

PPP Loan Forgiveness Terms - For Borrowers

April 2021

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% 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 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 must begin making loan payments to their lender.

1. Contact your PPP lender and complete the correct form:

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

If your loan is less than \$150,000, use the 3508S form. If your loan is over \$150,000 and you meet specific employee pay/hour requirements, you may be able to use the shorter 3508EZ form. Your lender can provide guidance on which application to use, and how to submit your application.

2. Compile your documentation:

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

- 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 canceled checks verifying eligible payments
- Business utility payments: Copies of invoices and receipts, canceled checks or account statements

This list of documents required to be submitted to your lender is not all-inclusive.

3. Submit the forgiveness form and documentation to your PPP lender:

Complete your loan forgiveness application and submit it to your lender with the re-quired 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 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 [eliminated the original requirement to deduct the amount](#) of [EIDL Advance](#) you may have received from your PPP loan forgiveness.

Forgiveness forms and instructions

- [Frequently Asked Questions about PPP Loan Forgiveness](#)
- [SBA Form 3508 PPP Loan Forgiveness Application](#)
- [SBA Form 3508EZ PPP Loan Forgiveness Application](#)
- [SBA Form 3508S PPP Forgiveness Application](#)

For ongoing information on PPP forgiveness - <https://www.sba.gov/funding-programs/loans/covid-19-re-lief-options/paycheck-protection-program/ppp-loan-forgiveness>

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