

PPP LOAN FORGIVENESS UPDATE

Some Housekeeping Items:

- All participants have been placed on mute.
- All registrants will receive a follow up e-mail with a link to the recorded webinar and any training documentation.
- Stay updated and register for upcoming webinars on our COVID-19 INFO Center here: <https://ctrhcm.com/home/covid-19-information-center/>
- This training is intended for educational and informational purposes. We hope that you learn a lot but the information should not be construed as legal or tax advice.
- If you have any questions or want to request training, please e-mail training@ctrhcm.com

AGENDA

- ❖ Updates since signing of the PPP Flexibility Act
- ❖ Walk Through the New PPP Loan Applications
- ❖ Future Updates

PPP LOAN FORGIVENESS UPDATES








- June 1, 2020- SBA publishes Interim Final Rule on Loan Forgiveness
- June 5, 2020- PPP Flexibility Act Signed into Law

➤ SBA & Department of Treasury Issue Additional Program Rules

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

- [Interim Final Rule on Eligibility of Certain Telephone Cooperatives](#)  (originally posted 6/5/2020)
- [Interim Final Rule on Revisions to First Interim Final Rule](#)  (originally posted 6/11/2020)
- [Interim Final Rule on Additional Revisions to First Interim Final Rule](#)  (originally posted 6/12/2020)
- [Interim Final Rule on Revisions to the Third and Sixth Interim Final Rules](#)  (originally posted 6/17/2020)
- [Interim Final Rule on Revisions to Loan Forgiveness Interim Final Rule and SBA Loan Review Procedures Interim Final Rule](#)  (6/22/2020)

➤ SBA & Department of Treasury Issue New Loan Forgiveness Apps & Instructions

- [Loan Forgiveness Application Form EZ Instructions](#) 
- [Loan Forgiveness Application Form EZ](#) 
- [Loan Forgiveness Application Instructions](#)  (revised 6/16/2020)
- [Loan Forgiveness Application](#)  (revised 6/16/2020)
- [Guidance on Refinance of EIDL Loans with PPP Loan Proceeds and Lender Remittance of EIDL Refinance Proceeds to SBA](#)  (6/22/2020)

PPP FLEXIBILITY ACT

EXTENDED PERIOD FOR LOAN FORGIVENESS

- ❖ Extended the Covered Loan Period from 8 Weeks to 24 Weeks after the loan disbursement date
- ❖ Borrowers who have already received a PPP Loan retain the option to use the 8-Week Period. Loans made after June 5, 2020 must use the 24-week period
- ❖ Program period ends December 31, 2020
 - ❖ **Example:** If a loan is disbursed on June 25, 2020 the 24-week period ends on December 10, 2020

PPP FLEXIBILITY ACT SPEND ON PAYROLL COSTS IS LOWERED



Lowered the requirement to 60% of the total dollars spent must be spent on Payroll Costs. The previous requirement was 75%.

Is this requirement “all or nothing?” In other words, if you spend only 59% of the money on Payroll Costs will none of the loan be forgiven?

Answer: No. *Borrower receives \$100,000 PPP Loan. Borrower spends \$54,000 on Payroll Costs. Maximum amount of loan forgiveness is \$90,000 [\$54,000 in Payroll Costs is 60% of \$90,000]. SBA Interim Final Rule- June 16, 2020*

Note: For purposes of determining the percentage of loan proceeds used for Payroll Costs, the amount of any refinanced EIDL loan is included.

PPP FLEXIBILITY ACT EXTENDED THE LOAN MATURITY DATE

- ❖ **Loans made before June 5, 2020-** Maturity is still 2 years but borrowers and lender may mutually agree to extend the maturity of the loans to five years
- ❖ **Loans made on or after June 5, 2020-** Maturity date is 5 years

Loan is considered “made” on the date the SBA assigns a loan number.
SBA Interim Final Rule –June 16, 2020

PPP FLEXIBILITY ACT MORE FLEXIBILITY FOR BORROWERS UNABLE TO RETURN TO PRE-PANDEMIC LEVELS

Employer is exempt from reduction in loan forgiveness for reduced FTEs if:

- (1) Employer can document in good faith it was unable to operate between February 15, 2020 and the end of the Covered Period at the same level of business activity prior to February 15, 2020 due to compliance with requirements or guidance issued between March 1, 2020 and December 31, 2020 by Secretary of Health and Human Services, CDC, OSHA, or any other customer safety requirements related to COVID-19
OR
- (2) Employer can document an inability to rehire individuals who were employees on February 15, 2020 and an inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020

PPP FLEXIBILITY ACT EXTENDED DEFERRAL PERIOD

- ❖ Deferral period for payment of principal, interest, and fees was extended to the date the SBA remits the loan forgiveness amount to the lender.
- ❖ **10-Month deadline-** You must submit your loan forgiveness application within 10 months from the end of your loan forgiveness covered period
- ❖ **Example:** If a loan is disbursed on June 25, 2020, the end of the 24-week covered period would be December 10, 2020. The borrower has 10 months from December 10, 2020 (i.e. October 10, 2021) or the borrower must begin to make payments on the loan.

