

KERN SMALL BUSINESS RELIEF PROGRAM LOAN FORGIVENESS APPLICATION

To apply for forgiveness of your Kern Small Business Relief Program (KSBRP) loan, you (the Borrower) must complete this application as directed in these instructions and submit it to the loan processor that processed your application.

Instructions for Borrowers

Business Legal Name (“Borrower”)/DBA or Tradename (if applicable)/Business Type/Business TIN (EIN, SSN)/Business Address/Business Phone/Primary Contact/E-mail Address: Enter the same information as on your Borrower Application Form, unless there has been a change in address or contact information.

KSBRP Loan Number: Enter the loan number assigned to the KSBRP loan by the loan processor.

KSBRP Loan Amount: Enter the disbursed principal amount of the KSBRP loan (total amount you received through the loan processor).

Covered Period: Enter the sixteen-week (112-day) Covered Period of your KSBRP loan. The first day of the Covered Period must be the same as the KSBRP Loan Disbursement Date and the last day of the covered period can be no later than December 30, 2020. For example, if the Borrower received its KSBRP loan proceeds on Monday June 1, 2020, the first day of the Covered Period is June 1, 2020, and the last day of the Covered Period is September 20, 2020.

KSBRP Loan Disbursement Date: Enter the date that you received the KSBRP loan proceeds through the loan processor. If loan proceeds were received on more than one date, enter the first date on which you received KSBRP loan proceeds.

Payroll Schedule: Select the box that corresponds to your payroll schedule.

- Line 1:** Enter the total amount of cash compensation for all employees who were employed by the Borrower at any point during the Covered Period. This amount is capped at \$30,770 (the sixteen-week equivalent of \$100,000 per year) for each individual.
- Line 2:** Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). This amount is capped at \$30,770 (the sixteen-week equivalent of \$100,000 per year) for each individual or the sixteen-week equivalent of their applicable compensation in 2019, whichever is lower.
- Line 3:** Enter the total amount paid by the Borrower for employer contributions for employee health insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions paid by employees during the Covered Period.
- Line 4:** Enter the total amount paid by the Borrower for employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions paid by employees during the Covered Period.
- Line 5:** Enter the total amount paid by the Borrower for employer taxes assessed on employee compensation (e.g. FICA, medicare, state unemployment) during the Covered Period; **DO NOT** list any taxes withheld from employee earnings.
- Line 6:** Enter any other payroll related costs during the Covered Period; **DO NOT** list any costs twice.
- Line 7:** Add lines 1, 2, 3, 4, 5 and 6.
- Line 8:** Enter the amount of business mortgage interest payments during the Covered Period for any business mortgage obligation on real or personal property. Do not include prepayments.
- Line 9:** Enter the amount of business rent or lease payments for real or personal property during the Covered Period.
- Line 10:** Enter the amount of business utility payments during the Covered Period.
- Line 11:** Enter the amount of loan funds used as working capital during the Covered Period (e.g. any expense which would qualify as a business expense on your business tax returns, Schedule C, or K-1).
- Line 12:** KSBRP Loan Amount.
- Line 13:** Add lines 8, 9, 10 and 11. This cannot exceed line 12.
- Line 14:** Multiply your KSBRP loan amount by 66% (line 12 x 0.66).
- Line 15:** Enter lessor of line 13 and line 14. This is the nonpayroll cost eligible for forgiveness.
- Line 16:** Add line 7 and line 15.
- Line 17:** Enter lessor of line 12 and line 16. This is your eligible forgivable loan amount.

Summary of Costs Eligible for Forgiveness

1. **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the sixteen-week (112-day) Covered Period; including eligible draws by owners and/or retention of the eligible owner draw in the business (“payroll costs”). Payroll costs are considered paid on the day that paychecks are distributed, or the Borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee’s pay and/or owner draw is earned. Payroll costs incurred but not paid during the Borrower’s last pay period of the Covered Period are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period. For each individual employee and/or owner, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the covered period. Count payroll costs that were both paid and incurred only once.
2. **Eligible nonpayroll costs.** Nonpayroll costs eligible for forgiveness consist of:
 - a. covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property (“business mortgage interest payments”);
 - b. covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property (“business rent or lease payments”);
 - c. covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access (“business utility payments”); and
 - d. covered working capital to support business operations (e.g. any expense which would qualify as a business expense on your business tax return, Schedule C or K-1) (“general working capital”).

