

**PPP LOAN  
FORGIVENESS  
SBA 3508S EZ Form  
TOOLKIT**

*Marquette* / **BUSINESS  
BANKING**

# Overview & Instructions

This Paycheck Protection Program (PPP) Loan Forgiveness Toolkit for Small Businesses is provided to simplify and guide you through the submission process. Review and utilization of the items in this toolkit will ensure you've submitted all the necessary documentation for your business's loan forgiveness. It provides the following critical materials:

1. **PPP Loan Forgiveness Information Sheet.** Ensure you have all items on-hand before starting your application. Completing all elements on the checklist will ensure the submission of your application goes quickly and smoothly.
2. **Marquette PPP Loan Forgiveness Checklist.**
3. **PPP Loan Forgiveness Application SBA 3508S EZ Form.** Any changes made by the Small Business Administration (SBA) to this Worksheet will be updated on the Marquette website. The SBA will soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.
4. **PPP Loan Forgiveness Questions and Answers from the United States Department of the Treasury.**

# PPP Loan Forgiveness: INFORMATION SHEET

*Updated 10/21/2020*



## PPP Loan Forgiveness Information Sheet

### OVERVIEW:

This information sheet is a “guide” to reference as you begin the process of determining the “forgivable” portion of your PPP loan only. It is not intended to recap the “loan determination amount” of your PPP loan. *(NOTE: The amount of your loan was determined by you at time of application. Marquette validated the amount with a review and assessment of the data you provided).* It is very important to begin this process NOW by starting to compile relevant data.

As your bank, it is our intent to keep YOU current with updates to changes in the guidelines as well as our interpretations of the guidelines.

[Marquettesavings.bank](http://Marquettesavings.bank). Marquette is continually monitoring information and will post updates as they become available on our website:

---

### WHAT YOU NEED TO KNOW:

#### Updated 6/29/2020 – PPP LOAN FORGIVENESS NEXT STEP GUIDE

It is important to note, since our last communication the guidelines for PPP Loan Forgiveness have changed. A brief summation is as follows:

**Payroll Expense Threshold:** Is now set at 60% vs. 75%. Also meaning that “non-payroll expenses” can comprise as much as 40% of the forgivable portion.

**The Covered Period:** Can either be 8 weeks or 24 weeks and the deadlines are different for each.

- The Safe harbor deadline for the 8-week covered period remains at June 30, 2020;
- However, the deadline for the 24-week Covered period is extended to December 31, 2020.

#### Loan Maturity:

- For all loans processed prior to June 5<sup>th</sup>, the maturity remains at 24 months; however, there is a possibility the maturity can be extended to 60 months. (See **Note #1** below for more information)
- For all loans that were processed after June 5, 2020; the new maturity date of the loan will be 60 months.

**Loan Forgiveness:** The deadline to file for PPP Loan forgiveness is now 10 months after the expiration of your “Covered period”. See **Note #2** below for more information)

- The bank will have **60 days** from the time you submit a “Complete” Forgiveness application, to review and recommend the amount of your forgiveness to the SBA.
- The SBA will then have **90 days** to review and approve the amount of your forgiveness.
- **If 100% of your loan is forgiven**, the SBA will refund the bank and there will be nothing more you as the borrower will need to do
- **Partially Forgiven.** If after review by the SBA it is determined that a portion for your PPP loan is not forgiven, the balance representing the “unforgiven” portion will represent the new dollar amount of your loan that needs to be repaid to the bank. (See **Note #1** for more information)

### **PPP Loan Forgiveness NOTES:**

**Note #1** – As noted above, the SBA has modified the “Maturity date” for all PPP loans processed on or after June 5, 2020. The Interim Final Ruling also states that for loans processed prior to June 5<sup>th</sup>, it is possible for a borrower to have its PPP loan maturity extended to 60 months if *mutually agreed upon* between the Borrower and Bank. Marquette will only consider modifying the maturity of the loan as part of the Forgiveness Application process. If during the Forgiveness process it is determined that not 100% of the PPP Loan will be forgiven, the Borrower and Bank can then consider modifying the maturity at that time.

