



# Welcome

*The webinar will begin shortly*

## Preparing for PPP Loan Forgiveness



Cynthia Yamasaki  
SBA



Lori Hiramatsu  
VBOC

1



# Preparing for PPP Loan Forgiveness **3508 EZ/3508 Application**

Lori Hiramatsu, VBOC of the Pacific  
Cynthia Yamasaki, SBA Hawaii District Office  
Julie Percell, SBA Hawaii District Office  
Josette "Gigi" Mueller, SBA Guam Branch

2

**Start. Grow. Expand. Recover.**

*SBA was created in 1953 as an independent agency of the federal government to support small businesses and entrepreneurs to start, grow, expand, and recover their businesses and the overall economy.*



**SBA Partners**

**SBA Lenders**

**Federal Government Contracts**

SBA

3

**AGENDA**

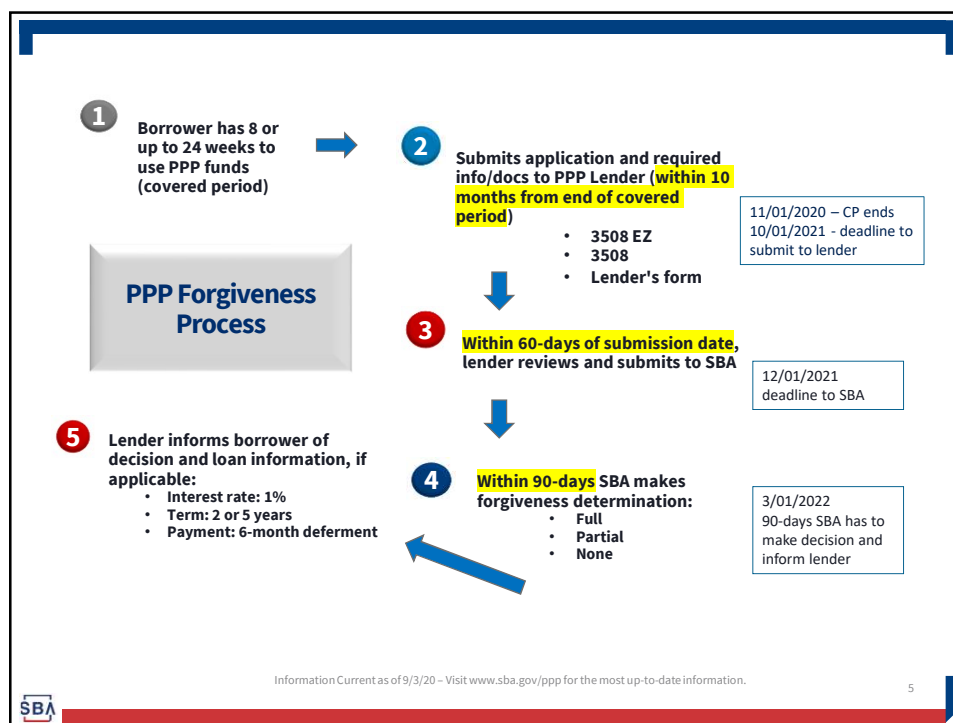
- PPP Forgiveness Application Process
- Forgiveness Criteria
- “Safe Harbor” or exemptions
- Updated Guidelines as of 8/24/20
- SBA Forgiveness Forms
- Required Information and Documents
- Q&A at the end of session

*Participants are muted.*

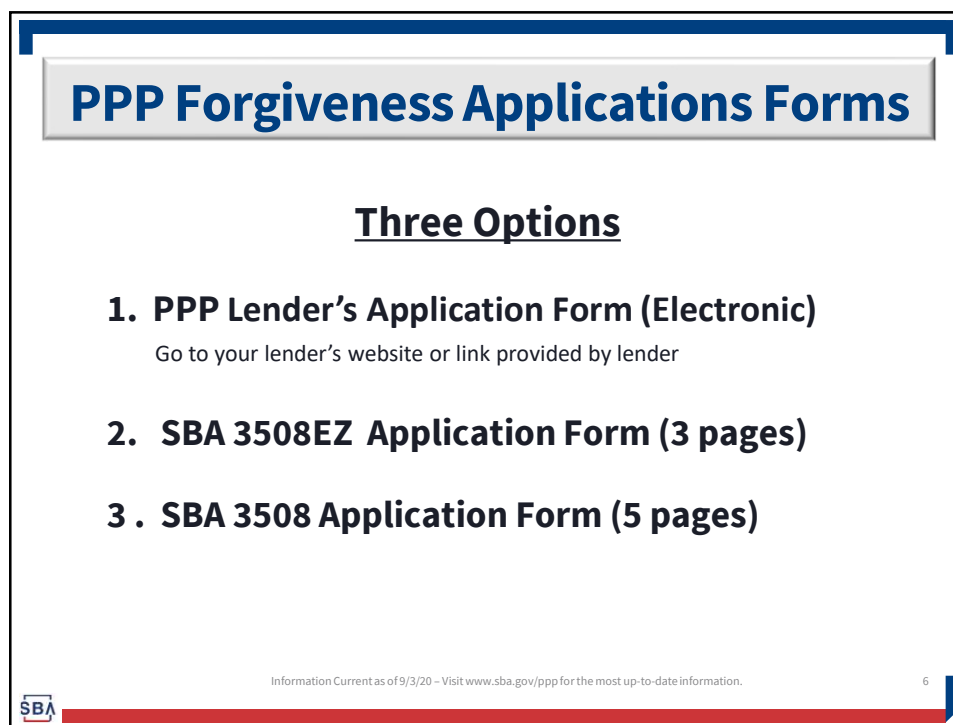
Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

