



U.S. Small Business
Administration

U.S. Small Business Administration New York District Office

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- Our Resource Partners provide FREE one-on-one counseling, please make an appointment with them at www.sba.gov/local-assistance to get one-on-one assistance.

SBA 7 COVID-19 DISASTER

ASSISTANCE PROGRAMS

1. **Economic Injury Disaster Loan (EIDL) (Opens for applications)**
2. ~~EIDL Advance (ended on 7/11)~~
3. **SBA Express Loan (SBA Express Lenders) Normally \$350,000 maximum**
3/27/2020 to 12/31/2020 temporarily raise up to \$1M
<https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
4. **SBA Express Bridge Loan (SBA Express Lenders)**
3/25/2020 to 3/13/2021 up to \$25,000
<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>
5. **Paycheck Protection Program (PPP) Forgiveness Application (Accepting applications)**
SBA Accepting Forgiveness Applications from Lenders from 8/10/2020
6. ~~Small Business Debt Relief (7 (a), 504 and microloan)~~
3/27/2020 to 9/27/2020
<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>
7. ~~Community Advantage Recovery Loan (CARL)~~
7/22/2020 to 9/27/2020

Economic Injury Disaster Loan (EIDL)

Reopened on June 15, 2020

First Comes, First Served basis

EIDL

SBA Economic Injury Disaster **Loan** (EIDL)

On a first-come, first served basis

3.75% interest rate (2.75% for non-profits), NO forgiveness
30-year term. No pre-payment penalty

Why should apply

NO cost to apply

You have **NO obligation to accept it** when it is approved.

1-Year deferment payment

We don't know when will be back to normal

How to Use the EIDL Funds

- EIDL purpose: to help finance business's day-to-day transactions to keep it solvent for a 6-month period.
- Use all the proceeds of this loan **solely as working capital** to alleviate economic injury caused by the disaster, including:
 - Monthly utility and payroll expenses
 - Scheduled loan or tax payments
 - Repairs, and replacing customary inventories

- EIDL funds **cannot** be used

Pay-off old debts, refinance another debt, or buy capital assets, new construction, vehicles, etc.

SBA disaster loans cannot compete with private sector lending, so a business owner should obtain other financing to buy capital assets/vehicles but can use the EIDL funds to make their monthly payments on those loans thereafter.

Economic Injury Disaster Loan (EIDL) Reopen 6/15

<https://covid19relief.sba.gov/#/>

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA's Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

ELIGIBLE ENTITY VERIFICATION

EIDL Loan Procedure As of Sept. 8, 2020

Your application will either be approved or declined.

Once approved, you will receive an email from SBA inviting you to create a loan portal account to review your EIDL offer:



EIDL

- You will be presented with a min and max amount
- Use the sliding scale to adjust your desired amount
- Loan breakdown will show you the terms and payment amount based on the total loan



Home

Select Amount

\$500,000.00

Amount of Loan

\$1,000 \$500,000

Choose loan amount between **\$1,000.00** and **\$500,000.00**

LOAN BREAKDOWN

Term	Interest Rate	Payment Frequency
30 Year(s)	3.75%	Monthly
Repayment Start	Third Party Filing Fee	Payment Amount
12 Months After Closing	\$100.00	\$2,437.00

Accept **Cancel**

EIDL

- When you have confirmed your loan amount, **submit** for processing
- You will receive communication from a loan processor
- Once your loan package is complete, you will return to the portal to sign the closing docs.
- Please download and review the loan agreement before signing
- Funds are disbursed within 5 days

The screenshot displays the SBA U.S. Small Business Administration portal. At the top, the SBA logo and name are visible. Below the logo, a progress bar shows three stages: APPLICATION, PROCESSING (highlighted in red), and FUNDING. The main content area is divided into two columns. The left column, titled 'Your Quote', shows a status of 'Amount Confirmed' and a loan amount of '\$500,000' with a 'Change Amount' link. The right column, titled 'Suggested Next Step', features a prominent blue 'Submit for processing' button. Below this, a 'Steps to Complete' section lists three tasks: 'Verify Identity' (Completed) with a 'View' button, 'Electronic Disbursement' (Completed) with an 'Edit' button, and 'Sign Closing Documents' (Not Started) with a 'Start' button. The bottom two rows of the 'Steps to Complete' section are highlighted with a yellow brush.

If you receive a Decline letter

- Credit history
- Not an eligible business activity (based on NAICS code)
- Delinquent child support (more than 60 days)
- Economic injury is not substantiated (EIDL advance is more than a loan would be)
- Character reasons (felony or fraud record)
- Unverifiable information
- Applicant withdraws or fails to proceed (not sure on the time limit yet)

Please submit information, (for tax information: a copy of your most recent Federal tax return and a signed IRS Form 4506-T) within six (6) months of the date of our decline decision.

1. E-mail: pdcrecons@sba.gov 2. Fax: 202-481-5931

3. Mail: **U.S. Small Business Administration**

Disaster Assistance

Processing and Disbursement Center

14925 Kingsport Road

Fort Worth, Texas 76155

Phone: 1-800-736-6048/ 1-800-366-6303

Hours of Operation: 6:00 AM – 5:30 PM, Monday - Friday

Request for Reconsideration

Must contain all significant information that will overcome the reason(s) for the decline/withdrawal.

Suggested documentation to include in your request:

- Copy of your Decline Letter with cover sheet (short letter of explanation)
- Copy of the most recent filed Federal Tax Return including all schedules
- Copy of your government issued photo ID (e.g. Driver's license)
- Copy of voided check for the business bank account
- Completed and signed copy of the IRS Form 4506-T
- <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>

- If you know that your credit history/score may be an issue, please submit evidence showing that you have repaid or are repaying your business debts as required (demonstrate credit worthiness) and complete & submit SBA Form 2202 (Schedule of Liabilities) <https://www.sba.gov/document/sba-form-2202-schedule-liabilities>

Request for Reconsideration Cover Sheet Example

I am requesting reconsideration of my SBA EIDL Loan application No. _____ for my **business** Business Legal Name. My application was denied due to Decline Reason.

Include Bank Information and Tax Number

Copy of Driver's License

Copy of Canceled Check or Deposit Slip (shows your ACH Routing numbers)

I believe I should be eligible for the EIDL because Provide Explanation. My company provides Products or Services. Our website is: www.yourwebsite

Attached to this letter are the following documentation:

List all the PDF's you include.

Thank you for considering my request for reconsideration. If you have any questions or need further documentation, please call me at Your phone number.

Sincerely,

Your Full Name

Business Name

Address

Email Address

Phone number

Request for **Additional EIDL Funds**

Note: If requesting more EIDL funds, write **“INCREASE”** in subject line)

The SBA EIDL program provides working capital to pay obligations unable to be met during a disaster recovery period.

If the EIDL amount you received is not sufficient to help your organization meet its' obligations through your continuing recovery, you may request an EIDL loan increase.

Suggested documentation to include in your request:

- Copy of your Decline Letter with cover sheet (short letter of explanation)
- Copy of the most recent filed Federal Tax Return including all schedules
- Copy of your government issued photo ID (e.g. Driver's license)
- Completed and signed copy of the IRS Form 4506-T
- <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>
- Completed SBA Form 2202 “Schedule of Liabilities”
- <https://www.sba.gov/document/sba-form-2202-schedule-liabilities>

PPP Flexibility Act of 2020

(6/5/2020)

Flexibility Act 7 Key Changes 6/5/2020

1. Extends the covered period for loan forgiveness **from 8 weeks** after loan disbursement to **24 weeks or Dec. 31, 2020 (whichever comes first)**
 - Borrowers who received a PPP loan before June 5, 2020 retain the option to use an 8-week covered period.
2. Lowers the require that 75% of a borrower's loan proceeds must be used for payroll costs during the covered period to **60%**. If use less than 60%, will continue to be eligible for partial loan forgiveness.
3. Provides a **safe harbor I** from reductions in forgiveness, based on **reductions in full-time equivalent employees**, for borrowers that are unable to return to the same level of **business activity** prior to 2/15/2020, due to compliance with requirements or guidance between 3/1/2020, 2020 and 12/31/2020 by the:
 - Secretary of Health and Human Services
 - Director of the Centers for Disease Control and Prevention
 - Occupational Safety and Health Administration, related to worker or customer safety requirements related to COVID-19.

7 Key Changes

6/5/2020

4. Provides a **safe harbor II** from reductions in loan forgiveness based on reductions in full-time equivalent employees (FTE)
 - If unable to rehire individuals who were employees of the borrower on 2/15/2020; and
 - If unable to hire similarly qualified employees for unfilled positions by 12/31/2020

5. Increase to **5 year** the **maturity** of PPP loans that are approved by SBA (based on the date SBA assigns a loan number) on or after June 5, 2020.
 - For loans approved before that time, the Borrower and Lender mutually agree to change the maturity

6. Extends the **deferral period** for borrower payments of principal, interest, and fees on PPP loans
 - to the date that SBA remits the borrowers loan forgiveness amount to the lender.
 - If the borrower does not apply for loan forgiveness; 10 months after the end of the borrower's loan forgiveness covered period.

7. Removed the restriction of participating in the deferment (employer portion) of social security payroll tax if you received a PPP loan. Now you can defer through December 31, 2020 and pay the balance deferred 50% on December 31, 2021 and 50% on December 31, 2022

PPP Loan Changes of Owners Guidance

10/2/2020

[https://home.treasury.gov/system/files/136/PPP--Procedural-
Notice--PPP-Loans-and-Changes-of-Ownership.pdf](https://home.treasury.gov/system/files/136/PPP--Procedural-Notice--PPP-Loans-and-Changes-of-Ownership.pdf)

- The required procedures for changes of ownership of an entity that has received PPP funds. For purpose of the PPP, a “change of ownership” will be considered to have occurred when:
 1. At least 20% of the common stock or other ownership interest of a PPP borrower is sold or otherwise transferred, whether in one or more transactions, including to an affiliate or an existing owner of the entity
 2. The PPP borrower sells or otherwise transfers at least 50% of its assets, whether in one or more transactions, or
 3. A PPP borrower is merged with or into another entity.
- Regardless of any change of ownership, the PPP borrower remains responsible for
 1. Performance of all obligation under the PPP loan
 2. The certifications made in connection with the PPP loan application, including the certification of economic necessity, and
 3. Compliance with all other applicable PPP requirements.
 4. Obtaining, preparing, and retaining all required PPP forms and supporting documentation and providing those forms and supporting documentation to the PPP lender or lender serving the PPP loan or to SBA upon request. SBA reserves all rights and remedies available under the law in the event of fraud, false statement, and/or unauthorized uses of PPP loan proceeds.

- Prior to the closing of any change of ownership transaction, the PPP borrower must notify the PPP Lender in writing of the contemplated transaction and provide the PPP Lender with a copy of the proposed agreements or other documents that would effectuate the proposed transaction. The PPP Lender is required to continue submitting the monthly 1502 reports until the PPP loan is fully satisfied.

- Procedures depend on the circumstances of the change of ownership:
 1. The PPP Note is fully satisfied
 2. The PPP Note is not fully satisfied:
 - a. Cases in which SBA prior approval is not required
 - I. A change of ownership structured as a sale or other transfer of common stock or other ownership interest or as a merger, or
 - II. A change of ownership structure as an asset sale
 - b. Cases in which SBA prior approval is required. The PPP Lender must submit the request to the appropriate SBA Loan Serving Center

<https://home.treasury.gov/system/files/136/PPP--Procedural-Notice--PPP-Loans-and-Changes-of-Ownership.pdf>

PPP Forgiveness References

PPP Forgiveness References

IFR 136/Borrower (5/22/2020)

<https://home.treasury.gov/system/files/136/PPP-IFR-Loan- Forgiveness.pdf>

• HR7010 Paycheck Protection Program Flexibility Act of 2020' (6/5/2020)

<https://www.congress.gov/bill/116th-congress/house- bill/7010>

• 19th IFR – 13 CFR Part 120 (6/17/2020)

<https://home.treasury.gov/system/files/136/PPP-IFR--Revisions-to-the- Third-and-Sixth-Interim-Final-Rules.pdf>

• 20th IFR – 13 CFR Part 120 (6/22/2020)

<https://home.treasury.gov/system/files/136/PPP--IFR--Revisions-to- Loan-Forgiveness-Interim-Final-Rule-and-SBA-Loan-Review- Procedures-Interim-Final-Rule.pdf>

SBA IFR- 13 CFR Part 120 (8/27/2020)

<https://home.treasury.gov/system/files/136/PPP--IFR--Treatment-Owners-Forgiveness-Certain-Nonpayroll-Costs.pdf>

Key Topics to Understand before Fill out the Form

1. Covered Payroll Period
2. Cash Compensation
3. Salaries for owner-employee/self-employed/general partners
4. Full Time Equivalent (FTE) Calculation
5. FTE Reduction Safe Harbors 1 and 2
6. FTE Reduction Exemptions
7. Eligible Payroll Costs and Non-payroll Costs (updated 8/27)



1. Covered Payroll Period

- **Covered Period**

The first day must be the same as the PPP Loan Disbursement Date. Enter the 8 weeks (56-day)/24weeks (168-day) Covered Period of your PPP loan. (Tuesday-Monday, Friday-Thursday)

- **Alternative Payroll Covered Period**

For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate payroll costs using Alternative Payroll Covered Period: The first day is the first day of your first pay cycle in the Covered Period.