**Note #2** – For loans processed prior to June 5<sup>th</sup>, the Covered period is 8 weeks. Also, the loan documentation calls for a “Deferment period” of six (6) months before repayment begins. This “deferment period” allowed time for Banks to review Forgiveness applications. There is no need for you to do anything currently regarding the “Deferment period”. Like the process outlined above in Note #1, the bank will adjust the “Deferment period” as recommended by the SBA, if there remains an “unforgiven portion” of the original PPP loan upon completion of the Forgiveness application review process.

**What costs are eligible for loan forgiveness?** The actual amount of the loan forgiveness is based on certain eligible costs incurred and payments made during the covered period.

**IMPORTANT– ALL “eligible costs” need to be in existence on February 15, 2020. HOWEVER, the “forgivable” portion will be determined based on expenses incurred and paid during the “8-week “covered period”.**

### **LOAN FORGIVENESS REQUIREMENT:**

**To ensure all eligible expenses can be applied to PPP loan forgiveness, an accurate accounting of expenses must be presented. We highly recommend starting this process now. Please keep a folder that includes cancelled checks or online**

**confirmations of satisfactory payments for ALL your eligible payroll and utility costs to submit to Marquette when applying for loan forgiveness.**

## **PAYROLL COSTS:**

### **The following payroll costs are eligible:**

- ✓ Salaries, wages, commissions or similar compensation (including cash and housing stipend and allowance)
- ✓ Payments for vacation, parental family, medical or sick leave
- ✓ Allowance for dismissal or separation
- ✓ Payments for the provisions of group health care benefits, including insurance premiums
- ✓ Payments for retirement benefits
- ✓ State employer unemployment taxes

### **The following payroll costs are NOT eligible:**

- ✓ Payments to an independent contractor
- ✓ Cash compensation in excess of \$100,000
- ✓ The Employer's share of federal payroll taxes
- ✓ Qualified sick leave and qualified parental leave wages for which credit is allowed under the Families First Coronavirus Response Act (FFCRA)

## **OVERHEAD EXPENSES:**

### **Other eligible expenses**

- ✓ Copies of all **lease/rent** agreements for real estate and tangible personal property should be presented along with proof of payment,
- ✓ Copies of all statements of **interest paid** on debt obligations incurred prior to February 15, 2020 reflecting interest payments and **proof of payments**.
- ✓ Copies of all cancelled checks, and/or statements or other evidence of **utilities** paid during the covered period.
  - **Utilities include –**
    - **Electricity**
    - **Gas**
    - **Water**
    - **Telephone and internet**
    - **Transportation (gasoline the company pays for company vehicles)**
- ✓ Any and all additional documentation required by the Lender to support and document the use of proceeds of the loan.

### **Mortgage and lease/rent payments –**

- ✓ Interest payments on a mortgage incurred in the ordinary course of business on real or personal property and that was in existence on February 15, 2020 – keep

in mind, this includes ONLY the interest portion of your loan payment. For example, if your monthly payment is \$1,023.91 and the breakdown of your payment was \$691.00 towards principal and \$332.91 represents the interest portion, then only the \$332.91 is an eligible cost.

- ✓ Rent payments under lease agreements in existence on February 15, 2020.
- ✓ Utility payments for electricity, gas, water, transportation, telephone and Internet for which service was in existence on February 15, 2020.

#### **ADDITIONAL RESOURCES:**

**Please refer to the checklist provided on the PPP Loan Forgiveness Information Center for more information. These tools are provided to assist customers to ensure all eligible expenses can be applied to PPP loan forgiveness, it is important to still verify materials with your CPA or Financial Advisor.**

# PPP Loan Forgiveness:

# CHECKLIST

*Updated 10/21/2020*





## PPP Loan Forgiveness Checklist

### I. Loan forgiveness documentation for employers

#### 1. Payroll tax reports:

- a. 2020 IRS Forms 941 for Quarter 1 and Quarter 2 of 2020, if your PPP loan closed on or before May 5, 2020; HOWEVER, if your PPP loan closed on May 6<sup>th</sup> or after, we will need Form 941 for Quarter 3, as well.
- b. State Unemployment tax forms (UC2) reporting for periods same as above.

