



# Paycheck Protection Program (PPP) **Forgiveness Handbook**

Revised as of March 30, 2021

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# Introduction

The Paycheck Protection Program (PPP) is a national effort to support small businesses through the COVID-19 epidemic. The PPP is a forgivable loan program where you receive a loan equal to 2.5 times your average monthly payroll in 2019 and then have an 8- to 24-week period to spend the funds on eligible expenses. Funds can be spent on up to 10.5 weeks' worth of payroll expenses. Up to 40% of the requested forgiveness amount can be spent on rent, utilities, mortgage interest, operations costs, property damage, supplier costs, or worker protection if these are normally deducted as business expenses.

Home Grown Child Care is offering this PPP Forgiveness Guide to help home-based child care providers navigate the process of getting their PPP loans forgiven. Home Grown partnered with Civitas Strategies and Nielsen Training and Consulting to bring providers this important information.

For an updated list of FAQs on PPP loan forgiveness, please visit the Home Grown website. If you have questions, don't hesitate to email Civitas Strategies at [ppp@civstrat.com](mailto:ppp@civstrat.com).

# Getting Started

## YOU CAN APPLY FOR FORGIVENESS:

- If you have spent as much as or more than your PPP loan amount (even if you are still in the 8-to-24-week forgiveness period).

– OR –

- Any time up to ten months after your 8-to-24-week forgiveness period ends.

You will apply for forgiveness through the bank which provided your loan. It is likely they will use an online form of their own, but we recommend first filling out the official SBA form (per the guidance in this document) ahead of time so you can more easily complete the bank's application (which will be very similar to the SBA form).

## GATHER KEY INFORMATION

Before filling out the SBA form per the guidance in this Handbook, gather key information about your PPP loan and spending during the forgiveness period including:

- 1 Your original PPP application.
- 2 Your loan closing documents.
- 3 Your 2019 taxes for your organization or your Schedule C for self-employed or sole proprietors.
- 4 Checks or bank statements showing your own payroll if you are NOT a W-2 employee.
- 5 Payroll reports for any employees (including yourself if you are a W-2 employee).
- 6 If you normally deduct the business use of your home on your taxes:
  - Utility payments (verified with the invoice for the utility and canceled checks or other payment records).
  - Rent payments made (verified with canceled checks or other payment records) and a copy of your lease.
  - Mortgage interest payments made (verified with canceled checks or other payment records) and a copy of your mortgage amortization schedule.
  - Operations costs (verified with canceled checks or other payment records).
  - Property damage expenses (verified with canceled checks or other payment records).
  - Supplier costs (verified with canceled checks or other payment records).
  - Worker protection expenses (verified with canceled checks or other payment records).
- 7 If you provide retirement or health benefits through your organization: invoices/statements and canceled checks showing payment.

## NEXT, DETERMINE WHICH FORGIVENESS FORM YOU NEED TO USE.

If at all possible, you will want to use the **FORM 3508 S** since it is simpler and less time consuming to fill out. If you cannot use **FORM 3508 S**, then **FORM 3508 EZ** is the next easiest form.

If your loan was **less** than \$150,000 in value, you can use **FORM 3508 S**. It does not make a difference if you are an independent contractor, sole proprietor, nonprofit or for-profit corporation, or if you have employees — as long as your loan was less than \$150,000.

If your loan was more than \$150,000 and you answer “yes” to any of the following questions, go to the section on filling out **FORM 3508 EZ**:

- 1 Were your employees’ salaries or wages not reduced by more than 25% compared to your pay rates from January 1, 2020 and March 31, 2020 **and** did you not reduce the total number of employees or average hours worked between January 1, 2020 and the end of the covered period?

**NOTE:** If you made an offer and the employee refused to return to work, you can ignore them in answering this question.

