

PAYCHECK PROTECTION PROGRAM FORGIVENESS FACT SHEET

FEDERAL RELIEF PROGRAMS - INFO SERIES

GENERAL PROCESS



To receive loan forgiveness on either a First-Draw or Second-Draw PPP Loan, you have to complete and submit a Loan Forgiveness Application to your lender.

If you have a Second-Draw PPP loan that is \$150,000 or more, you have to submit your loan forgiveness application for the First-Draw PPP Loan before or together with the loan forgiveness application for the Second Draw PPP Loan, even if the calculated amount of forgiveness on the First-Draw PPP Loan is zero.

FORGIVENESS RULES

A minimum of 60% of the total loan must be spent on allowable payroll expenses regardless of the loan amount. For those without employees, owner-replacement compensation caps apply based on business legal structure.



LOANS UNDER \$50,000:

- Exempted from penalties for FTE or Wage Reductions.
- Must still spend funds on allowable expenses, and use a minimum of 60% towards payroll.

Use [Form 3508S](#) or lender's equivalent.

LOANS UNDER \$150,000:

- FTE & Wage Reductions apply.
- If you did not reduce either, or did not reduce wages & can demonstrate an inability to operate at business activity levels as before 2/15/2020 due to federal guidelines compliance, you can use [3508S](#). Otherwise use [3508](#).

LOANS OVER \$150,000:

- FTE & Wage Reductions apply.
- If you did not reduce either, or can apply the business activity level exemption listed on the left, you may use [Form 3508EZ](#).
- If you have either FTE or Wage Reductions not covered by the exemptions below, use [Form 3508](#).

FTE & WAGE REDUCTION EXEMPTIONS



- **FTE SAFE HARBOR 1**
 - Inability to rehire those who were employees on February 15, 2020 because you were unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020 (or, for a PPP loan made after 12/27/2020, the last day of the Covered Period).
- **FTE SAFE HARBOR 2**
 - Step 1: Calculate your total average FTEs between 2/15/2020 and 4/26/2020. Step 2: Enter your total FTEs for the pay period that includes 2/15/2020. If your number of FTEs is higher for Step 2 than Step 1, then Step 3: write down your total FTE (a) for a PPP loan made before 12/27/2020, as of 12/27/2020 or (b) for a PPP loan made after 12/27/2020 the last day of the covered period. If the FTE number for step 3 is greater than or equal to step 2, the FTE Reduction Safe Harbor 2 has been satisfied and you will not be penalized for a temporary staffing reduction.
- **WAGE REDUCTION**
 - If you did not reduce hourly wages or salaries by more than 25%, you do not need to account for a reduction (when compared to the most recent full quarter before the start of your Covered Period).

WHEN & HOW DO I PAY IT BACK?



You must submit an application for forgiveness within 10 months from the end of your Covered Period. The lender will review it, and submit it to the SBA. If you have to repay any amount, your lender will inform you when your first payment is due. Your loan will be repaid over 5 years at a 1% fixed interest rate.