SBA

4



5



6

## Borrower Forgiveness Application Submission FAQ

**Question:** Who can use the SBA Form 3508EZ forgiveness application?



**Answer:** (See Form 3508EZ instructions, page 1)

- 1) Self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the calculation of their average monthly payroll (when determining their eligible loan amount); or
- 2) Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during Covered Period or Alternative Payroll Covered Period **and** did not reduce the number of employees or the average paid hours of employees between 1/1/20 and the end of Covered Period; or
- 3) Borrower didn't reduce salary or wages of any employee by more than 25% during Covered Period or Alternative Payroll Covered Period **and** was unable to operate during Covered Period at the same level of business activity as before 2/15/20 due to compliance with HHS, CDC, or OSHA restrictions issued between 3/1/20 and 12/31/20 related to COVID-19.

7

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



7

## Borrower Forgiveness Application Submission FAQ

**Question:** May a borrower submit a forgiveness application before the end of their covered period?



**Answer:** Yes, if the borrower has used all the loan proceeds for which it is requesting forgiveness.

If borrower reduced annual salary or hourly wages by more than 25%, borrower must account for the reduction for the full Covered Period (either 8- or 24-week period beginning on the PPP Loan Disbursement Date).

8

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



8

## Employee Reduction Exemptions

### For any employee during the Covered and Alternative Covered Period:

- If furlough or lay-off
  - Borrower made a good-faith, written offer to rehire the employee, and it was rejected by the employee
- Voluntarily requested and received a reduction of their hours
  - Borrower made a good faith, written offer to restore any reduction in hours at the same salary or wages, but the employee rejected
- If fired for cause or voluntarily resigned
- Borrower was unable to hire similarly qualified employees for unfilled positions by December 31, 2020

**Important: Keep good records and retain them for 6 years.**

Employee reductions in these cases do not reduce the Borrower's loan forgiveness.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.







9

9

## PPP Loan Forgiveness Basics

Borrowers are eligible for forgiveness in an amount equal to the sum of the eligible costs and payments during the 8-week or 24-week Covered Period:

Eligible Costs		Additional Considerations
	Payroll Costs	<ul style="list-style-type: none"> <li>• Payroll costs must account for at least 60% of the total PPP forgiveness amount or the amount of forgiveness will be reduced</li> <li>• Salary / wage reduction can be no more than 25% during the Covered Period or the amount of forgiveness will be reduced (certain exemptions / safe harbors may apply)</li> <li>• Borrower must maintain the average number of full-time equivalent (FTE) employees during the Covered Period or the amount of forgiveness will be reduced (certain exemptions / safe harbors may apply)</li> </ul>
	Business Rent Payments (lease effective prior to February 15, 2020)	
	Mortgage Interest Payments (incurred prior to February 15, 2020)	
	Utility Payments (service in place prior to February 15, 2020)	

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



10

10

## PPP Forgiveness Additional Criteria

- In business prior to 2/15/20
- Payroll for employees who reside in the United States
- Mortgage, leases, business utilities in place prior to 2/15/20
- Must apply for forgiveness within 10-months from the end of the covered period or alternative covered period

### What is a covered period?

- Begins on the PPP loan disbursement date
- 8-weeks (56-day) if PPP loan before 6/5/20
- Up to 24-weeks (168-day) if PPP loan 6/5/20 and later



### What is an alternative covered period?

- Borrowers with biweekly (or more frequent) payroll schedule
- Begins on the first day of the first payroll cycle following PPP loan disbursement



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

11

11

## What are eligible payroll costs for employees?

Includes employer's costs during covered or alternative covered period subject to \$100,000 annual compensation cap

- salary, wages, commissions, cash tips
- vacation, parental, family, medical, or sick leave (except below)
- allowance for separation or dismissal
- group health care, life insurance premiums paid by employer
- retirement contribution paid by employer
- state and local taxes assessed on employee's compensation including unemployment insurance

Does NOT include

- Qualified sick and family leave wages under Families First Coronavirus Response Act Paid Sick Leave Refundable Credit
- Employee portion of cost for payroll taxes, insurance premiums, retirement contributions
- Employer portion of federal payroll related taxes
- Independent contractors engaged by the employer



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

12

12

## Owner-employees & Self-employed

Type of Business - Legal Entity	Forgivable Compensation
C-corporation – owners are on payroll as an employee	Employee cash compensation, retirement, and health insurance contributions paid by employer/borrower
S-corporation – 2% or more ownership including family members	Cash compensation and retirement; does NOT include health insurance which is already in cash comp (IRS 1120S form lines 7 and 8)
General partners – 20% or more ownership	2.5/12 of 2019 self-employment net earnings subject to self-employment tax (IRS 1065 schedule K-1 box 14a)
Self-employed	2.5/12 of 2019 self-employment net earnings subject to self-employment tax (IRS 1040 Schedule C or F line 31)

- See FAQ #8 on Frequently Asked Questions PPP Loan Forgiveness (8/11/20)
- Cash Compensation and self-employment net earnings are subject to Caps

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

13

## Cash Compensation Caps

### Employee Cash Compensation

For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period

- 8-week Covered Period, total cap **\$15,385** per employee
- 24-week Covered Period, total cap **\$46,154** per employee