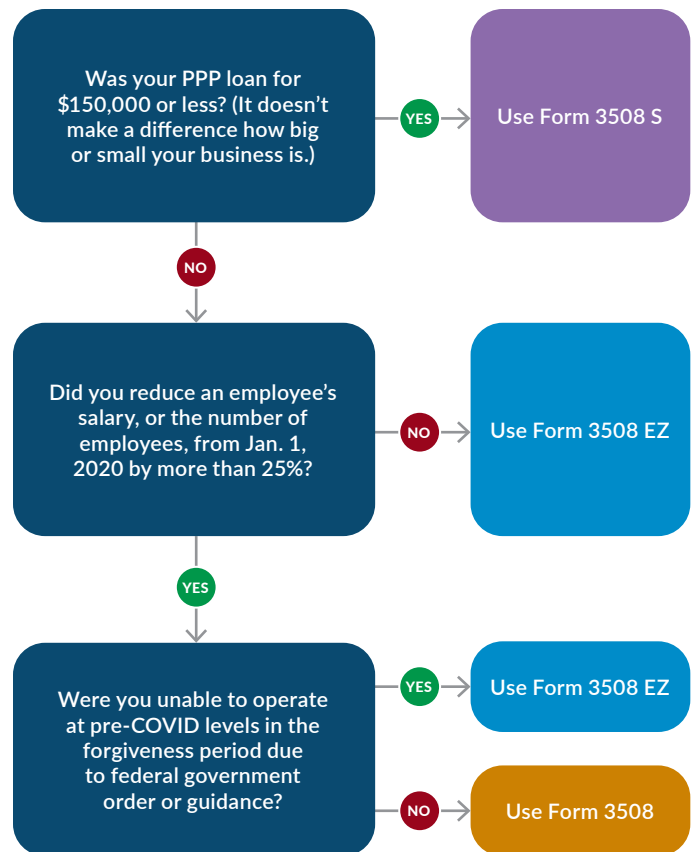
**NOTE:** This only includes employees who normally made less than \$100,000 per year in 2019.

- 2 Were your employees’ salaries not reduced by more than 25% compared to your pay rates from January 1, 2020 and March 31, 2020 **and** were you unable to operate at the same level of business activity as before February 15, 2020 due to compliance with requirements or guidance issued by the US Health and Human Services, CDC, or 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 do not meet one of the criteria for applying using the **FORM 3508 S** nor the **FORM 3508 EZ**, please go the section on filling out **FORM 3508**.

If you have questions, email us at [ppp@civstrat.com](mailto:ppp@civstrat.com).

## WHICH FORGIVENESS FORM IS RIGHT FOR YOU?



# Filling Out Form 3508 S

## DOWNLOAD THE FORM

Start by downloading the form [here](#).

You can see an example of a **FORM 3508 S** in **ATTACHMENT 1** of this Handbook.

## NOW FILL OUT PAGE 1

**Business Legal Name ("Borrower"):** Enter the same name used on your PPP application and your tax returns (if you are a sole proprietor or self-employed this is your name).

**Business Address/Business TIN (EIN, SSN):** Use the EIN for your organization or your SSN (this should be the same as the one on your PPP application).

**Business Phone/Primary Contact/E-mail Address:** Use the same information as on your PPP application unless you have moved.

**SBA PPP Loan Number (also known as the E-Tran number):** This is the official loan number issued by the SBA (it should be on your loan documents from your bank).

**Lender PPP Loan Number:** This is the number your bank issued for your loan (it should be on your loan documents from your bank).

**PPP Loan Amount:** This is the full loan amount you received in your account per the bank records.

**PPP Loan Disbursement Date:** This is the day the funds were received in your bank account.

**Employees at Time of Loan Application/Employees at Time of Forgiveness Application:** This is the total number of employees at the time you received this loan. If you are the owner or only employee, you just enter "1." If you have other W-2 employees (not contractors or employees paid in cash), enter a number for each one, even if they are part-time. For example, if your business consists of you and two part-time employees, you will enter "3."

**EIDL Advance Amount:** If you received an EIDL advance (it will be from \$1,000 to \$10,000), enter it here. This is only the amount that was "granted" through the EIDL, not the part that was a loan. If you did not receive it, put "0."

**EIDL Application Number:** If you received an EIDL loan, add the number here.

**Forgiveness Amount:** Enter the total for your PPP loan (assuming you used all the funds). This number should never be larger than your loan amount.

## Representations & Certifications

Initial each *Representation and Certification*. These are attesting that you used the money in accordance with the PPP program and that you will provide any information needed regarding the PPP on your taxes. Please read each one, and do not hesitate with questions. Though the only documentation required to be submitted with your forgiveness application are attestations, the SBA asks that you keep all records relating to your PPP loan and loan forgiveness for 6 years.

**Note:** In some cases your bank may ask you to print out, sign, and scan the form to send it back to them. This is allowable and is used to ensure that you did sign the form personally (and didn't have someone sign online for you).

## THAT'S IT!

You have completed the form and are ready for your bank's forgiveness process!

You can see an example of a **FORM 3508 S** in **ATTACHMENT 1** of this Handbook.

# Filling Out Form 3508 EZ

## DOWNLOAD THE FORM

Start by downloading the form [here](#).

You can see an example of a **FORM 3508 EZ** in **ATTACHMENT 2** of this Handbook.

