

## **PPP Loan Update continued.....**

PPP borrowers should apply for forgiveness through the lender that issued their loan. That lender then submits the application to the SBA, which makes the final determination on how much forgiveness a borrower should receive.

Submission procedures vary by lender.

Borrowers may apply for forgiveness at any time before the loan's maturity date. However, to avoid having to start loan payments, PPP borrowers must apply for forgiveness within 10 months of the end of their covered period (which is the loan disbursement date and the subsequent 24 weeks, OR eight weeks for some eligible borrowers who opted for this time frame).

Borrowers should prepare to apply by gathering documents and determine how much of the loan they have spent on allowable expenses, especially on payroll.

To have the full amount forgiven, borrowers must have spent at least 60% of their loan on payroll costs and the remainder for mortgage interest, rent and utilities. Documentation will be needed for these. The amount of forgiveness may be lowered if the business reduced its employee head count or cut salaries and wages.

*Some payroll-processing companies offer reports customized to provide the information needed for the forgiveness application, so borrowers should see if that service is available.*

The SBA and Treasury Department have issued three different application forms, and which one borrowers should use depends on the nature of their business, their loan size and whether they reduced employee head count or salaries and wages.

The SBA recently released a new application, Form 3508S, for loans of \$50,000 or less which "streamlines the PPP forgiveness process to provide financial and administrative relief".

Similar to the other applications, it asks borrowers to make certifications and to submit documentation to their lender.

Importantly, borrowers who use Form 3508S won't face any reductions in their forgiveness amount if they lowered head count or wages and salaries.

Lenders have 60 days to review a borrower's application and submit it to the SBA, which then has up to 90 days to review it and issue a decision.

NOTE - the prospects for any federal stimulus relief remain murky. **House Speaker Nancy Pelosi** and **Treasury Secretary Steven Mnuchin** continue to negotiate.