### Owner-Employee/Self Employed/General Partner

- 8-week Covered Period: salary capped at **\$15,385** per individual
- 24-week Covered Period: salary capped at **\$20,833** per individual

**Any individual with less than 5% ownership stake in a C- or S-Corp PPP borrower is not subject to the owner-employee compensation rule (8/24/20)**



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

14

14

## Payroll Cost Considerations

**Timing:** To be eligible for forgiveness, payroll costs must be:

1. Incurred or paid during the Covered Period or Alternative Payroll Covered Period and cannot exceed 12/31/20.
2. Incurred before the Covered Period or Alternative Payroll Covered Period but paid during the Covered Period or Alternative Payroll Covered Period.
3. Incurred during the Covered Period or Alternative Payroll Covered Period but paid on or before the next regular payroll date after the Covered Period or Alternative Payroll Covered Period.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



15

## Forgivable Nonpayroll Expenses (FAQ 8/11/20)

**Total Nonpayroll expenses must be 40% or less of the PPP loan amount**

Business mortgage interest	<ul style="list-style-type: none"> <li>• Interest on business mortgages on real or personal property (such as auto loan) made before 2/15/20.</li> <li>• If mortgage was refinanced during covered period, it is eligible for forgiveness.</li> </ul>
Business rent or lease payments	Lease agreement prior to 2/15/20 and if renewed during covered period
Utility Payments	<ul style="list-style-type: none"> <li>• Electricity, gas for business vehicles, internet access, telephone.</li> <li>• Transportation utility fees assessed by state and federal government.</li> <li>• Total electricity supply and distribution charges, including GET for those charges</li> </ul>
Interest on unsecured debt	Interest for unsecured loan incurred before 2/15/20 was eligible for PPP loan amount calculation, but it is not eligible for PPP loan forgiveness

16



## What nonpayroll costs are allowed for a home-based business?



The borrower may include only the share of covered expenses that were deductible on the borrower's 2019 tax filings, or if new business, the borrower's expected 2020 tax filings. It does not include household expenses (IFR 8/24/20)

Nonpayroll cost line items on 3508 EZ forgiveness application do not apply sole proprietors, self-employed, and independent consultants who use 1040 Schedule C.



Source: Holland & Knight

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

17

17

## Mortgage Interest and Rent Criteria

(IFR 8/24/2020)

**Amounts attributable to the business operation of a tenant or sub-tenant of the PPP borrower are not eligible.**

- Example 1: Borrower rents office building for \$10,000 per month and subleases a portion for \$2,500. Only \$7,500 per month is eligible for forgiveness
- Example 2: Borrower has a mortgage on an office building, operates out of the building and leases out space to other businesses. The leased space represents 25% of fair market value of the building. The borrower can only claim forgiveness on 75% of the mortgage interest.
- Example 3: Borrower shares a rented space with another business. The borrower must prorate rent and utility payments as the same manner on the borrower's 2019 tax filings.



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

18

18

### Example for #2

#### Assumptions:

- Total rentable sq. ft.: 5,000
- Leased space rent: \$4,000/mo.
- Borrower's mortgage interest for the covered period: \$7,000
- FMV: \$2/sq. ft. (avg. based on 2 sources)

#### Calculation:

FMV total: 5,000 sq. ft. x \$2 = \$10,000

Leased space rent: \$4,000 represents 40% of the FMV

(Therefore, 40% of the mortgage interest is ineligible for forgiveness)

**Total mortgage interest eligible for forgiveness: 60% of \$7,000 = \$4,200**

As illustrated, if the lease space represents 40% of the FMV of the property then the borrower may claim forgiveness on only 60% of the mortgage interest for the covered period.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



19

19

## Related Business & Property Owner Guidelines

(IFR 8/24/2020)

### Forgiveness eligibility criteria for rent or lease payments to a related party:

- Lease and mortgage were entered into prior to February 15, 2020. Any ownership in common between the business and the property owner is a related party for these purposes. The borrower must provide its lender with mortgage interest documentation to substantiate these payments
- Rent or lease payments to a related party is no more than the amount of mortgage interest owed on the property during the Covered Period that is attributable to the space being rented by the business
- Mortgage interest payments to a related party are not eligible for forgiveness. While rent or lease payments to a related party may be eligible for forgiveness. PPP loans are intended to help businesses cover certain nonpayroll obligations that are owed to third parties, not payments to a business's owner that occur because of how the business is structured. This will maintain equitable treatment between a business owner that holds property in a separate entity and one that holds the property in the same entity as its business operations.

Note: The new ruling was intended to prevent counting the same expense twice, once by the tenant and once by the landlord: In this context, the related party itself would not also be eligible to request forgiveness for this amount.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



20

20

## Borrower Documentation Requirements

### What documentation does the borrower submit to the lender with its forgiveness application?

In addition to the signed Forgiveness Application Form (SBA Form 3508, 3508EZ, or lender equivalent) borrowers are generally expected to submit the following (see SBA Form 3508EZ or 3508 Instructions for specific details):

1. **Payroll: Proof of payment**
2. **Nonpayroll: Proof of obligation and proof of payment**
3. **3508 Only: PPP Schedule A and FTE Documentation**
4. **3508EZ Only: FTE Information (if applicable)**

For each form, there are certain documents that the borrower is required to maintain, but not submit. See Instructions to forms.