## PAGE 1

**Business Legal Name ("Borrower"):** Enter the same name used on your PPP application and your tax returns (if you are a sole proprietor or self-employed this is your name).

**Business Address/Business TIN (EIN, SSN):** Use the EIN for your organization or your SSN (this should be the same as the one on your PPP application).

**Business Phone/Primary Contact/E-mail Address:** Use the same information as on your PPP application unless you have moved.

**SBA PPP Loan Number (also known as the E-Tran number):** This is the official loan number issued by the SBA (it should be on your loan documents from your bank).

**Lender PPP Loan Number:** This is the number your bank issued for your loan (it should be on your loan documents from your bank).

**PPP Loan Amount:** This is the full loan amount you received in your account per the bank records.

**PPP Loan Disbursement Date:** This is the day the funds were received in your bank account.

**Employees at Time of Loan Application/Employees at Time of Forgiveness Application:** This is the total number of employees at the time you received this loan. If you are the owner or only employee, you just enter "1." If you have other W-2 employees (not contractors or employees paid in cash) enter a number for each one, even if they are part-time. For example, if your business has you and two part-time employees, you will enter "3."

**EIDL Advance Amount:** If you received an EIDL advance (it will be from \$1,000 to \$10,000), enter it here. This is only the amount that was "granted" through the EIDL, not the part that was a loan. If you did not receive it, put "0."

**EIDL Application Number:** If you received an EIDL loan, add the number here.

**Payroll Schedule:** Check the box for how often you pay yourself and your employees. If it is just you, indicate how often you paid yourself in the forgiveness period.

**Covered Period:** Enter the date you entered that you received the loan and then the date 8 or 24 weeks after (depending on which forgiveness period you want to use). If you are unsure, use 24 weeks. For example, if you received your loan on June 1, 2020, the field would read "June 1, 2020 to November 15, 2020."

**Alternative Payroll Covered Period:** If you run weekly or bi-weekly payroll, you can start your forgiveness period on the following pay period. For example, if you received your loan on June 1, 2020 but your next biweekly payroll period started on June 15, 2020, field would read "June 15, 2020 to November 29, 2020." **NOTE: You will use either the Covered period or Alternative period, not both.**

**If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million:** If you received more than a \$2 million PPP, check the box. Otherwise do not check it.

### Line 1

#### Payroll Costs

Payroll costs are probably the most difficult calculation in the EZ form. Payroll is calculated in two different ways.

- 1 If you are not an owner/operator who is not a W-2 employee (this is typical for self-employed and sole-proprietors), you will enter your pay here using the Owner Compensation Calculation. This calculation uses your 2019 net profit on your Schedule C from your taxes (Line 31 on the Schedule C). Take that number and multiply it by 0.1538 for an 8-week forgiveness period or 0.4615 for a 24-week forgiveness period. Your compensation is capped at a maximum of \$15,385 for 8-weeks of forgiveness and \$20,833 for a 24-week period.
- 2 For W-2 employees (including yourself if you are a W-2 employee): Add up all of the gross salary and wages paid (including tips and commissions, but likely you won't have these) and paid leave (such as vacation and sick leave, but not time off paid by the Families First Coronavirus Response Act).

Also add in any employer contributions to health insurance or employee retirement plans for up to 2.5 months as well as state or local employment taxes (typically found on your state quarterly tax filing).

## Line 2

### Business Mortgage Interest

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. Remember, this is mortgage interest, not principal. Use the same method of calculation you use in your taxes each year.

## Line 3

### Business Rent or Lease Payments

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. Remember, use the same method of calculation you use in your taxes each year.

## Line 4

### Business Utility Payments

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. Remember, use the same method of calculation you use in your taxes each year.

## Line 5

Add Lines 1 through 4. Enter the total.

## Line 6

Enter the PPP Loan Amount that you entered earlier above.

## Line 7

Divide the amount on Line 1 by 0.60 (60%) and enter the amount. This determines whether at least 60% of the potential forgiveness amount was used for payroll costs. If you have used less than 60% of the forgiveness funds on payroll, you may want to reassess the amount of forgiveness for rent, utilities, and mortgage interest.

## Line 8

Enter the smallest of Lines 5, 6, or 7. This is the amount forgiven. It will likely be the full amount of your PPP loan if you used the 24-week forgiveness period and used 60% or more of the funds on wages.

## PAGE 2: ATTESTATIONS

These are your attestations that you used the funds appropriately. Each needs to be initialed and you need to sign and date at the bottom.

## PAGE 3: DEMOGRAPHIC INFORMATION

This is optional and is intended to help the government better understand who received loans.

### THAT'S IT!

You have completed the form and are ready for your bank's forgiveness process!

