

A GUIDE TO PPP LOAN FORGIVENESS

GENERAL ITEMS

- **It is recommended that the Borrower take advantage of the full Covered Period to expense all loan proceeds prior to submitting the application for forgiveness.**
- Forgiveness must be applied for within (10) months of the end of the Forgiveness Covered Period. Forgiveness Covered Period means 24 weeks from loan origination or 12/31/2020 whichever occurs first.
- It is the Borrower's responsibility to certify that the employee count and remuneration meet safe harbor limits.
- Loan forgiveness may be reduced if at least 60% of loan proceeds are not expended on payroll costs.

PAYROLL CALCULATION

- Covered Period:
 - Payroll Covered Period – for loans disbursed before June 5, 2020, covered period means the Disbursement date + 8 weeks or 24 weeks at Borrowers option. For loans disbursed after June 5, 2020 the covered period means Disbursement date + 24 weeks.
 - The Borrower may elect an Alternative Covered Period that begins on the first day of the first pay period following the PPP loan disbursement date. (Only available if the Borrower's payroll schedule must be biweekly or more frequently).
- Cash compensation is based on gross wages.
- Payroll costs can be counted if paid or incurred during the Covered Period.
- Employee wages are capped at an annual rate of \$100,000. Employer paid health insurance, retirement contributions, and state and local taxes do not count toward this limitation.
- Forgiveness of Owner Compensation:
 - The amount requested is limited to \$20,833 per individual in total across all businesses in which the individual has an ownership stake.
 - For Borrowers that received a PPP loan before June 5, 2020 and elect to use an 8-week Covered Period, the amount requested is limited to \$15,385.

MINIMUM REQUIRED DOCUMENTATION – PAYROLL COSTS

- Third Party Payroll provider reports that document the amount of cash compensation paid; **OR**
- Bank statements documenting the amount of cash compensation paid to each employee **AND** Payroll Tax Filings (typically IRS Form 941 and State Unemployment Insurance Tax payments) running the course of the Covered Period.
- Employer paid health insurance and retirement plan contributions require:
 - Account statements running the course of the Covered Period; **OR**
 - Bank statements / cancelled checks running through the Covered Period.

NONPAYROLL CALCULATION

- Nonpayroll costs can be counted if paid or incurred during the Covered Period.
- Nonpayroll costs include payments for:
 - Rent and lease expense.
 - Interest on business-related mortgage debt.
 - Interest on other secured business debt, including automobile and equipment loans.
 - Utility payments, including electric, gas, telephone, internet, trash, sewer, and water.
 - Covered expenditures for operations. Payment for any software, cloud computing, and other human resources and accounting needs.
 - Covered property damage costs. Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
 - Covered supplier costs. Payments to a supplier pursuant to a contract, purchase order, or order for goods that was in effect prior to taking out the loan and was essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
 - Covered worker protection expenditure. Investments in personal protective equipment and other adaptive costs to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.

MINIMUM REQUIRED DOCUMENTATION – NONPAYROLL COSTS

- Rent/lease expense:
 - Copy of current lease agreement and receipts/cancelled checks running through the Covered Period **OR**
 - Lessor account statements starting February 2020 and from Covered Period through one month after the end of the Covered Period verifying payment.
- Mortgage Interest and Interest on Other Secured Business Debt:
 - Copy of Lender amortization schedule and receipts/cancelled checks running through the Covered Period **OR**

- Lender account statements starting February 2020 and from months of Covered Period through one month after the end of the Covered Period verifying payment.
- All Other Nonpayroll Expenses:
 - Copy of invoices from February 2020 and those paid during Covered Period; **AND**
 - Receipts, cancelled checks or account statements.

Please refer to the SBA's website for additional information:

- [SBA General Forgiveness Application Instruction](#)
- [SBA \(EZ Form\) Loan Forgiveness Application Instruction](#)
- [SBA Frequently Asked Questions on PPP Loan Forgiveness](#)