NOTE: All loans \$2 million and over will be subject to SBA loan reviews and additional documentation will be required.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



21

## Borrower Documentation – Payroll

**Documents Must Provide Proof of Eligible Costs** *Payments that were made towards eligible payroll costs and within the eligible Covered Period or Alternative Payroll Covered Period with the following:*

1. **Bank account statements or third-party payroll service provider reports** documenting the amount of cash compensation paid to employees.
2. **Tax forms** or equivalent third-party payroll service provider reports.
3. **Payment receipts** documenting the amount of any employer contributions to employee health insurance and retirement plans.

See 3508EZ and 3508 Application Instructions for other acceptable documents.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



22

## Borrower Documentation – Non-Payroll

### **Documents Must Provide Proof of Eligible Costs**

*Verify existence of eligible non-payroll obligations/services prior to February 15, 2020 and eligible payment during the Covered Period with the following if borrower includes nonpayroll expenses in the amount requested for forgiveness:*

- 1. Business mortgage interest payments** – amortization schedule and receipts.
- 2. Business rent or lease payments** – lease agreement and receipts.
- 3. Business utility payments** – invoices from February 2020 and invoices paid during Covered Period and receipts.

**See 3508EZ and 3508 Application Instructions for other acceptable documents.**

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



23

## PPP Forgiveness Application 3508 EZ

- If you meet one of the three (3) eligibility criteria you may use the EZ form
- Separated into 3 sections: **pages 1 and 2 must be submitted to the lender with required certification and documents**
  - ☐ PPP Forgiveness Application (p 1)
  - ☐ Certification (p 2)
  - ☐ Upload required documentation
    - Borrower Demographics (Pg 3 - optional)
    - Instructions

The Application and Detailed Instructions forms are located on the SBA's website at: [www.sba.gov/ppp](http://www.sba.gov/ppp) under Loan Details and Forgiveness

- **Double check your figures and uploaded documents before submitting to lender**




Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

24

24

## 3508 EZ Form- Page 1



**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: ☐



Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

25

25

## Covered Periods (page 1)

**1. Covered Period (8 weeks = 56 days)**  
 Maybe applied only for PPP loans disbursed before June 5, 2020. May also have the option of using a 24 week CP

Covered Period: 04/15/2020 to 06/09/2020

Alternative Payroll Covered Period, if applicable: \_\_\_\_\_ to \_\_\_\_\_


**OR**

**2. Covered Period (up to 24 weeks = 168 days)**  
 Automatically applies for PPP loans disbursed on or after June 5, 2020

Covered Period: 06/09/2020 to 11/23/2020

Alternative Payroll Covered Period, if applicable: \_\_\_\_\_ to \_\_\_\_\_

Covered periods cannot exceed 12/31/2020




Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

26

26

3508 EZ Form (page 1 cont.)	
Payroll and Non-Payroll Costs / Forgiveness Cal.	
<u>Payroll and Nonpayroll Costs</u>	
Line 1. Payroll Costs:	
Line 2. Business Mortgage Interest Payments:	
Line 3. Business Rent or Lease Payments:	
Line 4. Business Utility Payments:	
<u>Potential Forgiveness Amounts</u>	
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):	
<u>Forgiveness Amount</u>	
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):	


 Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

27

3508 EZ Form	
<u>Eligibility #1-</u> Self Employed, Independent Contractor, Sole-Proprietor – No Employees	
<u>Payroll and Nonpayroll Costs</u>	
Line 1. Payroll Costs:	12,500
Line 2. Business Mortgage Interest Payments:	0
Line 3. Business Rent or Lease Payments:	0
Line 4. Business Utility Payments:	0
<u>Potential Forgiveness Amounts</u>	
Line 5. Add the amounts on lines 1, 2, 3, and 4:	12,500
Line 6. PPP Loan Amount:	12,500
Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):	20,833
<u>Forgiveness Amount</u>	
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):	12,500

**From 2019 SCH C:**  
2.5 months (2.5/12)  
of your Net Income  
(Maximum \$20,833.33  
based on the cap of \$100k  
annualized earnings.)

Sample is based on  
\$60K NI  
\$60,000/12 = \$ 5,000  
5,000 x 2.5 = \$12,500

 Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

28

**3508 EZ Form**

**Eligibility #2- No Change in Salary > 25% AND # Employees**

Assumptions: All employees of company

- 8-week covered period; employees paid weekly
- Reduced hours and salary in weeks 2 and 3 not less than 25%
- One employee resigned; replacement hired and retained during covered period
- Owner-operator paid cap of \$15,385

	<u>Pre-covid</u>	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>	<u>Week 4</u>	<u>Week 5</u>	<u>Week 6</u>	<u>Week 7</u>	<u>Week 8</u>	<u>Total</u>	<u>Average</u>	<u>Change</u>
<b>Hours</b>												
Manager	40	40	40	36	30	30	30	30	30	266	33.25	-17%
Full-time staff	40	40	36	30	30	30	30	30	30	256	32	-20%
Part-time staff	19	19	19	vacant	vacant	19	19	19	19	114	14.25	-25%
Owner	60	70	70	70	70	70	70	70	70	560	70	+17%
<b>Salary</b>												<u>Change</u>
Manager - \$50,000 annual	962	962	962	865	865	865	865	865	865	7,115	889	-8%
Full time - \$36,000 annual	692	692	623	623	623	623	623	623	623	5,054	632	-9%
Part-time- hourly	15	285	285	resigned						570		
Replacement part-time	15						285	285	285	855	15	n/a
Owner	15,385	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,924	15,385		
<b>TOTAL</b>										<b>28,979</b>		

Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

29

**3508 EZ Form**

**Eligibility #2- No Change in Salary > 25% AND # Employees**

**Forgiveness Amount Calculation:**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: \$30,979

Line 2. Business Mortgage Interest Payments: 2,400

Line 3. Business Rent or Lease Payments: 11,500

Line 4. Business Utility Payments: 6,000

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: 50,879

Line 6. PPP Loan Amount: 49,000

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): 51,631

Forgiveness Amount

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

\$28,979 (salaries) + \$2,000 (other eligible payroll cost) or **60%**

\$19,900 Total May apply for only \$18,021

What is the forgiveness amount?

30

**3508 EZ Form**

**Eligibility #3 - No Change in Salary/Hr. Wages > 25% AND Unable to Operate Due to COVID19 Mandates**


Assumptions:

1. Restaurant unable to fully operate due to COVID19 mandates and able to offer only take outs
2. 24-week covered period; employees paid on 15<sup>th</sup> and 30<sup>th</sup> of every month
3. One person furloughed for 6 weeks (3 pay periods) and returned to work

Paid on 15th & 30th	Pre-covid	Pay 1	Pay 2	Pay 3	Pay 4	Pay 5	Pay 6	Pay 7	Pay 8	Pay 9	Pay 10	Pay 11	Pay 12
<b>Hours</b>				MANDATE-----									
Manager/Cook	40	40	40	40	40	40	40	40	40	40	40	40	40
Full-time staff/Server	40	40	40	furlough	0	0	40	40	40	40	40	40	40
Part-time/Server	19	19	19	10	10	10	10	10	19	19	19	19	19
<b>Salary</b>													
Manager - \$50,000 annual	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923
Full time - \$36,000 annual	1,385	1,385	1,385	0	0	0	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Part-time- \$15/hour	15	285	285	150	150	150	150	150	285	285	285	285	285

Paid on 15th & 30th	Pre-covid	End of CP
<b>Hours</b>		
Manager/Cook	40	40
Full-time staff/Server	40	40
Part-time/Server	19	19
<b>Salary</b>		
Manager - \$50,000 annual	1,923	23,077
Full time - \$36,000 annual	1,385	12,462
Part-time- \$15/hour	15	2,745
<b>TOTAL</b>		38,284


**Does this Borrower qualify for forgiveness?**

31

31

**3508 EZ Form**

**Eligibility #3 - No Change in Salary/Hr. Wages > 25% AND Unable to Operate Due to COVID19 Mandates**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs: \$41,400 → \$38,284 (salaries) + \$3,116 (other eligible payroll cost) or 55% of PPP loan

Line 2. Business Mortgage Interest Payments: 5,000

Line 3. Business Rent or Lease Payments: 12,000 → \$32,000 Total May only apply \$27,600 or 40%

Line 4. Business Utility Payments: 15,000


Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: 73,400

Line 6. PPP Loan Amount: 75,000

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): 69,000

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


**What is the forgiveness amount?**


32

32



## What will happen under eligibility #3?

(PPP loan more than the eligible forgiveness amount)




**PPP Loan** **\$ 75,000**

**Forgiveness** **\$ 69,000**

**Difference** **\$ 6,000 PPP Loan**


---



- Before June 5: 2-year term @ 1%**
- After June 5: 5-year term @ 1%**
- Payments deferred for 6 months**

---

### What if the Borrower received an EIDL Advance?



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

33

## Representation and Certifications (Page 2)

(To be submitted with Page 1)

**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.

**Must initial ALL**

**Must initial 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 18 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 \_\_\_\_\_

Print Name \_\_\_\_\_

SBA Form 3508EZ (06/20)

Page 2

Date \_\_\_\_\_

Title \_\_\_\_\_

34

17

**Submit all  
required  
documentation**  
(Retain copies for your records)

**Read Carefully**

**Paycheck Protection Program  
PPP Loan Forgiveness Application Form 1000EZ**

**Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application Form 1000EZ**

**PPP Loan Forgiveness Calculation Form 1000EZ**

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Tax forms for employee 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.
- If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.

**Nonpayroll:** Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period, or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period or lender account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

**Documentation that Each Borrower Must Maintain but is Not Required to Submit**

Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the Alternative Payroll Covered Period.

Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.

Documentation supporting the certification, if applicable, that the Borrower did not reduce the number of employees or the average number of hours of employees between January 1, 2020 and the end of the Covered Period (other than any reductions that arose from an inability to hire 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). This documentation must include payroll records that separately list each employee and show the amounts paid to each employee between January 1, 2020 and the end of the Covered Period.

Documentation supporting the certification, if applicable, that 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. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.