You can see an example of a **FORM 3508 EZ** in **ATTACHMENT 2** of this Handbook.



# Filling Out Form 3508

## DOWNLOAD THE FORM

Start by downloading the form [here](#).

You can see an example of a **FORM 3508** in **ATTACHMENT 3** of this Handbook.

## PAGE 1

**Business Legal Name ("Borrower"):** Enter the same name used on your PPP application and your tax returns (if you are a sole proprietor or self-employed, this is your name).

**Business Address/Business TIN (EIN, SSN):** Use the EIN for your organization or your SSN (this should be the same as the one on your PPP application).

**Business Phone/Primary Contact/E-mail Address:** Use the same information as on your PPP application unless you have moved.

**SBA PPP Loan Number (also known as the E-Tran number):** This is the official loan number issued by the SBA (it should be on your loan documents from your bank).

**Lender PPP Loan Number:** This is the number your bank issued for your loan (it should be on your loan documents from your bank).

**PPP Loan Amount:** This is the full loan amount you received in your account per the bank records.

**PPP Loan Disbursement Date:** This is the day the funds were received in your bank account.

**Employees at Time of Loan Application/Employees at Time of Forgiveness Application:** This is the total number of employees at the time you received this loan. If you are the owner or only employee, you just enter "1." If you have other W-2 employees (not contractors or employees paid in cash) enter a number for each one, even if they are part-time. For example, if your business has you and two part-time employees, you will enter "3."

**EIDL Advance Amount:** If you received an EIDL advance (it will be from \$1,000 to \$10,000), enter it here. This is only the amount that was "granted" through the EIDL, not the part that was a loan. If you did not receive it, put "0."

**EIDL Application Number:** If you received an EIDL loan, add the number here.

**Payroll Schedule:** Check the box for how often you pay yourself and your employees. If it is just you, indicate how often you paid yourself in the forgiveness period.

**Covered Period:** Enter the date you entered that you received the loan and then the date 8 or 24 weeks after (depending on which forgiveness period you want to use). If you are unsure, use 24 weeks. For example, if you received your loan on June 1, 2020 the field would read "June 1, 2020 to November 15, 2020."

**Alternative Payroll Covered Period:** If you run weekly or bi-weekly payroll, you can start your forgiveness period on the following pay period. For example, if you received your loan on June 1, 2020 but your next biweekly payroll period started on June 15, 2020, field would read "June 15, 2020 to November 29, 2020." **NOTE: You will use either the Covered period or Alternative period, not both.**

**If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million:** If you received more than a \$2 million PPP, check the box. Otherwise do not check it.

Skip the rest of Page 1 for now. We'll come back to it after completing the worksheets on Pages 3 and 4.



## PAGE 2: ATTESTATIONS

These are your attestations that you used the funds appropriately. Each needs to be initialed and you need to sign and date at the bottom.

## PAGES 3 & 4: SCHEDULE A

This is the most difficult part of **FORM 3508**. Take your time and ensure the numbers are correct throughout.

To start, go to Page 4 and fill out the Worksheet table. We will then use the information on the table to fill out Page 3.

### Fill out Table 1 on Page 4

List every employee you paid during the forgiveness period. Only include W-2 employees — do not include 1099 contractors, employees paid in cash only, or yourself (if you are not a W-2 employee). Also, don't list anyone with a payrate of over \$100,000 a year (they will be put in Table 2).

**Employee's Name:** Their full legal name

**Employee Identifier:** Last 4 digits of the employee's Social Security Number.

**Cash Compensation:** Total compensation for the employee during the 8- or 24-week forgiveness period including: gross salary and wages paid (including tips and commissions, but likely you won't have these) and paid leave (such as vacation and sick leave, but not time off paid by the Families First Coronavirus Response Act). Each individual's compensation cannot exceed an annualized salary of \$100,000.

**Average FTE:** This is the average Full Time Equivalent. That is different than how many employees you had (where full and part time employees both count as an employee) Here, the question is their average number of hours per week divided by 40 hours (the "typical" full time weekly hours worked). Anyone who works at least 40 hours, that is works full time, should get the value "1" in this box. If you have someone who works only 20 hours, they would get 0.5 (that is, 20 hours typically worked/40 hours a week).

**Salary/Hourly Wage Reduction:** This is another tough calculation.

- Start by comparing the employee's pay during the forgiveness period to the pay between January 1 to March 31. If the hourly rate or annualized salary during the forgiveness period was the same or more as their pay between January 1 to March 31 or decreased by less than 25%, enter "0." If the decrease was more than 25% you need to determine if the Salary/Hourly Wage Reduction Safe Harbor is met.
- The employee meets the Safe Harbor requirements if either:

The average annual salary or hourly wage on June 30 is equal to or greater than the average annual salary or hourly wage on February 15.