Example: If the loan is disbursed on Tue. May 12th and the first day of the borrower's pay period following the disbursement is Sun. May 17th, then the first day of the Alternative Payroll Covered Period is May 17th..

2. Cash Compensation Cap - Employee

- For each **individual employee**, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period.
-
- For an **8-week Covered Period**, that total is capped at **\$15,385** per employee.
- For a **24-week Covered Period**, that total is capped at **\$46,154** per employee.

3. Cash Compensation Cap - Owner-Employee/Self Employed/General Partner

- 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 \$15,385 per individual.
- 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;
- Excludes the owner-employees with ownership < 5% of C-Corp or S-Corp. (effective 8/25/2020)

4. Full Time Equivalent (FTE) Calculation (select one method)

The actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the Borrower's chosen reference period.

- For **each employee**, during the Covered or Alternate Covered Period

1. Take the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0

Three employees work 30, 35, 40 hours = $0.8+0.9+1= 2.7$ FTE
($30/40=0.75=0.8$ FTE, $35/40=0.875=0.9$ FTE)

2. Assign **1.0** for employees who work **40 hours** or more per week and **0.5 for employees who work fewer hours**.

Three employees work 30, 35, 40 hours = $0.5+0.5+1=2$ FTE

5. FTE Reduction Safe Harbor 1 & 2

1. Provides a safe harbor from reductions in forgiveness, based on reductions in full-time equivalent (FTE) employees, for borrowers that are unable to return to the same level of business activity prior to 2/15/2020, due to **Compliance with Requirements or Guidance** between 3/1/2020 and 12/31/2020 by the:
 - Secretary of Health and Human Services
 - Director of the Centers for Disease Control and Prevention
 - Occupational Safety and Health Administration, related to worker or customer safety requirements related to COVID–19
2. If the borrower reduced its FTE employee levels in the period beginning 2/15/2020, and ending 4/26/2020; **AND** the borrower then **restored** its FTE employee levels by **not later than 12/31/2020** to its FTE employee levels in the borrower's pay period that included 2/15/2020

6. The FTE Reduction Exemptions

Any FTE reductions in these cases **will not reduce the Borrower's loan Forgiveness.**

Any employee who during the (8/24 week) Covered Period:

1. Were fired for cause
2. Voluntarily resigned
3. Voluntarily requested and received a reduction of their hours
4. The Borrower made a good faith, written offer to rehire an employee or restore any reduction in hours at the same salary or wages, but the employee rejected.
Keep the documentation and report to the state Unemployment Agency within 30 days
5. Borrower was unable to hire similarly qualified employees for unfilled positions by 12/31/2020.
Need to maintain the written record of efforts to hire a similarly qualified individual: recruiting, interview, resumes

7a. Payroll Costs

- Compensation to employees (whose principal place of residence is United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);
- Payment for vacation, parental, family, medical, or sick leave;
- Allowance for separation or dismissal;
- Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums (vision and dental included), and retirement;
- Payment of state and local taxes assessed on compensation of employees;
- For independent contractor or sole proprietor: wage, commissions, income, or net earnings from self-employment or similar compensation

7b. Eligible Payroll Costs for Forgiveness

- Payroll costs **paid** and payroll costs **incurred** during the 8-week (56-day) Covered Period or 24-weeks (168-day) Covered Period (cannot exceed 12/31/2020).
- 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 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.

7c. Eligible Non-Payroll Cost for Forgiveness

Paid and incurred during the Covered Period (not Alternative Payroll Covered period)

- **Covered mortgage obligations:**
 - Payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before 2/15/2020.
- **Covered rent obligations:**
 - Business rent or lease payments pursuant to lease agreements for real or personal property in force before 2/15/2020
- **Covered utility payments**
 - Business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before 2/15/2020.
- Eligible non-payroll costs **cannot exceed 40%** of the total forgiveness amount.
- Count non-payroll costs that were both paid and incurred **only once**.

August 27th Released

<https://home.treasury.gov/system/files/136/PPP--IFR--Treatment-Owners-Forgiveness-Certain-Nonpayroll-Costs.pdf>

**13 CFR Part 120 [Docket Number SBA–2020–0044]
RIN 3245–AH56 Business Loan Program Temporary
Changes; Paycheck Protection Program—Treatment of
Owners and Forgiveness of Certain Non-payroll Costs**

1. Owners

- Are any individuals with an ownership stake in a PPP borrower exempt from application of the PPP owner-employee compensation rule when determining the amount of their compensation that is eligible for loan forgiveness?
- Yes, owner-employees with less than a **5% ownership stake in a C- or S-Corporation are not subject to the owner-employee compensation** rule. The First Loan Forgiveness Rule, as revised by the Revisions to Loan Forgiveness and Loan Review Procedures Interim Final Rules, 85 FR 38304, 38307 (June 26, 2020), caps the amount of loan forgiveness for payroll compensation attributable to an owneremployee. There is no exception in the rule based on the owner-employee's percentage of ownership. The Administrator, in consultation with the Secretary, has now determined that an owner-employee in a C- or SCorporation who has less than a 5 percent ownership stake will not be subject to the owner-employee compensation rule. This exemption is intended to cover owner-employees who have no meaningful ability to influence decisions over how loan proceeds are allocated.

2. Eligibility of Certain Non-payroll Costs for Loan Forgiveness

- a. Are amounts attributable to the business operation of a tenant or subtenant of the PPP borrower or, in the context of home-based businesses, household expenses, eligible for forgiveness?
- No, the amount of loan forgiveness requested for nonpayroll costs may not include any amount attributable to the business operation of a tenant or subtenant of the PPP borrower or, for home based businesses, household expenses.
- The examples below illustrate this rule:

Example 1: A borrower rents an office building for \$10,000 per month and subleases out a portion of the space to other businesses for \$2,500 per month. Only \$7,500 per month is eligible for loan forgiveness.

Example 2: A borrower has a mortgage on an office building it operates out of, and it leases out a portion of the space to other businesses. The portion of mortgage interest that is eligible for loan forgiveness is limited to the percent share of the fair market value of the space that is not leased out to other businesses. As an illustration, if the leased space represents 25% of the fair market value of the office building, then the borrower may only claim forgiveness on 75% of the mortgage interest.

Example 3: A borrower shares a rented space with another business. When determining the amount that is eligible for loan forgiveness, the borrower must **prorate rent and utility payments** in the same manner as on the borrower's 2019 tax filings, or if a new business, the borrower's expected 2020 tax filings.

Example 4: If the borrower is paying rent to a real estate holding company (which they own), the borrower can only claim that portion of rent that does not exceed the monthly interest payment on the loan, for the covered period.

Example 5: A borrower works out of his or her home. When determining the amount of non-payroll costs that are eligible for loan forgiveness, the borrower may include only the share of covered expenses that were deductible on the borrower's 2019 tax filings, or if a new business, the borrower's expected 2020 tax filings.

- b. Are rent payments to a related party eligible for loan forgiveness?

Yes, as long as (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, and (2) the lease and the mortgage were entered into prior to February 15, 2020

In this context, the related party itself would not also be eligible to request forgiveness for this amount.

Any ownership in common between the business and the property owner is a related party for these purposes. The borrower must provide its lender with mortgage interest documentation to substantiate these payments. While rent or lease payments to a related party may be eligible for forgiveness, mortgage interest payments to a related party are not eligible for forgiveness. PPP loans are intended to help businesses cover certain non-payroll obligations that are owed to third parties, not payments to a business's owner that occur because of how the business is structured. This will maintain equitable treatment between a business owner that holds property in a separate entity and one that holds the property in the same entity as its business operations.

PPP Forgiveness updated Information 6/22 and 8/11

- Released June 22, 2020

- <https://outlook.live.com/mail/inbox/id/AQMkADAwATYwMAltOTcwYS0wYjY1LTAwAi0wMAoARgAAA3fhiCIT8NdCo6xb%2Bnh2HcQHANIx6kxGQX5Oq5yZLeLYVjgAAAIBDAAAANIx6kxGQX5Oq5yZLeLYVjgAA5dbP3EAAA%3D/sxs/AQMkADAwATYwMAltOTcwYS0wYjY1LTAwAi0wMAoARgAAA3fhiCIT8NdCo6xb%2Bnh2HcQHANIx6kxGQX5Oq5yZLeLYVjgAAAIBDAAAANIx6kxGQX5Oq5yZLeLYVjgAA5dbP3EAAAABEgAQAFhcrCk24o1OhO57FMGNa6c%3D>

- Released August 11, 2020

- <https://www.sba.gov/sites/default/files/2020-08/PPP%20--%20IFR%20--%20Appeals%20of%20SBA%20Loan%20Review%20Decisions%20Under%20the%20PPP.pdf>

Are there caps on the amount of loan forgiveness available for owner - employee and self-employee individuals' own payroll compensation 6/22/2020

- For borrowers that **received a PPP loan before June 5, 2020 and elect to use an eight-week covered period**, the amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation is capped **at eight weeks' worth (8/52) of 2019 compensation** (i.e., approximately 15.38 percent of 2019 compensation) **or \$15,385 per individual, whichever is less**, in total across all businesses.
- For all other borrowers, the amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation is capped **at 2.5 months' worth (2.5/12) of 2019 compensation** (i.e., approximately 20.83 percent of 2019 compensation) **or \$20,833 per individual**, whichever is less, in total across all businesses.
- **C-corporation** owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement and health insurance contributions made on their behalf.
- **S-corporation** owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement contributions made on their behalf, but employer health insurance contributions made on their behalf cannot be separately added because those payments are already included in their employee cash compensation.
- **Schedule C or F filers** are capped by the amount of their owner compensation replacement, calculated based on 2019 net profit.⁴ General partners are capped by the amount of their 2019 net earnings from self-employment (reduced by claimed section 179 expense deduction, unreimbursed partnership expenses, and depletion from oil and gas properties) multiplied by 0.9235.
- **For self-employed individuals, including Schedule C or F filers and general partners**, retirement and health insurance contributions are included in their net self-employment income and therefore cannot be separately added to their payroll calculation.

Changes to the First Loan Review Rule **8/11/2020**

- a. Alternative Loan Forgiveness Application
- b. The Loan Forgiveness Process for Lenders

Part III.2.a. is revised to read as follows: a. What should a lender review?

Providing an accurate calculation of the loan forgiveness amount **is the responsibility of the borrower**, and the borrower attests to the accuracy of its reported information and calculations on the Loan Forgiveness Application Form. Lenders are expected to perform a good-faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning amounts eligible for loan forgiveness.

Part III.2.b. is revised to read as follows:

- b. What is the timeline for the lender's decision on a loan forgiveness application?

SBA reserves the right to review the lender's decision in its sole discretion. Within 30 days of notice from the lender, a borrower may notify the lender that it is requesting that SBA review the lender's decision by reviewing the loan in accordance with 2.c. below. Within 5 days of receipt, the lender must notify SBA of the borrower's request for review. SBA will notify the lender if SBA declines a request for review. If the borrower does not request SBA review or SBA declines the request for review, the lender is responsible for notifying the borrower of the date on which the borrower's first payment is due.

Loan Forgiveness Process and Timeline *as of 9/3/20*

If borrower does not submit Forgiveness Application within 10 months of the end of the Covered Period, deferral on PPP loan ends, and borrower must begin making payments.