ADDITIONAL PROVISIONS



- ❖ Eliminates language in Cares Act that bars employers from deferring the ER Portion of their Social Security Tax payment following their loan forgiveness.
- ❖ Business owners with 20% or more ownership in a company were not permitted to apply for PPP loans if they had a conviction within the past 5 years. This is now reduced to 1 year.

Exception: If the felony was a financial crime such as fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal or financial assistance then the 5-year prohibition still stands

8 WEEKS OR 24 WEEKS?

8-Week Period

- You can file application sooner
- For some employers it is easier to stay fully staffed for 8 Weeks v. 24 Weeks
- If your calculations are showing full loan forgiveness at 8-Weeks, it may be better to file now in the event there could be unfavorable changes in the laws

24-Week Period

- More time to spend money on payroll and reach 60% rule (Bars, Restaurants, Retail, hospitality)
- More time to hire back staff to eliminate loan forgiveness reductions

SBA INTERIM FINAL RULES



Loan Forgiveness Process:

- Submit your loan forgiveness application
- Lender has 60 days from receipt of the application to issue a decision to the SBA
- SBA will remit forgiveness amount to the lender within 90 days
- SBA will deduct any EIDL Advance amounts from the forgiveness amounts
- The remaining balance must be paid by the borrower by the maturity date on the loan

Revised Interim Final Rule Published June 22, 2020

SBA INTERIM FINAL RULES



When must borrowers apply for loan forgiveness or make payments?

- Anytime on or before the maturity date of the loan (i.e. 10 months after end of covered period)
- Borrowers may apply before the end of the Covered Period if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness
- **Note:** If you apply for forgiveness before the end of the 8-week or 24-week covered period and you have reduced employee's salaries in excess of 25% you must account for the reduction for the full 24-week or 8-week period.

Revised Interim Final Rule Published June 22, 2020

SBA INTERIM FINAL RULES



When must payroll costs be incurred or paid to be eligible for forgiveness?

- Incurred or paid in your 24-Week or 8-Week Period
- 8 or 24-Week period begins on the date of the loan disbursement (Covered Period) or for biweekly or more frequent pay cycles the 8 or 24-week period may begin on the first day of the first payroll cycle in the covered period (Alternative Covered Period)
- Payroll costs incurred during the last pay period of the Covered or Alternative Covered Period are eligible for forgiveness if paid on or before the next regular payroll date
- Payroll costs are “incurred” on the day the employee’s pay is “earned” (i.e. on the day the employee worked or if the employee is not being paid and not working the day the employee “would have” been scheduled to work)

Revised Interim Final Rule Published June 22, 2020

Payroll Cost Caps for Employees

- **8-Weeks-** Salary, wages, and tips up to **\$15,385** per employee + healthcare expenses, retirement contributions, and ER state tax imposed on payroll – FFCRA leave for which a credit is claimed
- **24-Weeks-** Salary, wages, and tips up to **\$46,154** per employee + healthcare expenses, retirement contributions, and ER state tax imposed on payroll- FFCRA leave for which a credit is claimed

Interim Final Rule Published June 19, 2020

Are there caps on the amount of loan forgiveness for owner-employees and self-employed individuals?

- **8-Weeks-** Capped at eight weeks' worth (8/52) of 2019 compensation or \$15,385 per individual, whichever is less
- **24-Weeks-** Capped at 2.5 months' worth (2.5/12) of 2019 compensation or \$20,833 per individual, whichever is less
- Caps apply as totals across all businesses

*** Provides additional specific rules for calculating compensation based on the type of business (S-Corp, Schedule C or F filers, General partners)

Interim Final Rule Published June 22, 2020

Are Hazard Pay or Bonuses Eligible for Forgiveness?