All records relating to the Borrower's PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

Form 1000EZ (09/20)

35

## DOCUMENTATION CHECKLIST

- ☒ Payroll & related taxes, benefits paid by employer
- ☒ Receipts for allowable nonpayroll costs paid during covered period
- ☒ Written job offers and refusals, refusals to accept restoration of work hours, firings for cause, involuntary resignations, employee requests for reduction in hours, any inability to fill vacancies
- ☒ Government and other agency orders that inhibit or prohibit doing business during COVID for each location

**Gather information and keep documents for 6 years**



Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

36

36

### 3508EZ vs 3508 (revised 6/16/20)

PPP Schedule A Worksheet for payroll, nonpayroll costs, FTE Reduction Calculation, Safe Harbor 1 & 2



**Table 1: employee name, ID, annual cash compensation under \$100,000**



**Table 2: employee name, ID, annual cash compensation \$100,000 or more**



**Average Full-Time Equivalency (40 hrs/week) Reduction in salary/hour wage**

- Reduction the number of employees or the average paid hours of employees
- Compares average of 1/1/20 to 3/31/20 with average of the covered period



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

37

37

### 3508 (Long Form) Safe Harbor Criteria

Choose one to establish FTE Reduction Calculation

- ☐ NO reduction in employees or average paid hours;
- ☐ Safe Harbor 1: unable to operate between 2/15/20 and end of your covered period due to COVID 19 compliance; OR
- ☐ Safe Harbor 2: satisfy the FTE requirements as shown on the worksheet for Schedule A (Tables 1 & 2)



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

38

38

## PPP Loan Forgiveness Instructions Page 4

### AVERAGE FTE



Paycheck Protection Program  
Loan Forgiveness Application Revised June 16, 2020

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

#### Instructions for PPP Schedule A Worksheet

Complete the PPP Schedule A Worksheet or obtain an equivalent report from the Borrower's payroll system or payroll processor.

#### Table Instructions

**Employee's Name:** Separately list each employee. Do not include any independent contractors, owner-employees, self-employed individuals, or partners.

**Employee Identifier:** Enter the last four digits of each employee's Social Security Number.

**Cash Compensation:** Enter the sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154.

**Average FTE:** This calculates the average full-time equivalency (FTE) during the Covered Period or the Alternative Payroll Covered Period. For each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the Borrower's chosen reference period (see Instructions to PPP Schedule A, Line 11). The Borrower is **exempt** from such a reduction if either of the FTE Reduction Safe Harbors applies. See the FTE Reduction Safe Harbor instructions below. 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



39

39

## 3508 Required FTE Calculation

### Full-time Equivalency (FTE) Calculation (Two ways)

For each employee:


- Take the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. **The maximum for each employee is capped at 1.0; OR**
- Assign a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours.



Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

40

40

3508 PPP Loan Forgiveness Application (revised) - Page 1																			
	<b>Paycheck Protection Program</b> <b>Loan Forgiveness Application Revised June 16, 2020</b>	<b>OMB Control Number 3245-0407</b> <b>Expiration Date: 10/31/2020</b>																	
<b><u>PPP Loan Forgiveness Calculation Form</u></b>																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="background-color: #d3d3d3;">Business Legal Name ("Borrower")</th> <th colspan="2" style="background-color: #d3d3d3;">DBA or Tradename, if applicable</th> </tr> <tr> <td>ABC Painting, LLC</td> <td colspan="2">All Weather Painting</td> </tr> <tr> <th style="background-color: #d3d3d3;">Business Address</th> <th style="background-color: #d3d3d3;">Business TIN (EIN, SSN)</th> <th style="background-color: #d3d3d3;">Business Phone</th> </tr> <tr> <td>111 NE 85th St</td> <td>xx-xxxxxxx</td> <td>(xxx) xxx - xxxx</td> </tr> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">Redmond, WA 98053</td> <th style="background-color: #d3d3d3;">Primary Contact</th> <th style="background-color: #d3d3d3;">E-mail Address</th> </tr> <tr> <td>Al Marley</td> <td>amarley@gmail.com</td> </tr> </table>	Business Legal Name ("Borrower")	DBA or Tradename, if applicable		ABC Painting, LLC	All Weather Painting		Business Address	Business TIN (EIN, SSN)	Business Phone	111 NE 85th St	xx-xxxxxxx	(xxx) xxx - xxxx	Redmond, WA 98053	Primary Contact	E-mail Address	Al Marley	amarley@gmail.com		
Business Legal Name ("Borrower")	DBA or Tradename, if applicable																		
ABC Painting, LLC	All Weather Painting																		
Business Address	Business TIN (EIN, SSN)	Business Phone																	
111 NE 85th St	xx-xxxxxxx	(xxx) xxx - xxxx																	
Redmond, WA 98053	Primary Contact	E-mail Address																	
	Al Marley	amarley@gmail.com																	
<b>SBA PPP Loan Number:</b> <u>SBA Authorization</u> <b>Lender PPP Loan Number:</b> <u>Lender's Note Payable</u>																			
<b>PPP Loan Amount:</b> <u>500,000</u> <b>PPP Loan Disbursement Date:</b> <u>06/30/2020</u>																			
<b>Employees at Time of Loan Application:</b> <u>100</u> <b>Employees at Time of Forgiveness Application:</b> <u>100</u>																			
<b>EIDL Advance Amount:</b> <u>10,000</u> <b>EIDL Application Number:</b> <u>3610023591</u>																			
<b>Payroll Schedule:</b> The frequency with which payroll is paid to employees is: <span style="color: red;">(From your EIDL Application)</span>																			
<input checked="" type="checkbox"/> <b>Weekly</b> <input type="checkbox"/> <b>Biweekly</b> (every other week) <input type="checkbox"/> <b>Twice a month</b> <input type="checkbox"/> <b>Monthly</b> <input type="checkbox"/> <b>Other</b> _____																			
Information Current as of 9/3/20 - Visit <a href="http://www.sba.gov/ppp">www.sba.gov/ppp</a> for the most up-to-date information.																			