- SBA will use the **90-day** period to help ensure that applicable legal requirements have been satisfied.
- Part III.2.c.ii. is revised to read as follows:
 - ii. The Loan Forgiveness Application (SBA Form 3508, 3508EZ, or lender's equivalent form), and all supporting documentation provided by the borrower (if the lender has received such application). If the lender receives such application after it receives notice that SBA has commenced a loan review, the lender shall transmit electronic copies of the application and all supporting documentation provided by the borrower to SBA within five business days of receipt. The lender must also request that the borrower provide the lender with the applicable documentation that the instructions to the Loan Forgiveness Application Form (SBA Form 3508, 3508EZ, or lender's equivalent) instruct the borrower to maintain but not submit (documentation listed under "Documents that Each Borrower Must Maintain but is Not Required to Submit"). The lender must submit documents received from the borrower to SBA within five business days of receipt from the borrower

Released August 11, 2020

Interim Final Rule – Appeals of SBA Loan Review Decision under the PPP

<https://www.sba.gov/sites/default/files/2020-08/PPP%20--%20IFR%20--%20Appeals%20of%20SBA%20Loan%20Review%20Decisions%20Under%20the%20PPP.pdf>

A final SBA loan review decision that is **appealable** under this subpart L is an official written decision by SBA, after SBA completes a review of a PPP loan, that finds a borrower

1. Was ineligible for a PPP loan,
 2. Was ineligible for the PPP loan amount received or used the PPP loan proceeds for unauthorized uses
 3. Is ineligible for PPP loan forgiveness in the amount determined by the lender in its full approval or partial approval decision issued to SBA (except for the deduction of EIDL Advance)
 4. Is ineligible for PPP loan forgiveness in any amount when the lender has issued a full denial decision to SBA
- A borrower cannot file an OHA appeal of any decision made by a lender concerning a PPP loan.
 - Any determination by SBA's Office of Inspector General concerning a PPP loan is not appealable to OHA.

- PPP borrower must begin making payments of principal and interest on the remaining balance of its PPP loan at the end of the loan payment deferral period or when SBA remits the loan forgiveness amount to the PPP lenders (or notifies the lender that no loan forgiveness is allowed), **an appeal by a PPP borrower or any SBA loan review decision does not extend the deferral period of the PPP loan.**
- An appeal petition must be filed with OHA within **30 calendar days** after
 - 1. the appellant's receipt of the final SBA loan review decision;
 - 2. notification by the lender of the final SBA loan review decision, whichever is earlier.

Loan Forgiveness Payroll Costs FAQs

PPP Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

<https://www.sba.gov/sites/default/files/2020-08/PPP%20-%20Loan%20Forgiveness%20FAQs%20%28August%2011%2C%202020%29.pdf>

As of August 11, 2020

3. Question: Are borrowers required to calculate payroll costs for partial pay periods?

Answer: If the borrower uses a biweekly or more frequent (e.g., weekly) payroll cycle, the borrower may elect to calculate eligible payroll costs using the eight-week (for borrowers that received their loans before June 5, 2020 and elect this Covered Period length) or 24-week period that begins on the first day of the first payroll cycle following the PPP Loan Disbursement Date (referred to as the Alternative Payroll Covered Period).

However, if a borrower pays twice a month or less frequently, it will need to calculate payroll costs for partial pay periods. **The Covered Period or Alternative Covered Period for any borrower will end no later than December 31, 2020.**

Example: A borrower uses a biweekly payroll cycle. The borrower's 24-week Covered Period begins on Monday, June 1 and ends on Sunday, November 15. The first day of the borrower's first payroll cycle that starts in the Covered Period is June 7. The borrower may elect an Alternative Payroll Covered Period that starts on June 7 and ends on November 21 (167 days later). Payroll costs incurred (i.e., the pay was earned on that day) during this Alternative Payroll Covered Period are eligible for loan forgiveness if the last payment is made on or before the first regular payroll date after November 21.

4. Question: For purposes of calculating cash compensation, should borrowers use the gross amount before deductions for taxes, employee benefits payments, and similar payments, or the net amount paid to employees?

Answer: The gross amount should be used when calculating cash compensation.

5. Question: Are only salaries or wages covered by loan forgiveness, or can a borrower pay lost tips, lost commissions, bonuses, or other forms of incentive pay and have such costs qualify for loan forgiveness?

Answer: Payroll costs include all forms of cash compensation paid to employees, including tips, commissions, bonuses, and hazard pay. Note that forgivable cash compensation per employee is limited to \$100,000 on an annualized basis.

- 6. Question: What expenses for group health care benefits will be considered payroll costs that are eligible for loan forgiveness?

Answer: Employer expenses for employee group health care benefits that are **paid or incurred** by the borrower during the Covered Period or the Alternative Payroll Covered Period are payroll costs eligible for loan forgiveness.

However, payroll costs do not include expenses for group health care benefits paid by employees (or beneficiaries of the plan) either pre-tax or after tax, such as the employee share of their health care premium.

Forgiveness is not provided for expenses for group health benefits accelerated from periods outside the Covered Period or Alternative Payroll Covered Period.

- Question: How is the amount of owner compensation that is eligible for loan forgiveness determined?

Answer: The amount of compensation of owners who work at their business that is eligible for forgiveness depends on the business type (see the following 5 slides) and whether the borrower is using an eight-week or **24-week** Covered Period. In addition to the specific caps described below, the amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation is **capped at \$20,833** per individual in total across all businesses in which he or she has an ownership stake.

For borrowers that received a PPP loan before June 5, 2020 and elect to use an **8-week** Covered Period, this **cap is \$15,385**. If their total compensation across businesses that receive a PPP loan exceeds the cap, owners can choose how to allocate the capped amount across different businesses.

C Corporations

- The employee cash compensation of a C-corporation owner-employee, defined as an owner who is also an employee (including where the owner is the only employee), is eligible for loan forgiveness up to the amount of 2.5/12 of his or her 2019 employee cash compensation, with cash compensation defined as it is for all other employees.
- Borrowers are also eligible for loan forgiveness for payments for employer state and local taxes paid by the borrowers and assessed on their compensation, for the amount paid by the borrower for employer contributions for their employee health insurance, and for employer retirement contributions to their employee retirement plans capped at the amount of 2.5/12 of the 2019 employer retirement contribution.
- Payments other than for cash compensation should be included on lines 6-8 of PPP Schedule A of the loan forgiveness application (SBA Form 3508 or lender equivalent), for borrowers using that form, and do not count toward the \$20,833 cap per individual

S Corporations

The employee cash compensation of an S-corporation owner-employee, defined as an owner who is also an employee, is eligible for loan forgiveness up to the amount of 2.5/12 of their 2019 employee cash compensation, with cash compensation defined as it is for all other employees.

Borrowers are also eligible for loan forgiveness for payments for employer state and local taxes paid by the borrowers and assessed on their compensation, and for employer retirement contributions to their employee retirement plans capped at the amount of 2.5/12 of their 2019 employer retirement contribution.

Employer contributions for health insurance are not eligible for additional forgiveness for S-corporation employees with at least a 2% stake in the business, including for employees who are family members of an at least 2% owner under the family attribution rules of 26 U.S.C. 318, because those contributions are included in cash compensation. The eligible non-cash compensation payments should be included on lines 7 and 8 of PPP Schedule A of the Loan Forgiveness Application (SBA Form 3508), for borrowers using that form, and do not count toward the \$20,833 cap per individual.

Self-employed Schedule C (or Schedule F) filers

The compensation of self-employed Schedule C (or Schedule F) individuals, including sole proprietors, self-employed individuals, and independent contractors, that is eligible for loan forgiveness is limited to 2.5/12 of 2019 net profit as reported on IRS Form 1040 Schedule C line 31 (or 2.5/12 of 2019 net farm profit, as reported on IRS Form 1040 Schedule F line 34)

(or for new businesses, the estimated 2020 Schedule C (or Schedule F) referenced in question 10 of “Paycheck Protection Program: How to Calculate Maximum Loan Amounts – By Business Type”³).

Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness; health insurance and retirement expenses are paid out of their net self-employment income.

If the borrower did not submit its 2019 IRS Form 1040 Schedule C (or F) to the Lender when the borrower initially applied for the loan, it must be included with the borrower’s forgiveness application.

General Partners

The compensation of general partners that is eligible for loan forgiveness is limited to 2.5/12 of their 2019 net earnings from self-employment that is subject to self-employment tax, which is computed from 2019 IRS Form 1065 Schedule K-1 box 14a (reduced by box 12 section 179 expense deduction, unreimbursed partnership expenses deducted on their IRS Form 1040 Schedule SE, and depletion claimed on oil and gas properties) multiplied by 0.9235

Compensation is only eligible for loan forgiveness if the payments to partners are made during the Covered Period or Alternative Payroll Covered Period.

Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness.

If the partnership did not submit its 2019 IRS Form 1065 K-1s when initially applying for the loan, it must be included with the partnership's forgiveness application

LLC owners

LLC owners must follow the instructions that apply to how their business was organized for tax filing purposes for tax year 2019, or if a new business, the expected tax filing situation for 2020.

Loan Forgiveness Non-payroll Costs FAQs

1. Question: Are non-payroll costs incurred prior to the Covered Period, but paid during the Covered Period, eligible for loan forgiveness?

Answer: Yes, eligible business mortgage interest costs, eligible business rent or lease costs, and eligible business utility costs **incurred prior to the Covered Period** and **paid** during the Covered Period are eligible for loan forgiveness.

2. Question: Are non-payroll costs incurred during the Covered Period, but paid after the Covered Period, eligible for loan forgiveness?

Answer: Non-payroll costs are eligible for loan forgiveness if they were **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.

Alternative Payroll Covered Period Not applies to Non-payroll costs

3. Question: If a borrower elects to use the Alternative Payroll Covered Period for payroll costs, does the Alternative Payroll Covered Period apply to non-payroll costs?

Answer: No. The Alternative Payroll Covered Period applies only to payroll costs, not to non-payroll costs.

4. Question: Is interest on unsecured credit eligible for loan forgiveness?

Answer: No. Payments of interest on business mortgages on real or personal property (such as an auto loan) are eligible for loan forgiveness. Interest on unsecured credit is not eligible for loan forgiveness because the loan is not secured by real or personal property. Although interest on unsecured credit incurred before February 15, 2020 is a permissible use of PPP loan proceeds, this expense is not eligible for forgiveness.

5. Question: Are payments made on **recently renewed leases** or **interest payments on refinanced mortgage loans** eligible for loan forgiveness if the **original** lease or mortgage **existed prior to February 15, 2020**?

Answer: Yes.

6. Question: Covered utility payments, which are eligible for forgiveness, include a “payment for a service for the distribution of . . . transportation” under the CARES Act. What expenses does this category include?

Answer: A service for the distribution of transportation refers to **transportation utility fees assessed by state and local governments**.

https://www.fhwa.dot.gov/ipd/value_capture/defined/transportation_utility_fees.aspx

Transportation utility fees are a financing mechanism that treats the transportation system like a utility in which residents and businesses pay fees based on their use of the transportation system rather than taxes based on the value of property they occupy.

7. Question: Are **electricity supply charges** eligible for loan forgiveness if they are charged separately from electricity distribution charges?

Answer: Yes. The entire electricity bill payment is eligible for loan forgiveness (even if charges are invoiced separately), including supply charges, distribution charges, and other charges such as gross receipts taxes.

Loan Forgiveness Reductions FAQs

Seasonal Business FTE

- Question: If a seasonal employer elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount, what period in 2019 should be used as the reference period for calculating any reductions in the loan forgiveness amount?

Answer: A **seasonal employer** that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount **must use the same 12-week period** as the reference period for calculation of any reduction in the amount of loan forgiveness.

- Question: When calculating the FTE Reduction Exceptions in Table 1 of the PPP Schedule A Worksheet on the Loan Forgiveness Application (SBA Form 3508 or lender equivalent), do borrowers include employees who made more than \$100,000 in 2019 (those listed in Table 2 of the PPP Schedule A Worksheet)?

Answer: Yes. The FTE Reduction Exceptions apply to all employees, not just those who would be listed in Table 1 of the Loan Forgiveness Application (SBA Form 3508 or lender equivalent).

Borrowers should therefore include employees who made more than \$100,000 in the FTE Reduction Exception line in Table 1 of the PPP Schedule A Worksheet.

- Question: How do borrowers calculate the reduction in their loan forgiveness amount arising from reductions in employee salary or hourly wage?

Answer: Certain pay reductions during the Covered Period or the Alternative Payroll Covered Period may reduce the amount of loan forgiveness a borrower will receive. If the salary or hourly wage of a covered employee⁶ is reduced by more than 25% during the Covered Period or the Alternative Payroll Covered Period, the portion in excess of 25% reduces the eligible forgiveness amount unless the borrower satisfies the Salary/Hourly Wage Reduction Safe Harbor (as described in the Loan Forgiveness Application (SBA Form 3508 or lender equivalent)).

The examples below assume that each employee is a “covered employee.

