lease payments:** a copy of the current rent/lease agreement with receipts verifying payments OR lease statements from 2020 and from the covered period through one month after the end of the covered period.
- **Business utility payments:** a copy of invoices from February 2020 and those paid during the covered period with corresponding receipts or account statements.
- **Covered operations expenditures:** a copy of invoices, orders, or purchase orders paid during the covered period with corresponding receipts or account statements.
- **Covered property damage costs:** a copy of invoices, orders, or purchase orders paid during the covered period with corresponding receipts or account statements. Documentation will need to be provided to prove that the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020 and were not covered by insurance or other compensation.
- **Covered supplier costs:** a copy of contracts, orders, or purchase orders in effect at any time before the covered period (except for perishable goods), copy of invoices, orders, or purchase orders paid during the covered period with corresponding receipts or account statements.
- **Covered worker protection expenditures:** a copy of invoices, orders, or purchase orders paid during the covered period with corresponding receipts or account statements. Documentation will need to be provided that proves that the expenditures were used by the borrower to comply with applicable COVID-19 guidance during the covered period.

SBA Form 3508S

If your loan amount is \$150,000 or less, you can use form 3508S to apply for forgiveness.

This form is the simplest of the forgiveness application forms. You don't need to show your calculations or supply any documents while applying. Instead, you provide two numbers:

1. The amount you spent on payroll costs and;
2. The forgiveness amount you are requesting

Self-employed individuals can take the entire PPP loan amount as owner compensation replacement so long as you use a covered period of 24 weeks. This means you can put the full loan amount as both your payroll expense and the amount you're requesting forgiveness on.

SBA Form 3508EZ

If your loan amount was more than \$150,000 and you meet one of the following two conditions, you can use form 3508EZ to apply for forgiveness.

1. For any employees earning \$100,00 or less, you did not reduce the annual salary or hourly wages by more than 25% in the covered period. You must compare the covered period to the most recent full quarter prior to the covered period.
2. a) You did not reduce the number of employees or the average hours of employees between January 1, 2020 and the end of the loan's covered period. You may ignore employees that refused an offer to come back to work or were fired for just cause.
OR
b) You were unable to operate to the same capacity as February 15, 2020 due to compliance with rules related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. These rules must have been put in place 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.

SBA Form 3508EZ *without* payroll

If you are self-employed, an independent contractor, or a sole proprietorship, here's how to fill out the forgiveness amount request without payroll. This applies to you if you did not have payroll costs at the time of your initial loan application and during the loan's covered period.

Line 1: This will be your owner compensation replacement value. This is now two and a half months of your net or gross income as reported on your 2019 or 2020 Schedule C (net or gross income $\times 2.5 \div 12$). The maximum amount you can take is \$20,833.33 based on the cap of \$100k annualized earnings. This means you can now apply for forgiveness on the entire loan using just your owner compensation replacement amount.

Lines 2-4: Any applicable mortgage interest, rent/lease payments, or utilities payments you want to apply for forgiveness on.

Line 5: The sum of Lines 1-4.

Line 6: Your PPP loan amount.

Line 7: Line 1 divided by 0.6.

Line 8: The smallest value of Lines 5-7.

Because of how the calculation of owner compensation replacement has changed, your amounts in Lines 5 & 6 should be the same number and the lowest of the three meaning you will be eligible for forgiveness on the entirety of the loan for just your owner compensation replacement.

SBA Form 3508EZ *with* payroll

If you did not reduce headcount and/or you were unable to return to full operations in compliance with work or customer safety due to COVID-19, the form will require you to report all applicable payroll costs on Line 1.

Line 1: Report all eligible payroll expenses that you are applying for forgiveness on. This includes:

- Gross salary, wages, tips, commissions, and paid leave (capped at \$100k annualized per employee or \$46,154 within the 24 week period)
- Allowances for dismissal or separation paid or incurred in the covered period
- Group employee benefits including employee health insurance, retirement plans, and state and local taxes assessed on employee compensation excluding taxes withheld from employee's pay
- (For sole proprietors and partnerships) your owner compensation replacement/proprietor costs

Lines 2-4: Any applicable mortgage interest, rent/lease payments, or utilities payments you want to apply for forgiveness on.

Line 5: The sum of Lines 1-4.

Line 6: Your PPP loan amount.

Line 7: Line 1 divided by 0.6.

Line 8: The smallest value of Lines 5-7.

Fulton Bank's Forgiveness Process

	Phase 1 Loan Forgiveness Application	Phase 2 Lender Review and Loan Forgiveness Decisioning	Phase 3 SBA Review and Remittance of Forgiveness Funds
What it is	Formal submission of the loan forgiveness application.	Formal review by Fulton Bank of the loan forgiveness application and required supporting documents.	SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the Lender.
Timeframe	Borrower has up to 10 months from the end of your covered period (typically 8 weeks or 24 weeks from funding) to apply for forgiveness; however, we encourage you to complete your application within 60 days from the date you receive our invitation to apply.	Fulton Bank has up to 60 days to review the completed application and issue a loan forgiveness decision to the SBA.	SBA has up to 90 days from the receipt of Fulton Bank's loan forgiveness decision to remit the requested forgiveness amount to Fulton Bank.
What you do	Complete the appropriate loan forgiveness application.	Nothing unless Fulton Bank requires additional information or identifies incomplete information on your application.	Nothing unless you disagree with Fulton Bank's loan forgiveness decision in which case you have 30 days to submit a request to the SBA to review Fulton Bank's decision. An escalation process is still being finalized by the SBA for these cases.
What we do	Fulton Bank will send a "loan forgiveness application" invitation email to PPP borrowers to initiate the forgiveness process. Upon receipt of your completed application, Fulton Bank will email confirmation of receiving your application.	Review application and supporting documents for completeness. Issue a loan forgiveness decision based on the calculations of payroll and non-payroll when entered in to the application. Fulton Bank notifies you of this decision.	Nothing unless the SBA requires additional information or supporting documents for a particular loan. Fulton Bank notifies you of the forgiveness amount paid by the SBA to Fulton Bank.
What the SBA does	Nothing in this phase.	Nothing in this phase.	Remits requested loan forgiveness amount to Fulton Bank. Reserves right to randomly review any PPP loan in detail.

Additional Resources

Visit our [website](#)

[Contact Us](#)

[SBA FAQs](#)