

*Borrowers may be eligible for loan forgiveness.*

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### **First Draw PPP Loan forgiveness terms**

First Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs

### **Second Draw PPP Loan forgiveness terms**

Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8 to 24 week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs

### **How and when to apply for loan forgiveness**

A borrower can apply for forgiveness once all loan proceeds for which the borrower is requesting forgiveness have been used. Borrowers can apply for forgiveness any time up to the maturity date of the loan. If borrowers do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred, and borrowers will begin making loan payments to their PPP lender.

### **To apply for loan forgiveness:**

#### **1. Contact your PPP Lender and complete the correct form:**

Your Lender can provide you with either the SBA Form 3508, SBA Form 3508EZ, SBA Form 3508S, or a Lender equivalent.

The 3508EZ and the 3508S are shortened versions of the application for borrowers who meet specific requirements. Your Lender can provide further guidance on how to submit the application.

#### **2. Compile your documentation:** *This list of documents required to be submitted to the Lender is not all-inclusive.*

**Payroll** (provide documentation for all payroll periods that overlapped with the Covered Period or the Alternative Payroll Covered Period):

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees
- Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
  - Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the borrower included in the forgiveness amount

**Non-payroll** (for expenses that were incurred or paid during the covered period and showing that obligations or services existed prior to February 15, 2020):

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- Business mortgage interest payments: Copy of lender amortization schedule and receipts verifying payments, or lender account statements
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments
- Business utility payments: Copies of invoices and receipts, cancelled checks or account statements

### **3. Submit the forgiveness form and documentation to your PPP Lender:**

Complete your loan forgiveness application and submit it to your Lender with the required supporting documents and follow up with your Lender to submit additional documentation as requested. Consult your Lender for additional guidance and provide requested documentation in a timely manner.

### **4. Continue to communicate with your Lender throughout the process:**

If SBA undertakes a loan review of your loan, your Lender will notify you of the review and the SBA loan review decision. You have the right to appeal certain SBA loan review decisions. Your Lender is responsible for notifying you of the forgiveness amount paid by SBA and the date on which your first payment will be due, if applicable.

#### **Please Note:**

Recent legislation has eliminated the original requirement to deduct the amount of [EIDL Advance](#) you may have received from your PPP loan forgiveness. Additional guidance and updated forms are forthcoming.

#### **Need more information:**

[Frequently Asked Questions about PPP Loan Forgiveness \(10-13-2020\)](#)

Forgiveness forms and instructions

- [SBA Form 3508 Paycheck Protection Program Loan Forgiveness Application](#) (updated 01-19-21)
- [SBA Form 3508EZ Paycheck Protection Program Loan Forgiveness Application](#) (updated 01-19-21)
- [SBA Form 3508S Paycheck Protection Program Forgiveness Application](#) (updated 01-19-21)
- [Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act](#)