Example 1: A borrower received its PPP loan before June 5, 2020 and elected to use an eight-week covered period. Its full-time salaries employee’s pay was reduced during the Covered Period from \$52,000 per year to \$36,400 per year on April 23, 2020 and not restored by December 31, 2020. The employee continued to work on a full-time basis with a full-time equivalency (FTE) of 1.0. The borrower should refer to the “Salary/Hourly Wage Reduction” section under the “Instructions for PPP Schedule A Worksheet” in the PPP Loan Forgiveness Application Instructions.



In Step 1, the borrower enters the figures in 1.a, 1.b, and 1.c, and because annual salary was reduced by more than 25%, the borrower proceeds to Step 2.

Under Step 2, because the salary reduction was not remedied by December 31, 2020, the Salary/Hourly Wage Reduction Safe Harbor is not met, and the borrower is required to proceed to Step 3.

Under Step 3.a., \$39,000 (75% of \$52,000) is the minimum salary that must be maintained to avoid a penalty. Salary was reduced to \$36,400, and the excess reduction of \$2,600 is entered in Step 3.b. Because this employee is salaried,

in Step 3.e., the borrower would multiply the excess reduction of \$2,600 by 8 (if it had instead selected a 24-week Covered Period, it would multiply by 24) and divide by 52 to arrive at a loan forgiveness reduction amount of \$400. The borrower would enter on the PPP Schedule A Worksheet, Table 1, \$400 as the salary/hourly wage reduction in the column above box 3 for that employee. $\$2,600/52 \times 8$ (or 24) = \$400 (\$1,200)

Example 2:

- A borrower received its PPP loan before June 5, 2020 and elected to use a 24-week Covered Period. An hourly employee's hourly wage was reduced from \$20 per hour to \$15 per hour during the Covered Period. The employee worked 10 hours per week between January 1, 2020 and March 31, 2020. The borrower should refer to the “Salary/Hourly Wage Reduction” section under the “Instructions for PPP Schedule A Worksheet” in the PPP Loan Forgiveness Application Instructions.
- Because the employee's hourly wage was reduced by **exactly 25%** (from \$20 per hour to \$15 per hour), the wage reduction **does not reduce the eligible forgiveness amount**. The amount on line 1.c would be 0.75 or more, so the borrower would enter \$0 in the Salary/Hourly Wage Reduction column for that employee on the PPP Schedule A Worksheet, Table 1.

If the same employee's **hourly wage** had been **reduced to \$14** per hour, the reduction would be **more than 25%**, and the borrower would proceed to Step 2.

If that reduction were not remedied as of December 31, 2020, the borrower would proceed to Step 3.

This reduction in hourly wage in excess of 25% is \$1 per hour. In Step 3, the borrower would multiply **\$1 per hour** by **10 hours per week** to determine the weekly salary reduction. The borrower would then multiply the weekly salary reduction by 24 (because the borrower is using **a 24-week** Covered Period). The borrower would enter **\$240** in the Salary/Hourly Wage Reduction column for that employee on the PPP Schedule A Worksheet, Table 1. If the borrower applies for forgiveness before the end of the 24-week Covered Period, it must account for the salary reduction (the excess reduction over 25%, or \$240) for the full 24-week Covered Period.

$$\text{\$1} \times 10 \times 8 \text{ (or 24)} = \text{\$240} \text{ (\$720)}$$

- **Example 3:** An employee earned a wage of **\$20 per hour** between January 1, 2020 and March 31, 2020 and worked **40 hours per week**.
- During the Covered Period, the employee's wage was not changed, but his or her **hours were reduced to 25 hours per week**.
- In this case, the salary/hourly wage reduction for that employee is **zero, because the hourly wage was unchanged**. As a result, the borrower would enter \$0 in the Salary/Hourly Wage Reduction column for that employee on the PPP Schedule A Worksheet, Table 1.
- The employee's reduction in hours would be taken into account in the borrower's calculation of its FTE during the Covered Period, which is calculated separately and may result in a reduction of the borrower's loan forgiveness amount.

- 
- Question: For purposes of calculating the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees, are all forms of compensation included or only salaries and wages?

Answer: For purposes of calculating reductions in the loan forgiveness amount, the borrower should **only take into account decreases in salaries or wages.**

Economic Injury Disaster Loan (EIDL) FAQs

1. Question: SBA will deduct the amount of any Economic Injury Disaster Loan (EIDL) advance received by a PPP borrower from the forgiveness amount remitted to the lender. How will a lender know the amount of the EIDL advance that will be automatically deducted by SBA?

Answer: If a borrower received an EIDL advance, SBA is required to reduce the borrower's loan forgiveness amount by the amount of the EIDL advance.

SBA will deduct the amount of the EIDL advance from the forgiveness amount remitted by SBA to the lender. The lender will be able to confirm the amount of the EIDL advance that will be automatically deducted by SBA from the forgiveness payment by reviewing the borrower's EIDL advance information in the PPP Forgiveness Platform.

Question: How should a lender handle any remaining balance due on a PPP loan after SBA remits the forgiveness amount to the lender?

Answer: If a PPP loan is not forgiven in full (including if there has been a reduction in the forgiveness amount for an EIDL advance), any remaining balance due on the PPP loan must be repaid by the borrower.

The lender is responsible for notifying the borrower of the loan **forgiveness amount** remitted by SBA and **the date** on which the borrower's **first loan payment is due**. The lender must continue to service the loan. The borrower must repay the remaining loan balance by the maturity date of the PPP loan (either two or five years). If a borrower is determined to have been ineligible for a PPP loan for any reason, SBA may seek repayment of the outstanding PPP loan balance or pursue other available remedies.

- Question: What should a lender do if a borrower received an EIDL advance in excess of the amount of its PPP loan?

Answer: A borrower that received an EIDL advance in excess of the amount of its PPP loan **will not receive any forgiveness on the PPP loan**, because the amount of an EIDL advance is deducted from the PPP loan forgiveness amount.

The lender is responsible for notifying the borrower of the date on which the borrower's first loan payment is due. The lender must continue to service the loan. The borrower must repay the remaining loan balance by the maturity date of the PPP loan (either two or five years). If a borrower is determined to have been ineligible for a PPP loan for any reason, SBA may seek repayment of the outstanding PPP loan balance or pursue other available remedies.

PPP Forgiveness

The Most Common FAQs

1. What effect does a borrower's reduction in employees' salary or wages have on the loan forgiveness amount?

If more than 25% will generally result in a reduction in the loan forgiveness amount. The calculation is performed on a per employee basis, not in the aggregate.

2. Can the borrower apply for loan forgiveness before the end of the Covered Period?

Yes. A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan, including before the end of the covered period, if the borrower has used all of the loan proceeds

If the borrower applies for forgiveness before the end of the covered period & has reduced any employee's salaries or wages in excess of 25%, the borrower must account for the excess salary reduction for the full 8-week or 24-week covered period, as described in Part III.5.

5. What effect does a reduction in a borrower's number of FTE employees have on the loan forgiveness amount?

- The borrower must first select a **Reference Period**:

- (i) 2/15/2019 through 6/30/2019;

- (ii) 1/1/2020 through 2/29/2020;

- (iii) For seasonal employer, either of the two preceding methods or a consecutive 12- week period between 5/1/2019 and 9/15,/2019.

- If the **average number of FTE employees** during the covered period is less than during the reference period, the total eligible expenses available for forgiveness is reduced **proportionally**.

For example, if a borrower had 10 FTE employees during the reference period and this declined to 8 FTE employees during the covered period, the percentage declined by 20% and thus only 80% will be available for forgiveness.

How to Apply for PPP Loan Forgiveness

1. Contact your PPP Lender and complete the correct form
2. Compile your documentation
3. Submit the forgiveness form and documentation to your PPP Lender
4. Continue to communicate with your Lender throughout the process

Questions? Contact your PPP Lender or find more information at www.sba.gov/ppp

PPP Loan Forgiveness Application Instructions and Forms

Borrower submits PPP Forgiveness application form to the lender or complete application electronically through the lender.

SBA Form 3508S (10/8/2020)

SBA Form 3508EZ (6/20/2020)

SBA Form 3508 (revised 6/16/2020)

Simpler PPP Forgiveness for Loans of \$50,000 or Less 10/8/2020

- Interim Rules

- <https://www.sba.gov/sites/default/files/2020-10/PPP%20-%20IFR%20--%20Additional%20Revisions%20to%20Loan%20Forgiveness%20and%20Loan%20Review%20Procedures%20Interim%20Final%20Rules.pdf>

- **SBA Form 3508S (Expiration Date 11/30/2020)**

- <https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Form-3508S.pdf>

- *Instructions*

- <https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S%20Instructions.pdf>

- A borrower that uses SBA Form 3508S (or lender's equivalent form) is exempt from any reductions in the borrower's loan forgiveness amount based on reductions in full-time equivalent (FTE) employees (section 1106(d)(2) of the CARES Act) or reductions in employee salary or wages (section 1106(d)(3) of the CARES Act) that would otherwise apply.

- There are approximately **3.57 million** outstanding PPP loans of \$50,000 or less, totaling approximately \$62 billion of the \$525 billion in PPP loans.
- Approximately **1.71 million** PPP loans of \$50,000 or less were made to businesses that reported having **zero employees** (presumably not counting the owner as an employee) **or one employee.**
- As a result, based on available data, we estimate that the outstanding PPP loans of the relevant set of **potentially affected borrowers** (businesses with at least one employee other than the owner) total approximately **\$49 billion, or 9 % of the overall PPP loan amount.**
- Excluding such borrowers, the aggregate dollar amount of PPP funds affected by these exemptions relative to the aggregate dollar amount of all PPP funds is de minimis

Changes to the Loan Review Rules

When a borrower submits SBA Form 3508S or lender's equivalent form, the lender shall:

- i. Confirm receipt of the borrower certifications contained in the SBA Form 3508S or lender's equivalent form.
 - ii. Confirm receipt of the documentation the borrower must submit to aid in verifying payroll and non-payroll costs, as specified in the instructions to the SBA Form 3508S or lender's equivalent form.
- Providing an accurate calculation of the loan forgiveness amount **is the responsibility of the borrower**, and the borrower attests to the accuracy of its reported information and calculations on the Loan Forgiveness Application.
 - The borrower shall not receive forgiveness without submitting **all required documentation** to the lender.

Borrower Submission of Excess Costs

- What should a lender do if a borrower submits documentation of eligible costs that exceed a borrower's PPP Loan Amount? The amount of loan forgiveness that a borrower may receive cannot exceed the principal amount of the PPP loan.
- Whether a borrower submits SBA Form 3508, 3508EZ, 3508S, or lender's equivalent form, a lender should confirm receipt of the documentation the borrower is required to submit to aid in verifying payroll and non-payroll costs, and, if applicable (for SBA Form 3508, 3508EZ, or lender's equivalent form), confirm the borrower's calculations on the borrower's Loan Forgiveness Application, up to the amount required to reach the requested Forgiveness Amount.

Use the Correct Form

- SBA Form 3508S (received PPP loan of \$50,000 or less)
- SBA Form 3508EZ
 1. Self employed and have no employees
 2. Did not reduce the salaries or wages of any employee by more than 25%, **and** did not reduce the number or hours of their employees (ignore the FTE exceptions)
 3. Experienced reductions in business activities as a result of health directives related to COVID-19 **and** did not reduce the salaries or wages of any employees by more than 25%
- SBA Form 3508

Form 3508S

PPP Loan Forgiveness Application Form 3508S Expiration date: 10/31/2020

- A borrower may use this form only if the borrower received a PPP loan of \$50,000 or less.
- A borrower that, together with its affiliates, received PPP loan totaling \$2 million or greater cannot use this form


Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508S
SBA Form No. 3508-SM7
Expiration date: 10/31/2020

A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$50,000 OR LESS. A Borrower that, together with its affiliates, received PPP loans totaling \$2 million or greater cannot use this form.

Borrower Name - Business *		SBA or Lender's ID number	
Business Address		Business EIN (SEE 3508)	Business Phone
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____
 Forgiveness Amount: _____

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The Borrower certifies to the following:

The dollar amount for which forgiveness is requested does not exceed the principal amount of the PPP loan and:

- 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 \$20,833 per individual.

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.

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

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

The information provided in this application and the information provided in all supporting documents and loans 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 1071 by imprisonment of not more than five years and/or a fine of up to \$250,000 under 18 USC 643 by imprisonment of not more than two years and/or a fine of not more than \$1,000, 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.

The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reserves.

I understand, acknowledge, and agree that SBA may request additional information for the purpose of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was not eligible for the PPP loan or a denial of the Borrower's loan 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 deny a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was not eligible for the PPP loan.

