

Preparing for PPP Forgiveness

As we move into Q4 of 2020, we will begin assisting in the preparation and submission of Payroll Protection Program (PPP) Loan forgiveness applications. In preparation for this process, we want to update you on what we know at this point, what you will likely need to prepare for the loan forgiveness application, and what we can anticipate as the overall process.

Changing Landscape of PPP Loan Forgiveness

The PPP program has had a number of major revisions since its original creation in the CARES Act, and it is not unlikely that additional changes will follow in subsequent months that may affect loan forgiveness.

PPP Loans were originally created by the CARES Act in March 2020 to provide “forgivable loans” to small businesses based on 2.5 months of their payroll costs pre-COVID. To obtain loan forgiveness under the original CARES Act, recipients had to spend all of the PPP loan funds on qualifying expenses (payroll, rent, utilities and interest) within 8 weeks following the receipt of the funds, and maintain pre-COVID employee head count, as well as, satisfy a number of other requirements.

In June 2020, the Paycheck Protection Program Flexibility Act was enacted in response to feedback from businesses and professional groups. This retroactively extended the time period employers had to use the PPP funds from 8 weeks to 24 weeks, and relaxed many requirements regarding the use of the funds and the employee head counts. All of this was good news for PPP Loan recipients and significantly increased the likelihood that the majority of recipients could obtain full forgiveness.

In addition to the legislative framework, the Small Business Administration tasked with overseeing the PPP loans, has been issuing and revising guidance on PPP loan forgiveness in the form of “Interim Final Rules.” The interim final rules address specific procedures and questions with the PPP loans and eligibility for forgiveness. As the name suggests however, these rules have been revised several times and may be revised anew before “interim” becomes “final” and the final rules are published.

You should also be aware that there is a bipartisan bill in Congress known as the Paycheck Protection Small Business Forgiveness Act which proposes to further simplify the loan forgiveness process for smaller recipients. If enacted, this legislation would allow small businesses receiving loans of \$150,000 or less to obtain full loan forgiveness with submission of a simple one page attestation form, and would streamline the process for recipients of loans between \$150,000 and \$1,000,000. The bill has substantial support from the banking community and the SBA who are faced with an overwhelming number

of PPP loan forgiveness applications and we are hopeful that it will be passed and signed into law. We will need to monitor continuing changes.

A Word to the Wise

No doubt many of you will remember just how chaotic the process of obtaining a PPP loan was for your business. And while we would like to think otherwise, we anticipate that the loan forgiveness process will likely have some bumps in the road as we move forward.

To some extent this is understandable. The PPP loan origination and forgiveness is all new territory. Neither the banks, the Small Business Administration, nor the professionals have any prior experience with PPP loans since these did not exist prior to this year. Moreover, with approximately 5 million PPP loans issued nationwide, the scope of the PPP program is far larger than any programs administered by the Small Business Administration in the past.

The PPP loan forgiveness applications are to be submitted to the bank initiating your PPP loan, and the banks are given just 60 days from the date of receipt of your application to review and submit their recommendations on forgiveness to the Small Business Administration. Each bank will implement their own processes for loan submissions and review, and again, we have to anticipate that some banks will do a far better job with this than others. Time will tell.

FAQ's

Many of you have been asking questions about the loan forgiveness process, and to help with some of the most common questions, the remainder of this memo is organized in an FAQ format which we hope will be helpful.

What time period do I have to submit my PPP Loan Forgiveness Application?

Recipients of PPP Loans have a full ten (10) months from the end of their "covered period" to submit their application for loan forgiveness. The covered period starts on the receipt of the PPP funds and ends at the completion of 8 week or 24 week period in which the PPP funds were utilized.

When will I want to submit my PPP Loan Forgiveness Application?

We are recommending patience and waiting at least until a full 24 weeks have elapsed since the inception of your loan. This will allow us to evaluate which covered period, the 8 or 24 week period, is the best options for your loan forgiveness submission.

We are also recommending patience on several fronts. First, additional changes may yet be coming to the program, including possible enactment of the Payroll Protection Small Business Forgiveness Act. Second, we anticipate the banks and the SBA needing to work through and refine the loan forgiveness process. As such, it is possible that early applicants may incur more questions and/or confusion than later ones. Our current plan is to submit our own PPP loan forgiveness application as one of the first along with several of our most straight forward recipients. From there, we will gather some feedback as to the nature and types of follow up questions from the banks and the SBA prior to submitting larger and/or more complicated PPP forgiveness applications.

Where will I submit my PPP Loan Forgiveness Application?

To the Bank which originated your PPP Loan. Originating Banks will have 60 days to review your loan forgiveness application and submit information to the SBA along with their recommendation on loan forgiveness. The SBA will then have 90 days to make a final determination on loan forgiveness.

How will I know when my Bank is accepting applications?

Your lending bank will notify you regarding the submission of PPP loan forgiveness applications and you should check your email periodically to assure you do not miss any communication from your bank sent via email. Some of the banks have been requesting their clients to “pre-register” for PPP forgiveness, and if so, you will want to be sure you pre-register with your bank.

Am I required to use the 8 week or the 24 week period?