Yes. Hazard Pay and bonuses for employees are eligible for loan forgiveness

Exceptions

- Amount counted during Covered/Alt Period cannot exceed \$100,000 on an annualized basis
- Owners' Compensation

Reduction in Loan Forgiveness

Reduction in Wages

Example:

- 24-Week Covered Period
- Reduced salary from \$1,000/week during Q1 2020 to \$700/week during Covered Period
- \$250 (first 25%) is exempted from loan forgiveness
- \$50/week remaining
- $\$50 * 24 \text{ Weeks} = \$1,200$

Even if you apply for loan forgiveness before the end of the 24 weeks you must still apply the full 24-week reduction

Revised Interim Rule- Published June 22, 2020

Reduction in FTEs

1. Count FTEs in Covered/Alt Period: **8 Employees**
2. Count FTEs in Reference Period:
 1. January-February 29, 2020- **10 Employees**
 2. February 15, 2020 – June 30, 2020- **11 Employees**
 3. Seasonal- 12-Week Period between May 1, 2019 and September 15, 2019

8 (Covered Period)/10 (Chosen Reference Period)= 80% of expenses eligible for forgiveness

Definition of FTE

FTE= 40 hours or more on average each week.

Are employees who were not rehired double counted for wage reduction and for FTE reduction?

The salary and wage reduction only applies to the portion of the decline in employee salary and wages that is NOT attributable to the FTE reduction.

Example: *Hourly employee was working 40 hours per week during the reference period. There was no change to the employee's hourly wage during the Covered Period, but the borrower reduced the employee's hours to 20 hours during the Covered Period. Because the hourly wage did not change and the reduction in pay is only attributable to the reduction in hours no salary/wage reduction is required for the employee.*

SBA INTERIM FINAL RULES

Updated Interim Final Rule: June 22, 2020



Exceptions to Reductions in Loan Forgiveness

- No reduction to loan forgiveness if employer can demonstrate inability to rehire employees employed on February 15, 2020 and employer can demonstrate inability to hire similarly qualified individuals on or before December 31, 2020
- No reduction for an employee who you offered to restore hours and he/she rejected

Employer should retain:

1. Written offer to rehire employee
2. Written record of the employee's rejection
3. Written records of efforts to hire other similar employees

**** Note:** Rule says employers are required to inform state unemployment within 30 days of the employee's rejection of the offer

SBA INTERIM FINAL RULES

Updated Interim Final Rule: June 22, 2020



Exceptions to FTE Reductions

- No reduction to loan forgiveness if employer can demonstrate inability to return to Pre-Covid (prior to February 15, 2020) business activity due to compliance issued between March 1, 2020 and December 31, 2020 by Secretary of Health, CDC, OSHA or other worker or customer safety requirement related to COVID-19
- Includes both “Direct and Indirect” compliance (Local government order referencing CDC)

Example: *Borrower sells beauty products both online and at its physical store. During the covered period, the local government ordered all nonessential businesses to shutdown. Because the borrower’s business activity was reduced due to COVID Requirements or Guidance, the borrower qualifies for the exemption.*

What about employees who left during the Covered Period?

Employees fired for cause, employees who voluntarily resigned, or voluntarily request a reduced schedule during the Covered/Alt period are not counted not counted as an FTE reduction

NEW! FORM “EZ” LOAN FORGIVENESS APPLICATION



May only submit this application if you meet 1 of 3 qualifications:

OPTION 1

1. You are self-employed, independent contractor, or sole proprietor who had no employees at the time of the PPP Loan Application **AND**
2. You did not include any employee salaries in your application for the average monthly payroll for the loan application

FORM 3508EZ LOAN FORGIVENESS APPLICATION



May only submit this application if you meet 1 of 3 qualifications

OPTION 2

1. No reduction in annual salary or hourly wages of any employee by more than 25% during the “Covered Period” or “Alternative Covered Period” compared to January 1, 2020 through March 31, 2020 (Only consider employees who did not receive annualized pay of more than 100K in 2019 for any pay period)

AND

2. No reduction in the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period

Allowable Exceptions

- You may ignore reductions if you could not rehire individuals who were employees on February 15, 2020 and you could not replace them with similarly qualified employees by December 31, 2020.
- You may ignore reductions in employee’s hours that the employer offered to restore and the employee refused.

FORM 3508EZ LOAN FORGIVENESS APPLICATION



May only submit this application if you meet 1 of 3 qualifications

OPTION 3

1. No reduction in annual salary or hourly wages of any employee by more than 25% during the “Covered Period” or “Alternative Covered Period” compared to January 1, 2020 through March 31, 2020 (**Note:** Only consider employees who did not receive annualized pay of more than 100K in 2019 for any pay period) **AND**
2. Borrower was unable to operate during 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 Secretary of Health, CDC or OSHA related to the maintenance and standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19

LOAN FORGIVENESS CALCULATION FORM



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

SBA PPP Loan Number: 12345 Lender PPP Loan Number: 1873881

PPP Loan Amount: \$100,000 PPP Loan Disbursement Date: 05/01/2020

Employees at Time of Loan Application: 30 Employees at Time of Forgiveness Application: 30

EIDL Advance Amount: \$10,000 EIDL Application Number: 393993

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: 05/08/2020 to 10/16/2020

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: \$54,000

Line 2. Business Mortgage Interest Payments: \$36,000

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments: \$10,000

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: 100,000

Line 6. PPP Loan Amount: 100,000

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): 90,000

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): 90,000

Alternate Period: 168
Days for 24-Weeks or 56
Days for 8-Weeks

Choose smallest amount

LOAN FORGIVENESS CALCULATION FORM



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.