Signature of Authorized Representative of Borrower _____ Date _____
 Print Name _____ Title _____

SBA Form 3508-S (10/20)



- Business Legal Name (Borrower)
- DBA or Trade name, if applicable
- Business Address
- Business TIN (EIN, SSN)
- Business Phone
- Primary Contact
- Email Address
- **SBA PPP Loan Number**
- **Lender PPP Loan Number**
- **PPP Loan Amount**
- **PPP Loan Disbursement Date**
- **Employees at Time of Loan Application**
- **Employees at Time of Forgiveness Applications**
- **EIDL Advance Amount**
- **EIDL Application Number**
- **Forgiveness 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 does not exceed the principal amount of the PPP loan **and**:

- 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 \$15,385 per individual.

_____ 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.

_____ The Borrower has accurately verified the payments for the eligible payroll and non-payroll costs for which the Borrower is requesting forgiveness, and has accurately calculated the forgiveness amount requested.

_____ 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.

_____ 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.

_____ The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

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

PPP LOAN FORGIVENESS APPLICATION FORM 3508S INSTRUCTIONS FOR BORROWERS

- You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508S only if the total PPP loan amount you received from your Lender was \$50,000 or less.
- However, a borrower that, together with its affiliates (see 85 FR 20817 (April 15, 2020) regarding application of SBA's affiliation rules and the exemption of otherwise qualified faith-based organizations from SBA's affiliation rules), received PPP loans totaling \$2 million or more cannot use this form.
- If you are not eligible to use this form, you must apply for forgiveness of your PPP loan using SBA Form 3508 or 3508EZ (or lender's equivalent form).
- SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. Borrowers that use SBA Form 3508S are **exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent (FTE) employees or in salaries or wages**. SBA Form 3508S also does not require borrowers to show the calculations used to determine their loan forgiveness amount.
- However, SBA may request information and documents to review those calculations as part of its loan review process. Complete this SBA Form 3508S in accordance with the instructions below, and submit it to your Lender (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender.

Instructions for PPP Loan Forgiveness Application Form 3508S

- Business Legal Name (“Borrower”)/DBA or Trade name (if applicable)/Business TIN (EIN, SSN): Enter the same information as on your Borrower Application Form (**SBA Form 2483 or lender’s equivalent**)
- 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.**
- SBA PPP Loan Number: Enter the loan number assigned by SBA at the time of loan approval. **Request this number from the Lender if necessary.** Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender. PPP Loan Amount: Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).
- Employees at Time of Loan Application: Enter the total number of employees at the time of the PPP Loan Application. Employees at Time of Forgiveness Application: Enter the total number of employees at the time the Borrower is applying for loan forgiveness. PPP Loan Disbursement Date: Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.
- EIDL Advance Amount: If the Borrower received an Economic Injury Disaster Loan (EIDL) advance, enter the amount. EIDL Application Number: If the Borrower applied for an EIDL, enter the Borrower’s EIDL Application Number.
- Forgiveness Amount: Enter the total amount of your payroll and nonpayroll costs eligible for forgiveness. The amount entered cannot exceed the principal amount of the PPP loan.

1. Eligible payroll costs

- Borrowers are generally eligible for **forgiveness for the payroll costs paid and payroll costs incurred during the 24-week** (168-day) or 8-week (56-day) Covered Period or Alternative Payroll Covered Period (“payroll costs”). Covered Period: 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. Alternative Payroll Covered Period: For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the 24-week (168-day) period or for loans received before June 5, 2020 at the election of the borrower, the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date. For example, if the Borrower is using a 24-week Alternative Payroll Covered Period and received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, October 10. Borrowers that elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to “the Covered Period or the Alternative Payroll Covered Period.” However, Borrowers must apply the Covered Period Paycheck Protection Program PPP Loan Forgiveness Application Form 3508S SBA Form 3508S (10/20) Page 2 (not the Alternative Payroll Covered Period) wherever there is a reference in this application to “the Covered Period” only. In no event may the Alternative Payroll Covered Period extend beyond December 31, 2020.

- To calculate eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period, sum Cash Compensation, Employee Benefits, and Owner Compensation, as follows:
 - **Cash Compensation:** The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period.
 - For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an **8-week** Covered Period, that total is **\$15,385**. For a **24-week** Covered Period, that total is **\$46,154** for purposes of this 3508S.
 - You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll Covered Period and whose principal place of residence is in the United States.

- 
- **Employee Benefits:** The total amount paid by the Borrower for:
 1. 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 by employees**. Do not add 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.
 - 2. Employer contributions to employee retirement plans, **excluding any pre-tax or after-tax contributions by employees**. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.
 - 3. Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), **excluding any taxes withheld from employee earnings**.

Owner Compensation: Include any amounts paid to owners (owner-employees, a self-employed individual, or general partners).

- For a **24-week** Covered Period, this amount is capped at **\$20,833** (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower.
- For an 8-week Covered Period, this amount is capped at 8/52 of 2019 compensation (**up to \$15,385**).
- 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 is earned.
- Payroll costs incurred but not paid during the Borrower's last pay period of the Covered Period (or Alternative Payroll 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 (or Alternative Payroll Covered Period).
- For each individual employee, 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.
- For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811), as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020 (85 FR 36308)). Include only payroll costs for employees whose principal place of residence is in the United States.

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- 2. **Eligible non-payroll costs.** 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”).

An eligible non-payroll 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 **non-payroll costs cannot exceed 40% of the total forgiveness amount.** Count non-payroll costs that were both paid and incurred only once.

Documents that Each Borrower **Must Submit** with its PPP Loan Forgiveness Application **Form 3508S**

- PPP Loan Forgiveness Application Form 3508S Payroll
- Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:
- a. Bank account statements 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 or the Alternative Payroll 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.

Documents that Each Borrower **Must Submit** with its PPP Loan Forgiveness Application **Form 3508S**

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 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; or **lender account statements** from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of **current lease agreement and receipts** or **cancelled checks** verifying eligible payments from the Covered Period; or **lessor account statements** from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of **invoices** from February 2020 and those 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**

All records relating to the Borrower's PPP loan, including

1. documentation submitted with its PPP loan application,
2. documentation supporting the Borrower's certifications as to its eligibility for a PPP loan,
3. documentation necessary to support the Borrower's loan forgiveness application, and
4. documentation demonstrating the Borrower's material compliance with PPP 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 SBA, including representatives of its Office of Inspector General, to access such files upon request.

PPP LOAN FORGIVENESS APPLICATION FORM 3508

**INSTRUCTIONS
AND
APPLICATION FORM**

Please print and read the detailed information of PPP Forgiveness **Instructions and Forms**

- PPP Loan Forgiveness Application Instructions for Borrowers Revised 6/16/20
- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20Instructions%20%28Revised%206.16.2020%29.pdf>
- **SBA Form 3508 Forgiveness Application Form (Expiration 11/30/2020)**
- <https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>
- 3508EZ Checklist
- <https://content.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20Form%20EZ%20Instructions%20%28Revised%206.16.2020%29.pdf>
- **SBA Form 3508EZ PPP Forgiveness Application Form (Expiration 11/30/2020)**
- <https://home.treasury.gov/system/files/136/PPP-Forgiveness-Application-3508EZ.pdf>

Lender Responsibilities for SBA Form 3508, 3508EZ

When the Borrower Submits SBA Form 3508, SBA Form 3508EZ or Lender's Equivalent Form:

- Confirm receipt of the borrower **certifications** contained in the SBA Form 3508, 3508EZ or lender's equivalent form.
- Confirm receipt of the **documentation the borrower must submit** to aid in verifying payroll and non-payroll costs as specified in the instructions to the SBA Form 3508, 3508EZ or lender's equivalent form.
- Confirm the borrower's **calculations** on the borrower's SBA Form 3508, 3508EZ or lender's equivalent form by reviewing the documentation submitted with the SBA Form 3508, 3508EZ or lender's equivalent form
- Confirm that the borrower made the calculation on Line 11 of the SBA Form 3508 (or line 8 of Form 3508EZ) or lender's equivalent form correctly. (**Forgiveness Amount**)

Paycheck Protection Loan Forgiveness Application Revised June 16, 2020

LOAN FORGIVENESS APPLICATION INSTRUCTIONS FOR BORROWERS

- Submit SBA Form 3508EZ or SBA Form 3508(06/20) to the lender
- Borrowers may also complete their application electronically through their Lender.
- **SBA Form 3508** has the following components:
 - (1) PPP Loan Forgiveness **Calculation Form**; (Page 1-2) submit
 - (2) PPP **Schedule A** (Page 3) submit
 - (3) PPP **Schedule A Worksheet** (Page 4)
 - (4) (optional) PPP Borrower **Demographic Information Form**.(P 5)

All Borrowers must submit 1 and 2 (Page 1-3) to their Lender.

PPP Loan Forgiveness Calculation Form SBA Form 3508 (06/20) Page 1



Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

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

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____





- Business Legal Name (Borrower)
- Business Address
- DBA or Trade name, if applicable
- Business TIN (EIN, SSN)
- Business Phone
- Primary Contact
- Email Address
- **SBA PPP Loan Number**
- **Lender PPP Loan Number**
- **PPP Loan Amount**
- **PPP Loan Disbursement Date**
- **Employees at Time of Loan Application**
- **Employees at Time of Forgiveness Applications**
- **EIDL Advance Amount**
- **EIDL Application Number**
- **Payroll Schedule:** The frequency with payroll is paid to employees is:
 - Weekly Biweekly (every other week) Twice a month Monthly Other
- **Cover period:** _____ to _____
- **Alternative Payroll Covered Period, if applicable:** _____ to _____
- **If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2million, check here:**



Payroll and Non-payroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): \$ _____

Line 2: Business Mortgage Interest Payments: \$ _____

Line 3. Business Rent or Lease Payments: \$ _____

Line 4. Business Utility Payments: \$ _____

NOTE: For lines 2-4, you are not required to report payments that you do not want to include in the forgiveness amount

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reduction

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, Line 3): \$ _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: \$ _____

Line 7. FTE Reduction quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____



Summary of Costs Eligible for Forgiveness

1. Eligible payroll costs.

Paid and payroll costs incurred during the 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) (“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 is earned. Payroll costs incurred but not paid during the Borrower’s last pay period of the Covered Period (or Alternative Payroll Covered Period) are eligible for forgiveness if paid on or before the next regular payroll date. For each individual employee, 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.

For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811) (as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020).

Include only payroll costs for employees whose principal place of residence is in the United States.



2. Eligible non-payroll costs.

- 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”);
- (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”).

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.



PPP Loan Forgiveness Calculation Form SBA Form 3508 (06/20) Page 2



Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

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; or business utility payments);
 - includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
 - 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 \$15,385 per individual.

- _____ 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.

- _____ 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 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.

- _____ 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 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 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 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

- _____ The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

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

- _____ If the Borrower has checked the box for FTE Reduction Safe Harbor 1 on PPP Schedule A, the Borrower was 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

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 of Authorized Representative of Borrower

Date

Print Name

Title





___ 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 payment; business rent or lease payments; or business utility payments);
- Includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
- 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 \$15,385 per individual**.

___ 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.

___ 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 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.



___ 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 U.S. C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 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 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

___ The **tax documents** I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the **Lender can share the tax information** with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

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

___ If the Borrower has checked the box for FTE Reduction Safe Harbor 1 on PPP Schedule A, the Borrower was 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

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.



PPP Schedule A



Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals

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:
If the average annual salary or hourly wage for each employee listed on the PPP
Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll
Covered Period was at least 75% of such employee's average annual salary or hourly
wage between January 1, 2020 and March 31, 2020, check here and enter 0 on line 3. _____

PPP Schedule A Worksheet, Table 2 Totals

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: _____

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans: _____

Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee
compensation: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partner:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is
more than one individual included, attach a separate table that lists the names of and
payments to each. _____

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation

If you satisfy any of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 1.0 on line 13; otherwise,
complete lines 11, 12, and 13:

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 .

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 .

FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here .