41

3508 PPP Loan Forgiveness Application (revised)- Page 1	
<b>Forgiveness Amount Calculation:</b>	
<u>Payroll and Nonpayroll Costs</u>	
Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):	350,000
Line 2. Business Mortgage Interest Payments: <span style="color: red;">Interest Expense on a Business Asset Loan</span>	30,000
Line 3. Business Rent or Lease Payments: <span style="color: red;">Building and Equipment Leases</span>	90,000
Line 4. Business Utility Payments:	30,000
<u>Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions</u>	
Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):	0
Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:	500,000
Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):	1
<u>Potential Forgiveness Amounts</u>	
Line 8. Modified Total (multiply line 6 by line 7):	500,000
Line 9. PPP Loan Amount:	500,000
Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60):	583,000
<u>Forgiveness Amount</u>	
Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):	500,000
Information Current as of 9/3/20 - Visit <a href="http://www.sba.gov/ppp">www.sba.gov/ppp</a> for the most up-to-date information.	

42

## 3508 PPP Loan Forgiveness Application Form (revised)

### Page 2

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

OMB Control Number 3246-0407  
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.

AM 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.

AM 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.

AM The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

AM 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.

AM 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 18 U.S.C. 641 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 three years and/or a fine of not more than \$1,000,000.

AM 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.

AM 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.

AM 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.

Allison Marley  
Signature of Authorized Representative of Borrower

As soon as possible after funds are spent

Date \_\_\_\_\_

Managing Member  
Title \_\_\_\_\_

Information Call 800-MPPP or 9/23/20. Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

43

43

## PPP Loan Forgiveness Application (revised) - Page 3 (Schedule A, Lines 1 - 10)

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	259,200
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	100
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 <input type="checkbox"/> and enter 0 on line 3.	0

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	0
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	0

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:	30,000
Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans:	15,000
Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation:	25,000

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.	20,800
--	--------

Total Payroll Costs


Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	350,000
--	---------

44

44







**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)**

47

## 3508 PPP Loan Forgiveness Application Form (revised)

### Page 5


#### Instructions

- Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
- Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
- 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.
- Principal Name.** Insert the full name of the Principal.
- 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
Alison Marley	Managing Member
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

Information Current as of 9/3/20 - Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



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

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

48

## PPP Loan Forgiveness Instructions Page 5

- Enter the average number of hours worked per week between January 1, 2020 and March 31, 2020: \_\_\_\_\_
- Multiply the amount entered in 3.b. by the amount entered in 3.c. \_\_\_\_\_. Multiply this amount by 24 (if Borrower is using a 24-week Covered Period) or 8 (if Borrower is using an 8-week Covered Period): \_\_\_\_\_. Enter this value in the column above box 3 for that employee.

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

- Multiply the amount entered in 3.b. by 24 (if Borrower is using a 24-week Covered Period) or 8 (if Borrower is using an 8-week Covered Period): \_\_\_\_\_. Divide this amount by 52: \_\_\_\_\_. Enter this value in the column above box 3 for that employee.

**FTE Reduction Exceptions:** Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020; (2) any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer, and (3) any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

**Boxes 1 through 5:** Enter the sums of the amounts in each of the columns.


**FTE Reduction Safe Harbors**

Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

- The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the Borrower, in good faith, is able to document that it 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
- The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the Borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.




## 3 KEY POINTS FOR BORROWERS




### PREPARE FOR APPLICATION

- Read the Application Instructions
- Gather information and calculate expenditures
- Fill out form



### CONTACT YOUR LENDER

- Review lenders' guidelines, check website
- Gather supporting documentation
- Submit Forgiveness Application to Lender



### CHECK UPDATES & CHANGES TO CARES ACT

- US Treasury.gov
- SBA.gov

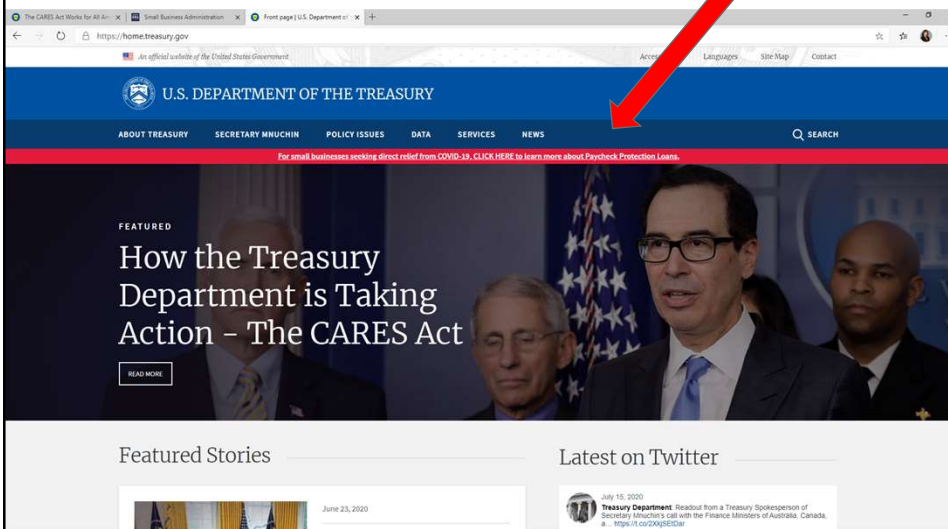
Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

49

49

Treasury.gov

Click on red bar for Covid19 Relief Info



Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

50

50

**Treasury.gov**

**Click on Assistance for Small Business**

U.S. DEPARTMENT OF THE TREASURY

ABOUT TREASURY SECRETARY MNUCHIN POLICY ISSUES DATA SERVICES NEWS

For small businesses seeking direct relief from COVID-19, [CLICK HERE](#) to learn more about Paycheck Protection Loans.