#### 2. Payroll Records:

- a. Payroll reports that include the Gross wages for each employee during the 8-week Covered period
- b. Payroll reports that include the Gross wages for each employee during Q1 2020
- c. Listing of any salaried employees whose annual salary has been reduced by more than 25% during the Covered Period or Alternate Covered Period compared to Annualized salary during Q1 2020.
- d. List of all "Hourly" paid employees inclusive of their pay rate in effect during the Covered Period or Alternate Covered period as well as their hourly pay rate in effect during Q1 2020.

***Note:** If any employee has experienced a pay reduction of more than 25% during the covered period vs. their wage rate in effect during Q1 of 2020, Borrower will be required to perform additional calculations that could reduce the amount of loan forgiveness. However, it should be noted that if any wage decrease in excess of 25% has been restored on or before June 30, 2020, this reduction will be eliminated.*

3. **Group health care benefits:** Documentation showing total costs paid for all health care benefits (during the covered period), including insurance premiums paid by the organization under a group health plan.
  - a. Include all employees and company owners.
  - b. Do not include employee withholdings for their portion of contributions to the plan.
4. **Retirement plan benefits:** Documentation showing the sum of all retirement plan funding costs (during the covered period) paid by the organization.
  - a. Include funding for all employees and the company owners.
  - b. Do not include employee withholdings for their portion of contributions to the plan.
5. **Other documentation:** Canceled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments.

### II. Loan forgiveness documentation For Sole Proprietors, Independent Contractors and Self-Employed Individuals

1. The 2019 Form 1040 Schedule C to verify net income (line 31) for owner income replacement calculation.

2. If you have employees, provide payroll documentation as outlined above, including documentation of healthcare and retirement benefits costs. Exclude owner from healthcare and retirement costs.
3. Canceled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments. Note: these types of expenses must have been deducted on the 2019 Form 1040 Schedule C to be eligible for forgiveness.

### III. Loan forgiveness documentation for Partnerships

1. The 2019 Partnership K-1 to verify Partner income replacement calculation.
2. Also include all information as outlined in Section I above for all employees; however, exclude partner healthcare and retirement costs
3. Cancelled checks, receipts, account statements or other documentation of payment for other eligible costs incurred and paid during the covered period such as mortgage interest, lease payments, utility payments. Note: these types of expenses must have been deducted on the 2019 Partnership return (Form 1065) to be eligible for forgiveness.

**While this is your PPP checklist, all borrowers will be required to perform two additional tests as part of the “forgiveness” calculation. Therefore, we will require you to provide the following information.**

### IV. Effect of Workforce Reduction

#### **Full-Time Equivalent (FTE) Calculation**

1. The average number of full-time equivalents (FTEs) per month for the following:
  - During the 8-week covered period
  - Feb. 15 through June 30, 2019
  - Jan. 1 through Feb. 29, 2020
2. **Average FTE:** Per the SBA, for each employee, enter the average number of hours paid per week, divide by 40 and round the total to the nearest 10<sup>th</sup>. 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.

### V. Effect of Payroll Reduction

#### **Wage Reduction Calculation**

Loan forgiveness will be reduced by any *reduction* in total salary or wages of any employees described in Section 1106(d)(3)(B) during the Covered Period *in excess of 25%* of total salary or wages of those employees during the most recent full quarter in which they were employed before the Covered Period. Affected employees include those that did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay of more than \$100,000.

**Please note additional SBA guidance should be forthcoming, which may require additional supporting documentation. Your inability to provide the calculations and necessary supporting documentation may jeopardize the amount of your loan forgiveness.**