Line 11. Average FTE during the Borrower's chosen reference period: _____

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 any of the above criteria are met: _____



PPP Schedule A Worksheet, Table 1 Totals

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: _____ for P.1 line 5

If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee’s average annual salary or hourly wage between January1, 2020 and March 31, 2020, [check here](#) and enter 0 on line 3

PPP Schedule A Worksheet, Table 2 Totals

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: _____

Non-Cash Compensation payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid or incurred by Borrower for 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: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to catch, _____

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Line 2 + Line 5 is for Line 12





Full-Time Equivalency (FTE) Reduction Calculation

If you have satisfy **any** of the following three criteria, check the appropriate box, skip lines 11 and 12 and **enter 1.0 on line 13**; otherwise, complete lines 11, 12 and 13:

1. 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**

2. 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19, **check here**

3. FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (See PPP Schedule A Worksheet on Page 4), **check here**

Line 11. Average FTE during the Borrower’s chosen reference period:	<u>10</u>
Line 12. Total Average FTE (add lines 2 and 5):	<u>8.5</u>
Line 13. FTE Reduction Quotient (divide line 12 by line 11)	<u>0.85</u>
:	for P.1 Line 7



For lines 6 to 9, during the Covered Period or the Alternative Payroll Covered Period:

- **Line 6:** 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,
 - excluding any pre-tax or after tax contributions by employees.
 - do not add 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 contributions to employee retirement plans,
 - excluding any pre-tax or after-tax contributions by employees.
 - do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation.
- **Line 8:** employer state and local taxes assessed on employee compensation (e.g., state unemployment insurance tax):
 - do not list any taxes withheld from employee earnings.
- **Line 9:** Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners).
- For Borrowers using a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower.
- For Borrowers using an 8-week Covered Period, this amount is capped at \$15,385 (the eight-week equivalent of \$100,000 per year) for each individual or the eight-week equivalent of their applicable compensation in 2019, whichever is lower.

Line 11: total average weekly full-time equivalency (FTE) during the chosen reference period.

(i) 2/15/19 to 6/30/19 , (ii) 1/1/20 to 2/29/20, (iii) If seasonal employers, either of the preceding periods or any consecutive 12-week period between 5/1/19 and 9/15/19.

For each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet. Sum across all employees during the reference period and enter that total on this line.

The calculations on lines 11, 12, and 13 will be used to determine whether the Borrower's loan forgiveness amount must be reduced based on reductions in FTE.

If any of the three criteria listed on PPP Schedule A under Full-Time Equivalency (FTE) Reduction Calculation has been met.

The Borrower is exempt from such a reduction, and should skip lines 11 and 12,

Line 12: Add lines 2 and 5.

Line 13: Divide line 12 by line 11 (or enter 1.0 if any of the three criteria listed on PPP Schedule A under Full-Time Equivalency (FTE) Reduction Calculation has been met).

If more than 1.0, enter 1.0. Enter this amount on line 7 of the Loan Forgiveness Calculation Form.



PPP Schedule A Worksheet

- Table 1: List employees who:
- Were employed by the Borrower at any period during the Covered Period or the Alternative Payroll Covered Period whose **principal place of residence is in the U.S.**, and
- Received 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**.
- **Please see page 66 to page 71 for Box 3 calculation**

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3



PPP Schedule A Worksheet

- Table 2: List 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 U.S.**, and
- Received compensation from the Borrower at an annualized rate of **more than \$100,000** for any pay period in 2019.

Received compensation from the Borrower at an annualized rate of more than \$100,000 for any

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Complete the PPP Schedule A Worksheet or obtain an equivalent report from the Borrower's payroll system or payroll processor.

Employee's Name: Separately list each employee. Do not include any independent contractors, owner-employees, self-employed individuals, or partners.

Employee Identifier: Enter the last four digits of each employee's Social Security Number.

Cash Compensation: Enter the sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period.

For **each individual employee**, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. **For an 8-week Covered Period, that total is \$15,385.**

For a **24-week Covered Period, that total is \$46,154.**

Average FTE: This calculates the average full-time equivalency (FTE) during the Covered Period or the Alternative Payroll Covered Period.

For **each employee**, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth.

The maximum for each employee is capped at 1.0.

A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees.

Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the Borrower's chosen reference period (see Instructions to PPP Schedule A, Line 11).

The Borrower is exempt from such a reduction if either of the FTE Reduction Safe Harbors applies. See the FTE Reduction Safe Harbor instructions below.



Salary/Hourly Wage Reduction: This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in employee salary and wages.

Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual amount of loan forgiveness the Borrower will receive may be less, depending on **whether the salary or hourly wages of certain employees during the Covered Period or the Alternative Payroll Covered Period was less than during the period from January 1, 2020 to March 31, 2020.**

If the Borrower restored salary/hourly wage levels, the Borrower may be eligible for elimination of the Salary/Hourly Wage Reduction amount. Borrowers must complete this worksheet to determine whether to reduce the amount of loan forgiveness for which they are eligible.

Complete the Salary/Hour Wage Reduction column **only for employees whose salaries or hourly wages were reduced by more than 25% during the Covered Period or the Alternative Payroll Covered Period as compared to the period of January 1, 2020 through March 31, 2020.** For each employee listed in Table 1, complete the following (using salary for salaried employees and hourly wage for hourly employees):



- **Step 1. Determine if pay was reduced more than 25%. Page 4-2**
 - a. Enter average annual salary or hourly wage during Covered Period or Alternative Payroll Covered Period: **1.a** _____
 - b. Enter average annual salary or hourly wage between 1/1/20 and 3/31/20: **1.b** _____
 - c. Divide the value entered in 1.a. by 1.b.: **1.c** _____
 - **If 1.c. is 0.75 or more**, enter **zero** in the column above **box 3 for that employee**; otherwise proceed to Step 2.

- **Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.**
 - a. Enter the annual salary or hourly wage as of February 15, 2020: **2.a** _____
 - b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020: **2.b** _____
 - If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.
 - c. Enter the average annual salary or hourly wage as of the earlier of 12/31/20 and the date this application is submitted: **2.c** _____

If **2.c. is equal to or greater than 2.a.**, the Salary/Hourly Wage Reduction Safe Harbor has been met – enter **zero** in the column above **box 3 for that employee**.
Otherwise proceed to Step 3.

Step 3. Determine the Salary/Hourly Wage Reduction.

Page 4-2

a. Multiply the amount entered in 1.b. by 0.75:

3.a _____

b. Subtract the amount entered in 1.a. from 3.a.:

3.b _____

If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

c. Enter the average number of hours worked per week between January 1, 2020 and March 31, 2020:

3.c _____

d. Multiply the amount entered in 3.b. by the amount entered in 3.c. .
Multiply this amount by 24 (if Borrower is using a 24-week Covered Period)
or 8 (if Borrower is using an 8-week Covered Period):

3.d _____

Enter this value in the column above **box 3 for that employee.**

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

e. Multiply the amount entered in 3.b. by 24 (if Borrower is using a 24-week Covered Period) or 8 (if Borrower is using an 8-week Covered Period): _____

Divide this amount by 52: _____

Enter this value in the column **above box 3 for that employee.**

FTE Reduction Exceptions: Indicate the FTE of

- (1) any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020;
- (2) any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer
- (3) any employees who during the Covered Period or the Alternative Payroll Covered Period
 - (a) were fired for cause,
 - (b) voluntarily resigned,
 - (c) voluntarily requested and received a reduction of their hours.

In all of these cases, include these FTEs on this line **only if the position was not filled by a new employee.** Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.



FTE Reduction Safe Harbors

Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

1. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above

if the Borrower, in good faith, is able to document that it was 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.

2. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met:

- (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and
- (b) the Borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.



FTE Reduction Safe Harbor 2:

Step 1. Enter the borrower's total average FTE between 2/15/2020 and 4/26/2020.

Follow the same method that we used to calculate Avery FTE in the PPP Schedule A Worksheet Tables, Sum across all employees and enter: _____

Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of 2/15/2020. Follow the same method that was used in step 1: _____

Step 3. If the entry for **step 2 > step 1**, proceed to step 4.
Otherwise, FTE Reduction Safe Harbor 2 is not applicable and the Borrower **must complete line 13** of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Step 4. Enter the borrower's total FTE as of the earlier of 12/31/2020, and the date this application is submitted: _____

Step 5.

If **step 4 > or = to step 2**, enter 1.0 on line 13 (the FTE Reduction Safe Harbor 2 has been satisfied)

Otherwise, FTE Reduction Safe Harbor 2 does not apply and the Borrower **must complete line 13** of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Documents Required for PPP Forgiveness



Documents Must be submitted with the Forgiveness Application 1-3

- **PPP Loan Forgiveness Calculation Form** and **PPP Schedule A**
- **Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered period or the Alternative payroll Covered period consisting of each of the following:
 - a. Bank account statements 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 or the Alternative Payroll 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 (PPP Schedule A. line (6) and (7)).



Documents need to be submitted with Forgiveness Application 2-3

Full Time Equivalent (FTE): Documentation showing (at the election of the borrower)

The selected time period must be the same as PPP Schedule A, line 11.

- a. The average number of FTE employees on payroll per month employed by the Borrower between 2/15/19 and 6/30/19.
- b. The average number of FTE employees on payroll per month employed by the Borrower between 1/1/20 and 2/29/20
- c. In the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between 2/15/19 and 6/30/19; between 1/1/20 and 2/29/20; or any consecutive 12-week period between 5/1/19 and 9/15/19.

Documents may include payroll tax filing reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or will be reported to the relevant state. Documents submitted may cover periods longer than the specific time period.



Documents need to be submitted with Forgiveness Application 3-3

- **Non-Payroll:** Documents verifying existence of the obligations or services prior to 2/15/20 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; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
 - b. **Business rent or lease payments:** Copy of the current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered period verifying eligible payments.
 - c. **Business utility payments:** Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statement verifying those eligible payments.



Documents Borrower Must Maintain for **6 Years**, not Required to Submit

PPP Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the listing of **each individual employee** in PPP **Schedule A Worksheet Table 1**, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- b. Documentation supporting the listing of **each individual employee** in PPP **Schedule A Worksheet Table 2**; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- c. Documentation regarding any **employee job offers and refusals**, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, **written requests by any employee for reductions in work schedule**, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.
- d. Documentation supporting the certification, if applicable, that the Borrower was 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. This documentation **must include copies of the applicable requirements for each borrower location and relevant borrower financial records**.
- e. e. Documentation supporting the PPP Schedule A Worksheet “**FTE Reduction Safe Harbor 2.**”

The Borrower must retain all such documentation in its files **for 6 years after the date the loan is forgiven or repaid in full**, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.



Paycheck Protection Program
 Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
 Expiration Date: 10/31/2020

PPP Borrower Demographic Information Form (Optional)

Instructions:

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term "Principal" means:
 - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower's business.
 - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
 - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
 - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower ("key employees").
 - Any trustee (if the Borrower is owned by a trust).
 - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal's position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

Disclosure is voluntary and will have no bearing on the loan forgiveness decision

PPP LOAN FORGIVENESS APPLICATION FORM 3508EZ

**INSTRUCTIONS
AND
APPLICATION FORM**

Forgiveness Application 3508 EZ

New Loan Forgiveness Application 3508EZ – 3 pages • Separated into 3 sections:

pages 1 and 2 must be submitted to the lender:

1. PPP Forgiveness Application (p 1)
2. Certification (p 2)
3. Borrower Demographics Information (p 3)
4. Instructions

This application is only for the following Borrowers:

- Self employed and have no employees
- Did not reduce the salaries or wages of their employees by more than 25%, and did not reduce the number or hours of their employees;
- Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25%



PPP Loan Forgiveness Application Form 3508EZ Instructions for Borrowers Checklist for Using SBA Form 3508EZ **SBA Form 3508EZ (06/20) page 1**

Borrower can apply for forgiveness of your PPP loan using this form if you can check at least one of the three boxes below. Do not submit this Checklist with SBA Form 3508EZ. If you are unable to check one of the boxes, you must apply for forgiveness of your PPP loan using SBA Form 3508.

A self-employed individual, independent contractor, or sole proprietor had no employees at the time of the PPP application and did not include any employee salaries in the computation of average monthly payroll in SBA Form 2483.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period compare to the period 1/1/2020 to 3/31/2020 (only those employees did not receive, during any single period in 2019, wages or salary at an annualized rate more than \$100,000) **AND**

The Borrower did not reduce the number of employees or the average paid hours of employees 1/1/2020 to the end of the Covered period (Ignore reductions that arose from an inability to rehire individuals who were employees on 2/15/2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before 12/31/2020. Also ignore reduction in an employee's hours that the Borrower offered to restore and the employee refused.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period compare to the period 1/1/2020 to 3/31/2020(only those employees did not receive, during any single period in 2019, wages or salary at an annualized rate more than \$100,000) **AND**

The Borrower was unable to operate during the Covered period at the same level of business activity as before 2/15/2020, due to compliance with requirements established or guidance issued 3/1/2020 to 12/31/2020 by the Secretary of Health Administration, 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.



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

OMB Control No. 3245-0407
Expiration date: 10/31/2020

Table with 3 columns: Business Legal Name ("Borrower"), DBA or Tradename, if applicable, Business Address, Business TIN (EIN, SSN), Business Phone, Primary Contact, E-mail Address.