— OR —

The average annual salary or hourly wage between February 15 and April 26 was lower than it was on February 15.

If either are true, enter "0." If both are not true, you need to determine the salary/hourly wage reduction.

**If the person is hourly:** Multiply the average hourly wage paid between January 1 and March 31 by 0.75 (75%). Subtract this amount from the average hourly wage during the forgiveness period.

Then determine the average weekly hours worked between January 1 and March 31 and enter the number in the table. Multiply this number by the hourly wage amount you just calculated. Then multiply that number by 8 or 24, depending on the forgiveness period you are using, and enter the number in the box for that employee.

#### Example – Hourly Worker

Let's say you have an hourly worker you paid \$25 per hour and worked an average of 20 hours a week between January 1 and March 31. During the forgiveness period, they were only paid \$15 per hour. You would:

- 1 Multiply the previous hourly rate, \$25, by 0.75 for a total of \$18.75.
- 2 Now subtract it from the current rate of \$15, for an hourly total of \$3.75.
- 3 Multiply the rate of \$3.75 times the average number of hours worked between January 1 and March 31 (in this example 20 hours a week) for a total of \$30.75 per week.
- 4 Then multiply \$30.75 by 8 for the 8-week forgiveness period (for a total of \$246.00) or 24 for the 24-week forgiveness period (\$738.00)
- 5 Enter \$246.00 in the box if you are using an 8-week forgiveness period or \$738 if you are using a 24-week forgiveness period.

**If the person is salaried:** Multiply the average weekly salary based on the pay between January 1 and March 31 by 0.75. Subtract this amount from the average weekly salary for the forgiveness period. Multiply this number by 8 or 24 depending on the forgiveness period you are using and enter the number in the box for that employee.

#### Example – Salaried Worker

Your salaried worker made on average \$769.20 a week between January 1 and March 31 and then was reduced to an average of \$550.00 a week during the forgiveness period. You would:

- 1 Multiply the previous average weekly salary, \$769.20, by 0.75 for a total of \$576.90.
- 2 Now subtract it from the current average pay of \$550.00 a week from the \$576.90 for a weekly total of \$26.90.
- 3 Multiply \$26.90 by 8 for the 8-week forgiveness period (for a total of \$215.20) or 24 for the 24-week forgiveness period (\$645.60)
- 4 Enter \$215.20 in the box if you are using an 8-week forgiveness period or \$645.60 if you are using a 24-week forgiveness period.

**FTE Reduction Exceptions:** You can include the FTE count for any employee if:

- You tried to re-hire an employee and they rejected your good-faith, written offer to rehire them at the same pay rate/hours as before.
- They were fired with cause, voluntarily resigned, or requested and received a reduction of their hours.

## NEXT, LET'S FILL OUT SCHEDULE A ON PAGE 3

### Line 1

**Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1**

Enter the amount in Table 1, Box 1.

### Line 2

**Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1**

Enter the amount in Table 1, Box 2.

### Line 3

**Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1**

Enter the number in Table 1, Box 3 (it may be 0, if you had a 25% or less change in salary and wages).

### Line 4

**Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2**

Enter the amount in Table 2, Box 4.

### Line 5

**Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2**

Enter the amount in Table 2, Box 5.

### Line 6

**Total Amount Paid or Incurred by Borrower for Employer Contributions for Employee Health Insurance**

Enter your total amount paid for the employer costs associated with a company health insurance program within the 8- or 24-week forgiveness period.

### Line 7

**Total Amount Paid or Incurred by Borrower for Employer Contributions to Employee Retirement Plans**

Enter your total amount paid for the employer costs associated with a company retirement plan within the 8- or 24-week forgiveness period.

### Line 8

**Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation**

Enter your total amount paid for state and local employment taxes (typically found on your quarterly state payroll returns) within the 8- or 24-week forgiveness period.

### Line 9

**Total Amount Paid to Owner-Employees/ Self-Employed Individual/General Partners**

If you are not a W-2 employee (this is typical for self-employed and sole proprietors), you will enter your pay here using the Owner Compensation Calculation. This calculation uses your 2019 net profit on your Schedule C from your taxes (Line 31 on the Schedule C). Take that number and multiply it by 0.1538 for an 8-week forgiveness period or 0.4615 for a 24-week forgiveness period. Your compensation is capped at a maximum of \$15,385 for 8 weeks of forgiveness and \$20,833 for a 24-week period.