HOME / POLICY ISSUES / CARES ACT

**The CARES Act Works for All Americans**

CARES Act provides fast and direct economic assistance for American workers and families, small businesses, and preserves jobs for American industries.

**Assistance for American Workers and Families**

**Assistance for Small Businesses**

**Assistance for State, Local, and Tribal Governments**

**Preserving Jobs for American Industry**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. This over \$2 trillion economic relief package delivers on the Trump Administration's commitment to protecting the American people from the public health and economic impacts of COVID-19.

The CARES Act provides fast and direct economic assistance for American workers, families, and small businesses, and preserve jobs for our American industries.

**Assistance for American Workers and Families**

Through Economic Impact Payments and other means, the Treasury Department is ensuring

**Assistance for Small Businesses**

The Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees

**BEWARE COVID-19 SCAMS**

**RECENT REMARKS AND STATEMENTS**

**PERSONAL FINANCE RESOURCES**

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

51

**Treasury.gov**

**More PPP Information and FAQs**

U.S. DEPARTMENT OF THE TREASURY

ABOUT TREASURY SECRETARY MNUCHIN POLICY ISSUES DATA SERVICES NEWS

For small businesses seeking direct relief from COVID-19, [CLICK HERE](#) to learn more about Paycheck Protection Loans.

**For Borrowers**

- [More Borrower Information](#) (3/31/2020)
- [Search Tool: Find an Eligible Lender](#)
- [Borrower Application Form](#) (revised 6/24/2020)
- [Applicable Affiliation Rules](#)
- [How to Calculate Loan Amounts](#) (revised 6/26/2020)
- [Loan Forgiveness Application Form EZ Instructions](#)
- [Loan Forgiveness Application Form EZ Instructions](#) (revised 6/16/2020)
- [Loan Forgiveness Application Form Instructions](#) (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)

**For Lenders**

- [More Lender Information](#) (3/31/2020)
- [Lender Application Form](#) (revised 6/24/2020)
- [Lender Application Form for Federally Insured Depository Institutions, Federally Insured Credit Unions, and Farm Credit System Institutions](#) (4/3/2020)
- [Lender Application Form for Non-Bank and Non-Insured Depository Institution Lenders](#) (4/8/2020)
- [Guidance on Whole Loans Sales of PPP Loans](#)
- [Guidance on PPP Lender Processing Fee Payment and 1502 Reporting Process](#)
- [Guidance on Extension of Authority to Guarantee PPP Loans](#)
- [Guidance on Updated PPP Lender Processing Fee Payment and 1502 Reporting Process](#)

**Program Rules**

- [Frequently Asked Questions](#) (6/25/2020)

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

52

## SBA RESOURCE PARTNERS - HAWAII

Small Business Development Center  
Oahu, Kauai, Maui, East Hawaii, West Hawaii  
[hisbdc.org](http://hisbdc.org)

Patsy T. Mink Center for Business & Leadership  
Oahu  
[mcblhawaii.org](http://mcblhawaii.org)

Veterans Business Outreach Center of the Pacific  
[hilo.hawaii.edu/vboc/](http://hilo.hawaii.edu/vboc/)

SCORE  
[score.org](http://score.org)



53

Lori Hiramatsu, VBOC Advisor  
[lori.hiramatsu@hawaii.edu](mailto:lori.hiramatsu@hawaii.edu)

53

## SBA.GOV

Information, Program, & Resources in Your Area



The screenshot shows the SBA.gov homepage. A red arrow points to the 'Local Assistance' link in the navigation bar. Below the navigation bar is a large banner for 'Coronavirus (COVID-19): Small Business Guidance & Loan Resources' with a 'LEARN MORE' button. A red circle highlights the 'Local Assistance' link in the navigation bar.

54

54

**sba.gov/hi**

[Business Guide](#)
[Funding Programs](#)
[Federal Contracting](#)
[Learning Center](#)
[Local Assistance](#)
[About SBA](#)

Plan your business	Launch your business	Manage your business	Grow your business
Market research and competitive analysis	Pick your business location	Manage your finances	Get more funding
Write your business plan	Choose a business structure	Hire and manage employees	Expand to new locations
Calculate your startup costs	Choose your business name	Pay taxes	Merge and acquire businesses
Fund your business	Register your business	Stay legally compliant	Become a federal contractor
Buy an existing business or franchise	Get federal and state tax ID numbers	Buy assets and equipment	Export products
	Apply for licenses and permits	Marketing and sales	Women-owned businesses
	Open a business bank account	Stay safe from cyber threats	Native American-owned businesses
	Get business insurance	Prepare for emergencies	Veteran-owned businesses
		Close or sell your business	LGBT-owned businesses

[cynthia.yamasaki@sba.gov](mailto:cynthia.yamasaki@sba.gov)  
 Hawaii (808) 460-8967

[josette.mueller@sba.gov](mailto:josette.mueller@sba.gov)  
 Guam (671) 472-7244

55