NOTE: This report is intended as a reference for PPP loan recipients, referred to as “borrowers” or “you” throughout the document. This information is current as of the date above, but please note that active discussions continue between Congress and the Administration about the potential necessity for further clarification, guidance, and program changes for both borrowers and the lenders who are managing these PPP loans. We will continue to keep you updated on any changes or adjustments that will affect PPP borrowers.

On Friday, May 15, the Small Business Administration (SBA) released the PPP Loan Forgiveness Application Form. The form includes the following components:

1. PPP Loan Forgiveness Calculation Instructions and Form
2. PPP Schedule A Instructions and Form
3. PPA Schedule A Worksheet
4. PPP Borrower Demographic Information Form

Only the Loan Forgiveness Calculation Form and Schedule A Form must be submitted. The Schedule A Worksheet is for the borrower’s use to calculate the information for Schedule A. You can complete and submit the Borrower Demographic Information Form, but it is optional. You will submit the forms directly to your lender.

We recommend you check directly with your lender to see when you can apply for forgiveness, and ask if the lender has an online portal or other preferred method to submit your application.
Some important factors to consider as you prepare your application:

Full Time Equivalent (FTE) headcount

You can use one of two methods to determine the average weekly number of FTEs. Decide which one is best for your specific circumstances, and be consistent and use the same method throughout the application.

1. Base Method: for each employee, divide the average number of hours paid per week by 40, and round to the nearest tenth, up to 1 for each individual employee.
   a. For example, Employees A, B, and C would count as **2.3 FTEs** under this scenario using the Base Method:
      i. Employee A worked an average of 40 hours per week = 1
         1. (40/40 = 1)
      ii. Employee B worked an average of 50 hours per week = 1
         1. (50/40 = 1.25, capped at 1)
      iii. Employee C worked an average of 10 hours per week = .3
         1. (10/40 = .25, rounded up to the nearest tenth, .3)

2. Simplified Method: each employee who works 40 hours or more per week is 1 FTE, and every other employee is assigned 0.5 FTE.
   a. For example, Employees A, B, and C from above would count as **2.5 FTEs** under this scenario using the Simplified Method:
      i. Employee A worked an average of 40 hours per week = 1
         1. Total of 40 hours per week or more = 1
      ii. Employee B worked an average of 50 hours per week = 1
         1. Total of 40 hours per week or more = 1
      iii. Employee C worked an average of 10 hours per week = 0.5
         1. Less than 40 hours per week = 0.5

Excused reductions in your workforce headcount

One of the requirements for forgiveness is maintaining your workforce at pre-pandemic levels. However, your forgiveness amount will not be reduced if your FTE headcount is reduced because of any of the following reasons:

- You laid off an employee between February 15, 2020, and April 26, 2020, and offered to rehire the same employee but the employee rejected your offer (make sure you have the offer and the rejection in writing – by email is fine)
- You terminated an employee for cause
- An employee voluntarily quits
- An employee voluntarily requests a reduction of hours
8-week period
The 8-week “covered period” of your loan begins on the day you received your PPP loan funds into your bank account (not the day your loan was approved). However, if you have a weekly or biweekly payroll, you may choose an “alternative payroll covered period” that begins on the first day of the first pay period after you receive your PPP loan funds. This only applies to payroll costs, and does not apply to other costs you pay with your PPP loan.

Costs incurred/costs paid
Payroll costs are considered to have been “incurred” on the day the employee’s pay is earned. Payroll costs are considered “paid” on the day that paychecks are distributed or the day that you originate a direct deposit (ACH credit transaction). All payroll costs that are paid during the 8-week period can be forgiven. Payroll costs that are incurred during the 8-week period can be forgiven if paid on or before the next regular payroll date.

Nonpayroll costs cannot exceed 25% of the forgiven amount of the loan. Nonpayroll costs that are paid during the 8-week period can be forgiven. Nonpayroll costs that are incurred during the 8-week period and are paid on or before the next regular billing date can be forgiven.