### Line 10

**Payroll Costs**

Add Lines 1, 4, 6, 7, 8, and 9. Now you have your total payroll.

## DETERMINING YOUR FTE SAFE HARBOR

You may have a reduction in your PPP forgiveness if you didn't employ the same number of FTEs as you did before the pandemic.

There are two ways to get out of this penalty.

### 1 FTE Reduction Safe Harbor 1:

If between February 15, 2020 and the end of the Covered Period you were unable to operate 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, you can check the box and now go back to Page 1 without penalty.

Likely, many of you, if not everyone, will qualify for this Safe Harbor since your operations were likely closed fully or in part or you have experienced a reduced level of services allowed (such as a decrease in the number of children you can serve).

### 2 FTE Reduction Safe Harbor 2:

If you don't meet Safe Harbor 1 (and again, most, if not all of you will) you will need to complete the Safe Harbor 2 worksheet on Page 4.

## FILLING OUT THE SAFE HARBOR 2 WORKSHEET

### Step 1

Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Calculate the sum across all employees and enter:

Add Table 1, Box 2 and Table 2, Box 5 and enter the amount here.

### Step 2

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

Add together the average FTE as of the pay period that included February 15, 2020. You can do this by taking the hours everyone worked in the pay period that included February 15 and dividing by the appropriate number of total hours (i.e., for weekly pay 40 hours, biweekly 80 hours, etc.).

### Step 3

If the entry for Step 2 is greater than 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 December 31, 2020, and the date this application is submitted. Again, use the total hours divided by the appropriate number of total hours (i.e., for weekly pay 40 hours, biweekly 80 hours, etc.).

### Step 5

If the entry for Step 4 is greater than or equal to Step 2, enter 1.0 on Line 13 of PPP Schedule A. 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.

**Now fill out the rest of Page 1.**

## LET'S FINISH PAGE 1

With all the calculations done, we can now return to and finish Page 1.

### Line 1 Payroll Costs

You will enter the amount from PPP Schedule A, Line 10.

### Line 2 Business Mortgage Interest

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. Remember, this is mortgage interest, not principle. Use the same method of calculation you use in your taxes each year.

### Line 3 Business Rent or Lease Payments

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. Remember, use the same method of calculation you use in your taxes each year.

### Line 4 Business Utility Payments

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. Remember, use the same method of calculation you use in your taxes each year.

### Line 5 Total Salary/Hourly Wage Reduction

Enter the number from PPP Schedule A, Line 3. This amount reflects the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees as described in PPP Schedule A.

### Line 6

Add the amounts on Lines 1, 2, 3, and 4, then subtract the amount entered in Line 5. Add Lines 1 through 4, subtract Line 5, enter the total. If this amount is less than zero, enter a zero.

### Line 7 FTE Reduction Quotient

Enter the number from PPP Schedule A, Line 13.

### Line 8 Modified Total

Enter the amount on Line 6 multiplied by the amount on Line 7. This calculation incorporates the loan forgiveness reduction required for any full-time equivalency (FTE) employee reductions as described in PPP Schedule A.

### Line 9 PPP Loan Amount

Enter the PPP Loan Amount that you entered earlier on Page 1.

### Line 10 Payroll Cost 60% Requirement

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. If you have used less than 60% of the forgiveness funds on payroll you may want to reassess the amount of forgiveness for rent, utilities, and mortgage interest.

### Line 11 Forgiveness Amount

Enter the smallest of Lines 8, 9, or 10. **Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.** This is the amount forgiven. It will likely be the full amount of your PPP loan if you used the 24-week forgiveness period and used 60% or more of the funds on wages.

## THAT'S IT!

You have completed the form and are ready for your bank's forgiveness process!

You can see an example of a **FORM 3508** in **ATTACHMENT 3** of this Handbook.

# Attachment 1: Example of Form 3508 S

Jane Smith is a home based child care provider in Somewhere, IN. On her 2019 Schedule C, Line 7 on her taxes she made \$36,400. Her PPP loan was for 10 weeks of that pay — \$7,000.

She is a sole proprietor; she is the only employee.

Her PPP loan landed in her bank account on May 15, 2020.

Jane put in the amount of the loan (\$7,000) and matched that number for the forgiveness amount. She initialed the *Representations and Certifications* and is ready to go to her bank's online site to submit her information.