If you received your PPP loan prior to June 5, 2020, you may choose to use either the 8 week or 24 week period, and should select whichever is most beneficial. Generally speaking, most businesses will benefit from using the 24 week period, however there may be some employers for whom the 8 weeks is the better option. We suggest waiting until the 24 weeks has elapsed and then evaluating which time period is the most beneficial.

What forms and paperwork will likely be required to be submitted to obtain PPP forgiveness?

This will somewhat depend on your lending institution, but we would anticipate paperwork to summarize the use of the PPP funds and supporting documentation. The SBA has also created a PPP loan forgiveness application form, form 3508 and form 3508EZ which we believe will be required from all PPP loan recipients requesting forgiveness. Forms 3508 and the easier version for small employers, 3508EZ are available online at the SBA website.

What supporting documentation can I anticipate needing with the application paperwork?

All loan forgiveness applicants will likely need to submit payroll records and supporting payroll tax filings for the covered period and any base period. If your loan forgiveness request is based on expenses in addition to payroll, you will need to include documentation supporting these expenditures possibly including: bank statements, cancelled checks, bills, leases, loan interest statements, etc.

With the longer 24 week optional period, most of you will find that you can account for usage of the PPP loan proceeds in full solely with your payroll expended in the 24 weeks, and not need to include and submit details on any other qualifying expenses. This should simplify the process.

What if I use a payroll service? What should I ask for?

Most of the payroll services have created special reports to help their clients track and prepare for PPP loan forgiveness. ADP, for example, has a CARES report showing employees by name and detailing eligible compensation for PPP forgiveness during your covered period. You can speak with your payroll rep to inquire what resources your payroll company may offer.

We also suggest requesting an interim PPP report to date and prior to the end of your 24 week period to see whether or not you have already spent all of the PPP funds or if you can reasonably expect doing so.

For any clients that we assist with payroll directly, we will prepare appropriate reports to submit with your PPP loan forgiveness applications.

Is there any other information I am likely to need?

While it is difficult to anticipate every possible request, all PPP loan recipients will need their SBA loan number, and if different, possibly their lender's loan number in completing the loan forgiveness applications.

Will my loan reduction be reduced if I have less employees than I did pre-COVID?

Possibly. The Paycheck Protection Program Flexibility Act included a number of exemptions to requirement to maintain head count, including, for example, inability to bring all employees back due to physical social distancing limitations or employees not wishing to return to work. Still, the loan forgiveness can be reduced if your head count is down.

As the full details of how the head counts are determined and the possible exceptions are involved and beyond the scope of this memo, if you anticipate that your head count may be lower than your pre-COVID levels, please contact us so that we can discuss options.

I received an EIDL grant from the SBA. How will that effect my PPP loan forgiveness?

The amount of your PPP loan eligible for forgiveness will be reduced by your EIDL grant. For example, if you received a PPP loan of \$50,000 and an EIDL grant of \$3,000, your maximum loan forgiveness would be \$47,000.

How soon will I know if my PPP loan is forgiven?

Difficult to say, but assuming things go as expected, we would expect responses within 150 days of the submissions of the applications for loan forgiveness. Under the guidelines presently issued, your lending institution will have 60 days to review your loan forgiveness application and supporting documentation before submitting to the SBA, who will have an additional 90 days to render a decision.

Will the amount of my PPP Loan Forgiveness be tax-free?

Yes and no. In the CARES Act, Congress specifically indicated that the amounts forgiven under the PPP loan program would not be taxable. However, the IRS point out in Notice 2020-32 that any expenses incurred in the production of tax exempt income are not deductible. So, while the PPP loan amount forgiven will not be taxable income, the payroll and other expenses paid with the PPP funds are not taxable deductible, effectively making the PPP funds taxable. Congress may address this issue with future changes, but at present the PPP loan forgiveness is effectively taxable for most recipients.

What will happen if not all of my PPP loan is forgiven?

The remaining portion will be converted to a loan with interest at 1% and generally a maturity of 5 years. We anticipate, however, that the vast majority of our clients will be eligible for 100% forgiveness.

Will Garfinkel CPA assist and/or prepare the PPP loan forgiveness application for my company?

Yes, of course. That's what we do. In the event though that you have not spoken with us regarding the preparation of your loan forgiveness application, please let us know that you anticipate needing our assistance so we can plan accordingly.



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

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

PPP Loan Forgiveness Calculation Form

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

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

PPP Loan Amount: _____ **PPP Loan Disbursement Date:** _____

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

EIDL Advance Amount: _____ **EIDL Application Number:** _____

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

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

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

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

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

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

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

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

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

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

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

Potential Forgiveness Amounts

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

Line 9. PPP Loan Amount: _____

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

Forgiveness Amount

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



**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: _____

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

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

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: _____

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

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

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

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

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

Compensation to Owners

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

Total Payroll Costs

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

Full-Time Equivalency (FTE) Reduction Calculation

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

No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here .

FTE Reduction Safe Harbor 1: If you were unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here .

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

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

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met: _____



PPP Schedule A Worksheet

Table 1: 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
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

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
Totals:		Box 4	Box 5

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.**



**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	
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

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

PPP Loan Amount: _____ **PPP Loan Disbursement Date:** _____

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

EIDL Advance Amount: _____ **EIDL Application Number:** _____

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

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

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

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

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Potential Forgiveness Amounts

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

Line 6. PPP Loan Amount: _____

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

Forgiveness Amount

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



**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
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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.**