PPP FORGIVENESS

PPP BORROWERS MAY BE ELIGIBLE TO HAVE THEIR LOANS FULLY FORGIVEN IF THE REQUIREMENTS ARE MET:

- All funds are used within the covered period (8- or 24-weeks);
- At least 60% of the loan proceeds go toward payroll costs;
- “Full-time equivalent” employee numbers are maintained, OR rehired, OR the business can show that they were unable to rehire similarly qualified employees/could not return to normal operating levels due to safety requirements;
- Salary levels are maintained at 75% (capped at $100,000/year);
- Remaining funds go toward eligible expenses: payroll, mortgage interest, rent, utilities, PPE expenses, property damage from riots/social unrest in 2020.

FORGIVENESS AMOUNTS MAY BE REDUCED BASED ON SALARY REDUCTIONS GREATER THAN 25% OR REDUCTIONS IN THE NUMBER OF FTE EMPLOYEES.

MULTIPLE PPP FORGIVENESS APPLICATIONS ARE AVAILABLE, FOR USE BY DIFFERENT TYPES OF BORROWERS:

FORM 3508S:
For borrowers of $150,000 or less. All independent contractors and self-employed individuals with no employees qualify for this.
- A 1-page forgiveness application that requires borrowers to self-certify they’ve met the program requirements.

FORM 3508EZ:
Borrowers of more than $150,000 who did not reduce employee salaries by more than 25% and did not reduce FTE employees OR did not reduce employee salaries by more than 25% and were unable to operate at the same level as on February 15, 2020 due to health and safety restrictions.
- A 3-page form requiring fewer calculations than the full application form and less documentation for eligible borrowers.
- Must include accounting of how their loan proceeds were used, and certify that they met the payroll and employee retention requirements for forgiveness.
- Must submit documentation verifying payroll and non-payroll costs during the covered period.

FORM 3508:
Anyone who does not qualify for the 3508S or 3508EZ must use this form; any borrower may opt to. The “full forgiveness” application, this is the most complicated form at 5 pages long.
- Includes a required PPP Loan Forgiveness Calculation Form, the PPP Schedule A and the Schedule A worksheet.
- Must provide documentation verifying payroll and non-payroll costs during the covered period, as well as documentation showing they maintained salary levels of at least 75% and the number of FTE employees.

More resources:
- SBA Second-Draw Loan Information
- NAR Coronavirus: SmallBusiness Relief FAQs