# Cover Periods Calculations

**IMPORTANT** Use this chart when completing the 3508S EZ or Long Form

Loan date	8-week Covered Period	24-week Covered Period
Schedule C Borrowers MUST use 24-week Covered Period		
4/13/2020	6/8/2020	9/28/2020
4/14/2020	6/9/2020	9/29/2020
4/15/2020	6/10/2020	9/30/2020
4/16/2020	6/11/2020	10/1/2020
4/17/2020	6/12/2020	10/2/2020
4/20/2020	6/15/2020	10/5/2020
4/21/2020	6/16/2020	10/6/2020
4/22/2020	6/17/2020	10/7/2020
4/23/2020	6/18/2020	10/8/2020
4/24/2020	6/19/2020	10/9/2020
4/27/2020	6/22/2020	10/12/2020
4/28/2020	6/23/2020	10/13/2020
4/29/2020	6/24/2020	10/14/2020
4/30/2020	6/25/2020	10/15/2020
5/1/2020	6/26/2020	10/16/2020
5/4/2020	6/29/2020	10/19/2020
5/5/2020	6/30/2020	10/20/2020
5/6/2020	7/1/2020	10/21/2020
5/7/2020	7/2/2020	10/22/2020
5/8/2020	7/3/2020	10/23/2020
5/11/2020	7/6/2020	10/26/2020
5/12/2020	7/7/2020	10/27/2020
5/13/2020	7/8/2020	10/28/2020
5/14/2020	7/9/2020	10/29/2020
5/15/2020	7/10/2020	10/30/2020
5/18/2020	7/13/2020	11/2/2020
5/19/2020	7/14/2020	11/3/2020
5/20/2020	7/15/2020	11/4/2020
5/21/2020	7/16/2020	11/5/2020
5/22/2020	7/17/2020	11/6/2020
5/25/2020	7/20/2020	11/9/2020
5/26/2020	7/21/2020	11/10/2020
5/27/2020	7/22/2020	11/11/2020
5/28/2020	7/23/2020	11/12/2020
5/29/2020	7/24/2020	11/13/2020
6/1/2020	7/27/2020	11/16/2020
6/2/2020	7/28/2020	11/17/2020
6/3/2020	7/29/2020	11/18/2020
6/4/2020	7/30/2020	11/19/2020
6/5/2020	N/A	11/20/2020

Loan date	24-week Covered Period
Schedule C Borrowers MUST use 24-week Covered Period	
6/8/2020	11/23/2020
6/9/2020	11/24/2020
6/10/2020	11/25/2020
6/11/2020	11/26/2020
6/12/2020	11/27/2020
6/15/2020	11/30/2020
6/16/2020	12/1/2020
6/17/2020	12/2/2020
6/18/2020	12/3/2020
6/19/2020	12/4/2020
6/22/2020	12/7/2020
6/23/2020	12/8/2020
6/24/2020	12/9/2020
6/25/2020	12/10/2020
6/26/2020	12/11/2020
6/29/2020	12/14/2020
6/30/2020	12/15/2020
7/1/2020	12/16/2020
7/2/2020	12/17/2020
7/3/2020	12/18/2020
7/6/2020	12/21/2020
7/7/2020	12/22/2020
7/8/2020	12/23/2020
7/9/2020	12/24/2020
7/10/2020	12/25/2020
7/13/2020	12/28/2020
7/14/2020	12/29/2020
7/15/2020	12/30/2020
7/16/2020	12/31/2020
7/17/2020	1/1/2021
7/20/2020	1/4/2021
7/21/2020	1/5/2021
7/22/2020	1/6/2021
7/23/2020	1/7/2021
7/24/2020	1/8/2021
7/27/2020	1/11/2021
7/28/2020	1/12/2021
7/29/2020	1/13/2021
7/30/2020	1/14/2021
7/31/2020	1/15/2021
8/3/2020	1/18/2021
8/4/2020	1/19/2021
8/5/2020	1/20/2021
8/6/2020	1/21/2021
8/7/2020	1/22/2021

# PPP Loan Forgiveness:

# LOAN FORGIVENESS

# APPLICATION:

# SBA 3508S EZ FORM

**Updated 10/21/2020** – Any changes made by the Small Business Administration (SBA) to this Loan Forgiveness Application will be updated on the Marquette website. The SBA will soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities. Check back to the Marquette website for these updates [or click here](#).



**PPP LOAN FORGIVENESS APPLICATION FORM 3508EZ INSTRUCTIONS FOR BORROWERS**

**Checklist for Using SBA Form 3508EZ**

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508EZ if you can check at least one of the three boxes below. Do not submit this Checklist with your SBA Form 3508EZ.