# Paycheck Protection Program

## PPP Loan Forgiveness Application Form 3508S Revised January 19, 2021

**A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS**

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Jane Smith			
Business Address	NAICS Code	Business TIN (EIN, SSN)	Business Phone
1 Main Street	624410	000-00-00	(555) 555-5555
Somewhere, IN		Primary Contact	E-mail Address
		Jame Smith	Jsmith893@yahoo.com

☒ First Draw PPP Loan ☐ Second Draw PPP Loan (check one)

SBA PPP Loan Number: 866795 Lender PPP Loan Number: 48755  
 PPP Loan Amount: 7,000.00 PPP Loan Disbursement Date: 05/15/2020  
 Employees at Time of Loan Application: 1 Employees at Time of Forgiveness Application: 1  
 Covered Period: 05/15/2020 to 07/10/2020

**If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, Check Here:** ☐

Amount of Loan Spent on Payroll Costs: 4,200.00 Requested Loan Forgiveness Amount: 7,000.00

**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 Borrower has complied with all requirements in the Paycheck Protection Program Rules (Sections 7(a)(36), (7)(a)(37), and 7A of the Small Business Act, the PPP interim final rules, and guidance issued by SBA through the date of this application), including the rules related to:

- eligible uses of PPP loan proceeds;
- the amount of PPP loan proceeds that must be used for payroll costs;
- the calculation and documentation of the Borrower's revenue reduction (if applicable); and
- the calculation of the Borrower's Requested Loan Forgiveness Amount.

Information regarding these requirements may be found in the Form 3508S Instructions and the Paycheck Protection Program Rules.

\_\_\_\_\_ The information provided in this application 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.

Following submission of this forgiveness application, the Borrower must retain all records necessary to prove compliance with Paycheck Protection Program Rules for four years for employment records and for three years for all other records. SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and 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 in a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules. 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 3508S Revised January 19, 2021**

**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 15 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.

# Attachment 2: Example of Form 3508 EZ

Sonny Shine is a home-based care provider in Somewhere, IN. She is the only employee, but she also uses a contractor, Bea Rice. Her net profit was \$34,000 in 2019 per her Schedule C, Line 31.

Her PPP loan was for 2.5 times her monthly average pay in 2019. Her pay of \$34,000 meant a monthly average of \$2,833 which when multiplied by 2.5 was \$7,291. She could not include Bea, since she is a contractor and not a W-2 employee.

Sonny chose the 24-week forgiveness period when she received her loan on June 2, 2020. She spent all the funds within 10 weeks, so on August 11, 2020 she applied for forgiveness.

For her payroll costs, she has to use owner compensation calculation, which was 2.5 times her monthly average net profit in 2020. That is the same number as her loan above (since it is the same calculation) — \$7,291, which she entered on Line 1 of the form. She also reports a portion of her rent and utilities using the time/space method and found she had paid \$250 in eligible rent and \$180 in utilities, which she put in Lines 3 and 4.

Her total PPP spending was \$7,741 (Line 5 of the form) but her total loan was only \$7,291 (Line 6) so her total forgiveness was the entire loan, \$7,291 (Line 8).



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

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

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Sonny Shine			
Business Address		Business TIN (EIN, SSN)	Business Phone
555 Main Street		000-00-0000	555)555-5555
Somewhere, IN		Primary Contact	E-mail Address
		Sonny Shine	sonny_shine@aol.com

SBA PPP Loan Number: 854498 Lender PPP Loan Number: 26556

PPP Loan Amount: \$7,291 PPP Loan Disbursement Date: June 2, 2020

Employees at Time of Loan Application: 1 Employees at Time of Forgiveness Application: 1

EIDL Advance Amount: \$0 EIDL Application Number: N/A

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

☒ **Weekly**    ☐ **Biweekly** (every other week)    ☐ **Twice a month**    ☐ **Monthly**    ☐ **Other** \_\_\_\_\_

**Covered Period:** June 2, 2020 to November 16, 2020

**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: \$7,291

Line 2. Business Mortgage Interest Payments: \$0

Line 3. Business Rent or Lease Payments: \$250

Line 4. Business Utility Payments: \$180

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: \$7,741

Line 6. PPP Loan Amount: \$7,291

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): \$12,151

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): \$7,291



**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



**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.**

# Attachment 3: Example of Form 3508

All-Day Day Care, Inc. is a group family child care home in Somewhere, IN. Julieta Perez owns the business and before the pandemic had three full-time W-2 employees. Based on her payroll in 2019, she received a loan of \$28,250 on June 2, 2020. Since she had just started a bi-weekly pay period, she opted to start her PPP on the next period which began on June 15, 2020.

Julieta was able to have two of her three employees come back due to the additional costs of smaller class sizes, cleaning, and PPE. As shown in Table 1, both Tan and Chris were returned to full-time. Due to the reduced number of children they could have on site, they had to reduce Chris' payroll by 30% from \$10 to \$7. Tan's payroll remained at \$10 an hour. Tan made \$9,600 in the forgiveness period and Chris made \$6,720 and had \$2,880 less in wages (which we need to record since it was more than a 25% reduction).