SBA PPP Loan Number: Lender PPP Loan Number:

PPP Loan Amount: PPP Loan Disbursement Date:

Employees at Time of Loan Application: Employees at Time of Forgiveness Application:

EIDL Advance Amount: EIDL Application Number:

Payroll Schedule: The frequency with which payroll is paid to employees is:

- Weekly, Biweekly (every other week), Twice a month, Monthly, Other

Covered Period: to

Alternative Payroll Covered Period, if applicable: to

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

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

Line 6. PPP Loan Amount:

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

Forgiveness Amount

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



- Business Legal Name (Borrower)
- Business Address
- DBA or Trade name, if applicable
- Business TIN (EIN, SSN)
- Business Phone
- Primary Contact
- Email Address
- **SBA PPP Loan Number**
- **Lender PPP Loan Number**
- **PPP Loan Amount**
- **PPP Loan Disbursement Date**
- **Employees at Time of Loan Application**
- **Employees at Time of Forgiveness Applications**
- **EIDL Advance Amount**
- **EIDL Application Number**
- **Payroll Schedule:** The frequency with payroll is paid to employees is:
 - Weekly Biweekly (every other week) Twice a month Monthly Other
- **Cover period:** _____ to _____
- **Alternative Payroll Covered Period, if applicable:** _____ to _____
- **If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2million, check here:**



Forgiveness Amount Calculation:

Payroll and Non-payroll Costs

Line 1. Payroll Costs: _____

Line 2: Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____ Total

Potential Forgiveness Amount

Line 5. Add the amounts on lines 1,2,3, and 4 = _____

Line 6. PPP Loan Amount: _____

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60) _____

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of lines 5,6, and 7): _____

- 
- Line 1: Enter total eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period. To calculate these costs, sum the following:

1. Cash Compensation: The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period.

For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period.

For an **8-week Covered Period, that total is \$15,385**. For a **24-week Covered Period, that total is \$46,154** for purposes of this 3508EZ.

You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll Covered Period and whose principal place of residence is in the United States.

2. Employee Benefits: The total amount paid by the Borrower for:

1. 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 by employees. Do not add 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.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.
3. Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings.

3. Owner Compensation:

Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower. For an 8-week Covered Period, this amount is capped at 8/52 of 2019 compensation (up to \$15,385).

- **Line 2:** Enter the amount of business mortgage interest payments paid or incurred during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.
- **Line 3:** Enter the amount of business rent or lease payments paid or incurred for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.
- **Line 4:** Enter the amount of business utility payments paid or incurred during the Covered Period, for business utilities for which service began before February 15, 2020.
- **NOTE:** For lines 2-4, you are not required to report payments that you do not want to include in the forgiveness amount.
- **Line 5:** Add lines 1 through 4, enter the total. **Line 6:** Enter the PPP Loan Amount. **Line 7:** Divide the amount on line 1 by 0.60, and enter the amount. This determines whether at least 60% of the potential forgiveness amount was used for payroll costs. **Line 8:** Enter the smallest of lines 5, 6, or 7. Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.

Summary of Costs Eligible for Forgiveness:

- Borrowers are eligible for loan forgiveness for the following costs:
 1. **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) (“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 is earned. Payroll costs incurred but not paid during the Borrower’s last pay period of the Covered Period (or Alternative Payroll 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 (or Alternative Payroll Covered Period). For each individual employee, 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. For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811), as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020). Include only payroll costs for employees whose principal place of residence is in the United States.



2. **Eligible non-payroll costs.**

Non-payroll 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) (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) (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”).

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.

Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application Form 3508EZ

- [PPP Loan Forgiveness Calculation Form 3508EZ](#)
- [Payroll](#): Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:
 - a. Bank account statements 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 or the Alternative Payroll 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.
 - d. If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.

Documents that Each Borrower **Must Submit** with its PPP Loan Forgiveness Application Form 3508EZ

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 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; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those 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 for 6 years

- Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period or Alternative Payroll Covered Period.
- Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.
- Documentation supporting the certification, if applicable, that 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 (other than any 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). This documentation must include payroll records that separately list each employee and show the amounts paid to each employee between January 1, 2020 and the end of the Covered Period.

Documents that Each Borrower **Must Maintain** but is Not Required to Submit for 6 years

- Documentation supporting the certification, if applicable, that the Borrower was 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.
- All records relating to the Borrower's PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP 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 SBA, including representatives of its Office of Inspector General, to access such files upon request



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

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; 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 \$15,385 per individual.
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.
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.
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 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.
The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects.
The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency.
I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

In addition, the Authorized Representative of the Borrower must certify by initialing at least ONE of the following two items:

- 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 (other than any 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, and reductions in an employee's hours that a borrower offered to restore and were refused).
The Borrower was 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

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 of Authorized Representative of Borrower

Date

Print Name

Title





**By Signing Below, You Make the Following Representations 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 payment; business rent or lease payments; or business utility payments);
- Includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
- 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;
- 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 \$15,385 per individual.

___ 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.

___ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period compare to the period 1/1/2020 to 3/31/2020 (only those employees did not receive, during any single period in 2019, wages or salary at an annualized rate more than \$100,000)

___ 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 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.



**By Signing Below, You Make the Following Representations on Behalf of the Borrower:
The authorized representative of the Borrower certifies to all of the below by initialing next to each one.**

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 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 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 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

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

In addition, the Authorized Representative of the Borrower must certify by **initialing at least ONE** of the following two items:

The Borrower did not reduce the number of employees or the average paid hours of employees 1/1/2020 to the end of the Covered period (Ignore reductions that arose from an inability to rehire individuals who were employees on 2/15/2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before 12/31/2020. Also ignore reduction in an employee's hours that the Borrower offered to restore and the employee refused.

The Borrower was unable to operate between 2/15/2020 and the end of the Covered Period at the same level of business activity as before 2/15/2020, due to compliance with requirements established or guidance issued between 3/1/2020 and 12/31/2020, 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.

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.



**Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ**

PPP Borrower Demographic Information Form (Optional)

Instructions:

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term "Principal" means:
 - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower's business.
 - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
 - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
 - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower ("key employee").
 - Any trustee (if the Borrower is owned by a trust).
 - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal's position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

Disclosure is voluntary and will have no bearing on the loan forgiveness decision

Questions and Assistance

Please contact the following organizations

**For Economic Injury Disaster Loan (EIDL) and Advance
SBA Disaster Center 1-800-659-2955 or
disastercustomerservice@sba.gov**

For FREE one-on-one counseling/mentoring

- 1. Small Business Development Center (SBDC)**
- 2. SCORE**
- 3 Women's Business Center**

**For Paycheck Protection Program (PPP)
Please contact the Lender**

Please make an appointment
For FREE one-on-one counseling/mentoring

Small Business Development Center (SBDC)

SCORE

Women's Business Center

www.sba.gov/local-assistance

SBA NY Resource Guide

https://www.sba.gov/sites/default/files/resource_files/SBA-NewYork_2020-508_v24070.pdf

**FAQs on PPP Loan Forgiveness
for Lenders
&
Borrowers**

As of Oct. 13, 2020

<https://www.sba.gov/sites/default/files/2020-10/PPP%20--%20Loan%20Forgiveness%20FAQs%20%28October%2013%2C%202020%29-508.pdf>

FAQs on PPP Loan Forgiveness **As of 10/12/2020**

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation, in consultation with the Department of the Treasury, of the CARES Act, the Flexibility Act, and the Paycheck Protection Program Interim Final Rules ("PPP Interim Final Rules") (<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>)

General Loan Forgiveness FAQs

1. Question: Which loan forgiveness application should sole proprietors, independent contractors, or self-employed individuals with no employees complete?

Answer: Form 3508EZ or lender equivalent

2. Question: Can PPP lenders use scanned copies of documents, E-signatures, or Econsents for loan forgiveness applications and loan forgiveness documentation?

Answer: Yes. Please visit the link to see the details

3. Question: If a borrower submits a timely loan forgiveness application, does the borrower have to make any payments on its loan prior to SBA remitting the forgiveness amount, if any?

Answer: As long as a borrower submits its loan forgiveness application within ten months of the completion of the Covered Period (as defined below), the borrower is not As of October 13, 2020 2 required to make any payments until the forgiveness amount is remitted to the lender by SBA.

If the loan is fully forgiven, the borrower is not responsible for any payments.

If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid by the borrower on or before the maturity date of the loan.

Interest accrues during the time between the disbursement of the loan and SBA remittance of the forgiveness amount. The borrower is responsible for paying the accrued interest on any amount of the loan that is not forgiven.

The lender is responsible for notifying the borrower of remittance by SBA of the loan forgiveness amount (or that SBA determined that no amount of the loan is eligible for forgiveness) and the date on which the borrower's first payment is due, if applicable.

4. Question: The PPP loan forgiveness application forms (3508, 3508EZ, and 3508S) display an expiration date of 10/31/2020 in the upper-right corner. Is October 31, 2020 the deadline for borrowers to apply for forgiveness?

Answer: No. Borrowers may submit a loan forgiveness application any time before the maturity date of the loan, which is either two or five years from loan origination. This date will be extended, and when approved, the same forms with the new expiration date will be posted

However, if a borrower does not apply for loan forgiveness within 10 months after the last day of the borrower's loan forgiveness covered period, loan payments are no longer deferred and the borrower must begin making payments on the loan.

Loan Forgiveness Payroll Costs FAQs

1. Question: Are payroll costs that were incurred during the Covered Period or the Alternative Payroll Covered Period but paid after the Covered Period or the Alternative Payroll Covered Period eligible for loan forgiveness?

Answer: Yes, if the payroll costs are paid on or before the next regular payroll date after the Covered Period or Alternative Payroll Covered Period.

2. Question: Are payroll costs that were incurred before the Covered Period but paid during the Covered Period eligible for loan forgiveness?

Answer: Yes.

3. Question: Are borrowers required to calculate payroll costs for partial pay periods?

Answer: If the borrower uses a biweekly or more frequent (e.g., weekly) payroll cycle, the borrower may elect to calculate eligible payroll costs using the eight-week (for borrowers that received their loans before June 5, 2020 and elect this Covered Period length) or 24-week period that begins on the first day of the first payroll cycle following the PPP Loan Disbursement Date (referred to as the Alternative Payroll Covered Period).

However, if a borrower pays twice a month or less frequently, it will need to calculate payroll costs for partial pay periods. The Covered Period or Alternative Covered Period for any borrower will end no later than December 31, 2020.

4. Question: For purposes of calculating cash compensation, should borrowers use the gross amount before deductions for taxes, employee benefits payments, and similar payments, or the net amount paid to employees?

Answer: The gross amount should be used when calculating cash compensation.

5. Question: Are only salaries or wages covered by loan forgiveness, or can a borrower pay lost tips, lost commissions, bonuses, or other forms of incentive pay and have such costs qualify for loan forgiveness?

Answer: Payroll costs include all forms of cash compensation paid to employees, including tips, commissions, bonuses, and hazard pay. Note that forgivable cash compensation per employee is limited to \$100,000 on an annualized basis.

6. Question: What expenses for group health care benefits will be considered payroll costs that are eligible for loan forgiveness?

Answer: Please visit the link to see the details of C Corp, S Corp, Self-employed Schedule C (or Schedule F) filers, General Partners and LLC owners

Loan Forgiveness Non-payroll Costs FAQs

1. Question: Are non-payroll costs incurred prior to the Covered Period, but paid during the Covered Period, eligible for loan forgiveness?

Answer: Yes

2. Question: Are non-payroll costs incurred during the Covered Period, but paid after the Covered Period, eligible for loan forgiveness?

Answer: Non-payroll costs are eligible for loan forgiveness if they were 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.

3. Question: If a borrower elects to use the Alternative Payroll Covered Period for payroll costs, does the Alternative Payroll Covered Period apply to non-payroll costs?

Answer: No.

4. Question: Is interest on unsecured credit eligible for loan forgiveness?

Answer: No. Payments of interest on business mortgages on real or personal property (such as an auto loan) are eligible for loan forgiveness.

Interest on unsecured credit is not eligible for loan forgiveness because the loan is not secured by real or personal property. Although interest on unsecured credit incurred before February 15, 2020 is a permissible use of PPP loan proceeds, this expense is not eligible for forgiveness.

5. Question: Are payments made on recently renewed leases or interest payments on refinanced mortgage loans eligible for loan forgiveness if the original lease or mortgage existed prior to February 15, 2020?

Answer: Yes.

6. Question: Covered utility payments, which are eligible for forgiveness, include a “payment for a service for the distribution of . . . transportation” under the CARES Act. What expenses does this category include?

Answer: A service for the distribution of transportation refers to **transportation utility fees** assessed by state and local governments. Payment of these fees by the borrower is eligible for loan forgiveness.