The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

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. (Ignore 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. Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused. See [85 FR 33004](#), 33007 (June 1, 2020) for more details.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

**AND**

The Borrower was unable to operate during 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.

If you can check at least one of the three boxes above, complete this SBA Form 3508EZ 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. If you are unable to check one of the boxes above, you cannot use SBA Form 3508EZ and instead you must apply for forgiveness of your PPP loan using SBA Form 3508.

**Instructions for PPP Loan Forgiveness Calculation Form 3508EZ**

**Business Legal Name (“Borrower”)/DBA or Tradename (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.



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

**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.

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

**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 (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.

**If Borrower Received PPP Loans in Excess of \$2 Million:** Check the box if the Borrower, together with its affiliates (to the extent required under SBA's interim final rule on affiliates ([85 FR 20817](#) (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

**Forgiveness Amount Calculation (see Summary of Costs Eligible for Forgiveness below):**

**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:

**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.

**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:** 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.



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

**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 nonpayroll 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 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.



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

**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.

**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**

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.

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**

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

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

**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): \_\_\_\_\_



**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. For purposes of this certification, the term "employee" includes only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount 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.

\_\_\_\_\_ 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.

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



**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 trustor (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**

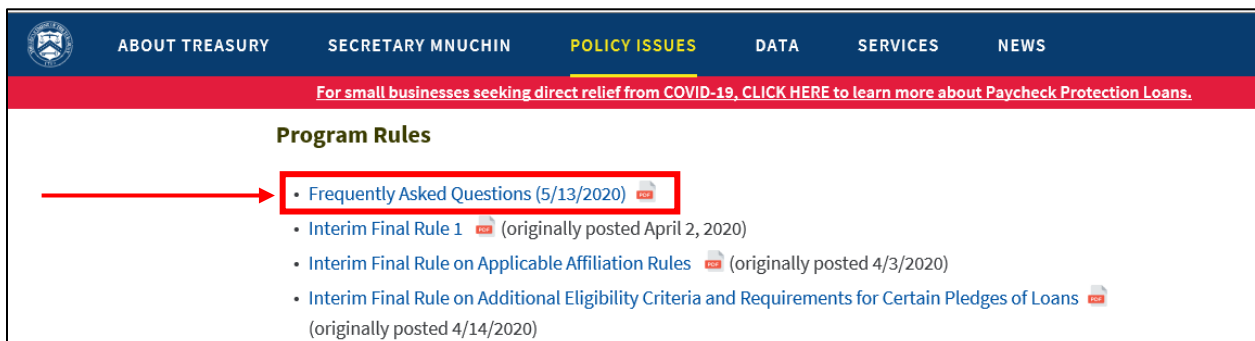
**Paperwork Reduction Act** – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 20 minutes. Comments about this time or the information requested should be sent to Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416, and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503. **PLEASE DO NOT SEND FORMS TO THESE ADDRESSES.**

# PPP Loan Forgiveness: QUESTIONS & ANSWERS

The United States Department of Treasury provides the most up-to-date Questions and Answers on their website. Please visit their website here:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

When you click the above link and go to the U.S. Treasury website, scroll down to the “Program Rules” section of the page. Here you will see the “Frequently Asked Questions” link. Every time the U.S. Treasury makes an update, they will change the date on this link. See below print screen:



The screenshot shows the U.S. Treasury website navigation bar with links for ABOUT TREASURY, SECRETARY MNUCHIN, POLICY ISSUES, DATA, SERVICES, and NEWS. Below the navigation bar is a red banner with the text: "For small businesses seeking direct relief from COVID-19, CLICK HERE to learn more about Paycheck Protection Loans." Underneath the banner is the "Program Rules" section, which contains a list of links. A red arrow points to the first link, "Frequently Asked Questions (5/13/2020)", which is enclosed in a red rectangular box. The other links in the list are: "Interim Final Rule 1" (originally posted April 2, 2020), "Interim Final Rule on Applicable Affiliation Rules" (originally posted 4/3/2020), and "Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans" (originally posted 4/14/2020).

*Updated 10/21/2020*