Cap for Owner's Wages

No reduction of wages by 25%

Note fines and punishment for knowingly making a false statement

Certify you meet one of the qualifications

INSTRUCTIONS FOR EZ APPLICATION



Payroll Costs

- Cannot exceed annual salary of \$100,000 prorated for Covered/Alt Period
 - 8-Weeks= \$15,385
 - 24-Weeks= \$46,154
 - Only include employees who were employed during the Covered/Alt Period
 - Only includes costs incurred or paid during the Covered/Alt Period
 - Expenses are considered incurred on the day they are earned (on their work day). You may include payroll costs incurred but paid on next pay date after Covered/Alt Period
 - Caps apply for Owner Compensation

Employee Group Health Insurance

- Include employer Contributions for health insurance, including a self-insured plan
- Exclude employee contributions
- Exclude Employer health contributions for self-employed individuals, general partners, or owner employees of an S-Corporation

Employer Contributions to Retirement Plans

- Include employer contributions
- Exclude employee contributions
- Exclude contributions for self-employed individuals or general partners
- Contributions on behalf of owner-employees are capped at 2.5 months of 2019 contribution amount

Employer State and Local Taxes

- Include for all employees
- Exclude taxes withheld from employee earnings

DOCUMENTATION FOR EZ APPLICATION

Must Submit


- Payroll Reports- CTR PPP Loan Forgiveness Report
- Tax Forms- Form 941 & State Quarterly Returns
- Payment receipts, cancelled checks, or account statements document employer contributions to health insurance and retirement plans
- Full-Time Equivalent Employees- You only need to submit this information if you indicated that you did not have a reduction in FTEs from January 1, 2020 through the end of the Covered Period
- Non-Payroll Expenses- Lease Agreements, Loan amortization schedules, invoices, receipts, etc.

Must Maintain for 6 Years After Loan Forgiven

- Documentation showing annual salaries were not reduced by more than 25% when comparing Covered/Alt Period to Quarter 1 wages. Must include payroll records that separately list each employee
- Documentation supporting job offers, refusals, firings for cause, voluntary resignations, inability to hire similarly qualified employees for unfilled positions by 12/31/20
- Documents showing support for the inability to operate between 2/15/20 and end of Covered Period at the same level of business activity due to public health requirements (Need a copy of the requirement and financial records)

UPDATED FULL LOAN FORGIVENESS APPLICATION



 **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): _____

- Separated instructions from the actual Loan Form
- Added 60% requirement

UPDATED FULL LOAN FORGIVENESS APPLICATION



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.


Payroll costs must equal at least 60% of forgiveness amount

Adds 24 Week Period cap for owner-employees and self-employed individuals

Adds new FTE Reduction Safe Harbor Certification for businesses impacted by COVID-19 public safety restrictions

UPDATED FULL LOAN FORGIVENESS APPLICATION



 **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: _____

Provides the 3 safe harbors for eliminating FTE Reductions

PPP LOAN FORGIVENESS WORKSHEETS



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.

Replaced June 30th end of loan period date with December 31, 2020 but you may also use the date the application was submitted.

AND THE PPP SAGA CONTINUES....

- Second PPP loan to the smallest recipients (under 100 employees)
- Bill to make money available to businesses that have been damaged by looting and burning during riots
- HEROS Act- Passed by House but died in the Senate

Areas of mutual agreement: Liability reform, assistance to state and local governments, opening up the applicant pool to 501(c)(6) organizations

MORE COVID-19 QUESTIONS?



Reach out to your CTR Support Representative or submit your question on our COVID-19 INFO PAGE to receive the answer to your most-pressing questions.

Don't see an answer to your question? Fill out the form below and we'll get back to you ASAP!

Name*

First

Last

Email*

What's on your mind?

0 of 500 max characters

SUBMIT

From all of us at CTR

- Stay SAFE from COVID-19
- Stay SMART and INFORMED
- Stay KIND and support one another

To download informative and supportive COVID-19 posters & signs for your employees, please visit the World Health Organization @

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public>