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 66% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.

Documents that each Borrower must submit with its KSBRP Loan Forgiveness Application

KSBRP Loan Forgiveness Application

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period consisting of each of the following:

- a. Bank account statements, internal payroll report or third-party payroll service provider reports documenting the amount of cash compensation paid to employees
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount on lines 3 and 4.

Nonpayroll: Documentation verifying existence of the obligations/services and eligible payments from the Covered Period.

- a. Business mortgage interest payments: copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period.
- b. Business rent or lease payments: copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period.
- c. Business utility payments: copy of invoices paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
- d. General working capital: copy of invoices paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

Documents that each Borrower must maintain but is not required to submit

Spreadsheet of data entered on KSBRP Loan Forgiveness Application and the following:

- a. Documentation supporting the listing of each individual employee included in the total on line 1.
- b. Documentation supporting the listing of each owner-employee/self-employed individual/general partner included in the total on line 2.

All records relating to the Borrower’s KSBRP loan, including documentation submitted with its KSBRP loan application, documentation supporting the Borrower’s certificates as to the necessity of the loan request and its eligibility for a KSBRP loan, documentation necessary to support the Borrower’s loan forgiveness application, and documentation demonstrating the Borrower’s material compliance with KSBRP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of Kern County to access such files upon request.

Kern Small Business Relief Program
Loan Forgiveness Application

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Type		Business TIN (EIN, SSN)	Business Phone
Business Address		Primary Contact	E-mail Address
KSBRP Loan Number		Loan Amount	
Covered Period		Loan Disbursement Date	
	to		
Payroll Schedule (the frequency with which payroll is paid to employees)			
<input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Twice a month <input type="checkbox"/> Monthly <input type="checkbox"/> Other:			

Compensation Costs

Line 1. Enter Employee Compensation:

Line 2. Enter Owner Compensation:

Employer Contributions

Line 3. Enter Employer Contributions for Employee Health Insurances:

Line 4. Enter Employer Contributions to Employee Retirement Plans:

Line 5. Enter Taxes Assessed on Employee Compensation (e.g. FICA, medicare):

Line 6. Other Payroll Related Cost:

Total Payroll Costs

Line 7. Total Payroll Costs (add lines 1, 2, 3, 4, 5 and 6):

Nonpayroll Costs

Line 8. Business Mortgage Interest Payments:

Line 9. Business Rent or Lease Payments:

Line 10. Business Utility Payments:

Line 11. Business Working Capital (e.g. any qualifying business expense on business taxes):

Potential Forgiveness Amounts

Line 12. KSBRP Loan Amount:

Line 13. Total Nonpayroll Costs (add lines 8, 9, 10 and 11):

Line 14. Nonpayroll Max Expenditure of Loan (multiply line 12 by 0.66):

Line 15. Enter Lessor of Line 13 and Line 14:

Line 16. Add line 7 and 15:

Line 17. Enter Lessor of Line 12 and Line 16 (this is your eligible forgivable loan amount):

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.

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; business utility payments; or business working capital); and
- no more than 66% of the amount requested was used for nonpayroll costs.

I understand that if the funds were knowingly used for unauthorized purposes, Kern County may pursue recovery of loan amounts and/or civil or criminal fraud charges.

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

I have submitted to the loan processor the required documentation verifying payroll costs, the existence of obligations and service (as applicable) and eligible business mortgage interest payments, business rent or lease payments, and business utility payments, and other business expenses.

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 KSBRP loan is punishable under the law.

The tax documents I have submitted to the loan processor are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax workforce agency. I also understand, acknowledge, and agree that the loan processor can share information with Kern County's authorized representatives.

I understand, acknowledge, and agree that Kern County may request additional information for the purposes of evaluating the Borrower's eligibility for the KSBRP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by Kern County may result in a determination that the Borrower was ineligible for the KSBRP loan or a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with KSBRP regulations and guidance issued by Kern County through the date of this application. Kern County may deny the Borrower's loan forgiveness application if Kern County determines that the Borrower was ineligible for the KSBRP loan.

Signature of Authorized Representative of Borrower

Date

Print Name

Title