7. Question: Are electricity supply charges eligible for loan forgiveness if they are charged separately from electricity distribution charges?

Answer: Yes.

Loan Forgiveness Reductions FAQs

1. Question: Will a borrower be subject to a reduction to its forgiveness amount due to a reduction in FTE employees during the Covered Period if the borrower offered to rehire one or more laid off employees but the employees declined?

Answer: Please visit the link to see the details

2. Question: If a seasonal employer elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount, what period in 2019 should be used as the reference period for calculating any reductions in the loan forgiveness amount?

Answer: A seasonal employer that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount must use the same 12-week period as the reference period for calculation of any reduction in the amount of loan forgiveness.

3. Question: When calculating the FTE Reduction Exceptions in Table 1 of the PPP Schedule A Worksheet on the Loan Forgiveness Application (SBA Form 3508 or lender equivalent), do borrowers include employees who made more than \$100,000 in 2019 (those listed in Table 2 of the PPP Schedule A Worksheet)?

Answer: Yes. **Borrowers should therefore include employees who made more than \$100,000 in the FTE Reduction Exception line in Table 1 of the PPP Schedule A Worksheet.**

4. Question: How do borrowers calculate the reduction in their loan forgiveness amount arising from reductions in employee salary or hourly wage?

Answer: Please visit the link to see the details

5. Question: For purposes of calculating the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees, are all forms of compensation included or only salaries and wages?

Answer: For purposes of calculating reductions in the loan forgiveness amount, the borrower should only take into account decreases in salaries or wages.

Economic Injury Disaster Loan (EIDL) FAQs

1. Question: SBA will deduct the amount of any Economic Injury Disaster Loan (EIDL) advance received by a PPP borrower from the forgiveness amount remitted to the lender. How will a lender know the amount of the EIDL advance that will be automatically deducted by SBA?

Answer: If a borrower received an EIDL advance, **SBA is required to reduce the borrower's loan forgiveness amount by the amount of the EIDL advance.** SBA will deduct the amount of the EIDL advance from the forgiveness amount remitted by SBA to the lender. The lender will be able to confirm the amount of the EIDL advance that will be automatically deducted by SBA from the forgiveness payment by reviewing the borrower's EIDL advance information in the PPP Forgiveness Platform

2. Question: How should a lender handle any remaining balance due on a PPP loan after SBA remits the forgiveness amount to the lender?

Answer: If a PPP loan is not forgiven in full (including if there has been a reduction in the forgiveness amount for an EIDL advance), any remaining balance due on the PPP loan must be repaid by the borrower.

The lender is responsible for notifying the borrower of the loan forgiveness amount remitted by SBA and the date on which the borrower's first loan payment is due.

The lender must continue to service the loan.

The borrower must repay the remaining loan balance by the maturity date of the PPP loan (either two or five years).

If a borrower is determined to have been ineligible for a PPP loan for any reason, SBA may seek repayment of the outstanding PPP loan balance or pursue other available remedies.

3. Question: What should a lender do if a borrower received an EIDL advance in excess of the amount of its PPP loan?

Answer: A borrower that received an EIDL advance in excess of the amount of its PPP loan **will not receive any forgiveness on the PPP loan**, because the amount of an EIDL advance is deducted from the PPP loan forgiveness amount. The lender is responsible for notifying the borrower of the date on which the borrower's first loan payment is due.

The lender must continue to service the loan.

The borrower must repay the remaining loan balance by the maturity date of the PPP loan (either two or five years).

If a borrower is determined to have been ineligible for a PPP loan for any reason, SBA may seek repayment of the outstanding PPP loan balance or pursue other available remedies.

FAQs on PPP Loan for Lenders & Borrowers

As of Oct. 7, 2020

<https://www.sba.gov/sites/default/files/2020-10/Final%20PPP%20FAQs%20%28October%207%2C%202020%29-508.pdf>

PAYCHECK PROTECTION PROGRAM LOANS

Frequently Asked Questions (FAQs)

- Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rules ("PPP Interim Final Rules") (link). The U.S. government will not challenge lender PPP actions that conform to this guidance, and to the PPP Interim Final Rules and any subsequent rulemaking in effect at the time.

1. Question: Paragraph 3.b.iii of the PPP Interim Final Rule states that lenders must "Confirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application." Does that require the lender to replicate every borrower's calculations?

Answer: No.

2. Question: Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No.

3. Question: Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?

Answer: No.

4. Question: Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

Answer: No.

5. Question: Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

Answer: Yes.

6. Question: The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

Answer: No.

7. Question: The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: No.

8. Question: Do PPP loans cover paid sick leave?

Answer: Yes.

9. Question: My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

10. Question: What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: Please check the link

11. Question: May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

Answer: Yes.

12. Question: I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

Answer: Eligibility for the PPP has been expanded. Please check the link for the details

13. Question: Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

Answer: Yes.

14. Question: What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

Answer: Please check the link

15. Question: Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

Answer: No.

16. Question: How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: On a gross basis. Please check the link for the details

17. Question: I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

Answer: No.

18. Question: Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

Answer: Please check the link for the details.

19. Question: Do lenders have to use a promissory note provided by SBA or may they use their own?

Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. Question: The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week or 24-week period; when does that eight-week or 24-week period begin?

Answer: The eight-week or 24-week period starts on the date your lender makes a disbursement of the PPP loan to the borrower.

21. Question: Do lenders need a separate SBA Authorization document to issue PPP loans?

Answer: No.

23. Question: How do the \$10 million cap and affiliation rules work for franchises?

Answer: Please check the link to see the details.

24. Question: How do the \$10 million cap and affiliation rules work for hotels and restaurants (and any business assigned a North American Industry Classification System (NAICS) code beginning with 72)?

Answer: Please check the link to see the details.

25. Question: Does the information lenders are required to collect from PPP applicants regarding every owner who has a 20% or greater ownership stake in the applicant business (i.e., owner name, title, ownership %, TIN, and address) satisfy a lender's obligation to collect beneficial ownership information (which has a 25% ownership threshold) under the Bank Secrecy Act?

Answer: Please check the link to see the details.

26. Question: SBA regulations require approval by SBA's Standards of Conduct Committee (SCC) for SBA Assistance, other than disaster assistance, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest is: a current SBA employee; a Member of Congress; an appointed official or employee of the legislative or judicial branch; a member or employee of an SBA Advisory Council or SCORE volunteer; or a household member of any of the preceding individuals. Do these entities need the approval of the SCC in order to be eligible for a PPP loan?

Answer: The SCC has authorized a blanket approval for PPP loans to such entities so that further action by the SCC is not necessary in the PPP program.

27. Question: SBA regulations require a written statement of no objection by the pertinent Department or military service before it provides any SBA Assistance, other than disaster loans, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, or if a household member of any of the preceding individuals, is an employee of another Government Department or Agency having a grade of at least GS-13 or its equivalent. Does this requirement apply to PPP loans?

Answer: No. T

28. Question: Is a lender permitted to submit a PPP loan application to SBA through E-Tran before the lender has fulfilled its responsibility to review the required borrower documentation and calculation of payroll costs?

Answer: No.

29. Question: Can lenders use scanned copies of documents or E-signatures or E-consents permitted by the E-sign Act?

Answer: Yes.

30. Question: Can a lender sell a PPP loan into the secondary market?

Answer: Yes.

31. Question: Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: Please visit the link to see the details.

32. Question: Does the cost of a housing stipend or allowance provided to an employee as part of compensation count toward payroll costs?

Answer: Yes.

33. Question: Is there existing guidance to help PPP applicants and lenders determine whether an individual employee's principal place of residence is in the United States?

Answer: PPP applicants and lenders may consider IRS regulations (26 CFR § 1.121-1(b)(2)) when determining whether an individual employee's principal place of residence is in the United States.

34. Question: Are agricultural producers, farmers, and ranchers eligible for PPP loans?

Answer: Yes.

35. Question: Are agricultural and other forms of cooperatives eligible to receive PPP loans?

Answer: As long as other PPP eligibility requirements are met, small agricultural cooperatives and other cooperatives may receive PPP loans.

36. Question: To determine borrower eligibility under the 500-employee or other applicable threshold established by the CARES Act, must a borrower count all employees or only full-time equivalent employees?

Answer: For purposes of loan eligibility, the CARES Act defines the term employee to include “individuals employed on a full-time, part-time, or other basis.” A borrower must therefore calculate the total number of employees, including part-time employees, when determining their employee headcount for purposes of the eligibility threshold.

By contrast, **for purposes of loan forgiveness**, the CARES Act uses the standard of **“fulltime equivalent employees”** to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions.

37. Question: Do businesses owned by private companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: See response to FAQ #31.

38. Question: Section 1102 of the CARES Act provides that PPP loans are available only to applicants that were "in operation on February 15, 2020." Is a business that was in operation on February 15, 2020 but had a change in ownership after February 15, 2020 eligible for a PPP loan?

Answer: Yes.

39. Question: Will SBA review individual PPP loan files?

Answer: Yes.

40. Question: Will a borrower's PPP loan forgiveness amount (pursuant to section 1106 of the CARES Act and SBA's implementing rules and guidance) be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer?

Answer: No.

41. Question: Can a seasonal employer that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount under the interim final rule issued by Treasury on April 27, 2020, make all the required certifications on the Borrower Application Form?

Answer: Yes.

42. Question: Do nonprofit hospitals exempt from taxation under section 115 of the Internal Revenue Code qualify as “nonprofit organizations” under section 1102 of the CARES Act?

Answer: Please visit the link to see the details.

43. Question: FAQ #31 reminded borrowers to review carefully the required certification on the Borrower Application Form that “Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” SBA guidance and regulations provide that any borrower who applied for a PPP loan prior to April 24, 2020 and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith. Is it possible for a borrower to obtain an extension of the May 7, 2020 repayment date?

Answer: SBA is extending the repayment date for this safe harbor to May 14, 2020. Borrowers do not need to apply for this extension.

44. Question: How do SBA's affiliation rules at 13 C.F.R. 121.301(f) apply with regard to counting the employees of foreign and U.S. affiliates?

Answer: For purposes of the PPP's 500 or fewer employee size standard, an applicant must count all of its employees and the employees of its U.S and foreign affiliates, absent a waiver of or an exception to the affiliation rules.

45. Question: Is an employer that repays its PPP loan by the safe harbor deadline (May 18, 2020) eligible for the Employee Retention Credit?

Answer: Yes.

46. Question: How will SBA review borrowers' required good-faith certification concerning the necessity of their loan request?

Answer: Any borrower that, together with its affiliates,²⁰ received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.

47. Question: An SBA interim final rule posted on May 8, 2020 provided that any borrower who applied for a PPP loan and repays the loan in full by May 14, 2020 will be deemed by SBA to have made the required certification concerning the necessity of the loan request in good faith. Is it possible for a borrower to obtain an extension of the May 14, 2020 repayment date?

Answer: Yes, SBA is extending the repayment date for this safe harbor to May 18, 2020, to give borrowers an opportunity to review and consider FAQ #46.

49. Question: What is the maturity date of a PPP loan?

Answer: If a PPP loan received an SBA loan number on or after June 5, 2020, the loan has a five-year maturity. If a PPP loan received an SBA loan number before June 5, 2020, the loan has a two-year maturity, unless the borrower and lender mutually agree to extend the term of the loan to five years. The promissory note for the PPP loan will state the term of the loan.

50. Question: What effect does the payment or nonpayment of fees of an agent or other third party have on SBA's guarantee of a PPP loan or SBA's payment of fees to lenders?

Answer: The payment or nonpayment of fees of an agent or other third party is not material to SBA's guarantee of a PPP loan or to SBA's payment of fees to lenders. Additional information about such fees can be found in paragraph III.4.c of the initial Paycheck Protection Program interim final rule ([link](https://www.govinfo.gov/content/pkg/FR-2020-04-15/pdf/2020-07672.pdf)).

<https://www.govinfo.gov/content/pkg/FR-2020-04-15/pdf/2020-07672.pdf>

51. Who pays the fee to an agent who assists a borrower?

Agent fees will be paid by the lender out of the fees the lender receives from SBA. Agents may not collect fees from the borrower or be paid out of the PPP loan proceeds. The total amount that an agent may collect from the lender for assistance in preparing an application for a PPP loan (including referral to the lender) may not exceed: i. One (1) percent for loans of not more than \$350,000; ii. 0.50 percent for loans of more than \$350,000 and less than \$2 million; and iii. 0.25 percent for loans of at least \$2 million. The Act authorizes the Administrator to establish limits on agent fees. The Administrator, in consultation with the Secretary, determined that the agent fee limits set forth above are reasonable based upon the application requirements and the fees that lenders receive for making PPP loans.

Thank You

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