When filling out Schedule A, Julieta put Tan and Chris's wages in Line 1 and recorded that there were 2 FTE in Line 2. The total reduction was \$2,880 (in Box 3 from the Table on page 4). She had no employees with annual salaries over \$100,000 so Lines 4 and 5 were "0." She paid \$681 in state compensation taxes so she entered it on Line 8.

For her own pay, she used her net profit from Line 31 of her 2019 Schedule C, which was \$55,000. When she divided \$55,000 by 12, she had an average monthly pay of \$4,583. When multiplied by 2.5 she had total owner compensation of \$11,458 which was entered in Line 9.

She totaled her Schedule A in Line 10 and had \$27,778 in payroll costs.

Julieta now goes back to Page 1. She enters the total on Schedule A in Line 10, Page 1, Line 1 for her total payroll (\$27,778).

Her rent and utilities for the forgiveness period were \$5,866 and \$854 which she entered on Lines 3 and 4.

Julieta now goes to her adjustments. She reduced Chris' pay so she takes the amount from Box 3 of the table on Page 4 (\$2,880) and enters it into Line 5.

On Line 6 she adds together Lines 1 to 4 and subtracts Line 5.

## Here's what she did:

Line 1: \$27,778

Line 2: \$0

Line 3: \$5,866

Line 4: \$854

Total Lines 1 to 4: \$34,498

Now she takes the total \$34,498 and subtracts Line 5 \$2,880 to have \$31,618, which she enters in Line 6.

For her FTE Reduction Quotient on Line 7, she looked at the Safe Harbor questions. She couldn't return her third employee because of the costs of complying with federal and state guidance on class size, cleaning, and PPE, so she checked Safe Harbor 1 and put a "1" on Line 13 on Page 3. She put that "1" on Page 1, Line 7 as well.

For Line 8 she then had \$31,618 (Line 6 multiplied by Line 7). Her total loan of \$28,250 was entered in Line 9. For Line 10 she divided Line 8 (\$28,858) by 0.6 for a total of \$38,896.

Julieta's total forgiveness, Line 11, was the lowest number — her total loan, \$28,250.



**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**

<b>Business Legal Name ("Borrower")</b>	<b>DBA or Tradename, if applicable</b>	
All-Day Day Care, Inc.	N/A	
<b>Business Address</b>	<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
555 Lower Main Street	45-55555	( 555 555. 5555
Somewhere, IN	<b>Primary Contact</b>	<b>E-mail Address</b>
	Julieta Perez	ALLDAY_Inc@aol.com

**SBA PPP Loan Number:** 8556124      **Lender PPP Loan Number:** 223214

**PPP Loan Amount:** \$28,250      **PPP Loan Disbursement Date:** June 2, 2020

**Employees at Time of Loan Application:** 4      **Employees at Time of Forgiveness Application:** 3

**EIDL Advance Amount:** \$0      **EIDL Application Number:** N/A

**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:** June 15, 2020 to November 29, 2020

**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): \$27,778

Line 2. Business Mortgage Interest Payments: \$0

Line 3. Business Rent or Lease Payments: \$5,866

Line 4. Business Utility Payments: \$854

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): \$2,880

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: \$31,618

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): 1

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \$31,618

Line 9. PPP Loan Amount: \$28,250

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): \$38,896

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \$28,250





**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



**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: \$16,320

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: 2

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: 2,880  
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: \$0

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: \$0

**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: \$0

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans: \$0

Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation: \$681

**Compensation to Owners**

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: \$11,458  
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): \$27,778

**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: 1



**Paycheck Protection Program  
Loan Forgiveness Application Revised June 16, 2020**

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

**PPP Schedule A Worksheet**

**Table 1:** 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 United States; 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.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
Tan Hill	7768	\$9,600	1	0
Chris Berg	8854	\$6,720	1	\$2,880
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b> \$16,320	<b>Box 2</b> 2	<b>Box 3</b> \$2,880

**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 United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
<b>Totals:</b>		<b>Box 4</b>	<b>Box 5</b>

Attach additional tables if additional rows are needed.

**FTE Reduction Safe Harbor 2:**

- Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average 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 February 15, 2020. Follow the same method that was used in step 1: \_\_\_\_\_.
- Step 3. If the entry for step 2 is greater than 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 December 31, 2020, and the date this application is submitted: \_\_\_\_\_.
- Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; 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.



**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 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 180 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.**