

# Bond

PPP Forgiveness  
Full and EZ Applications: Step By Step  
June 29, 2020



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	<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>	
<u><b>PPP Loan Forgiveness Calculation Form</b></u>			
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:**



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	<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>
<u><b>PPP Loan Forgiveness Calculation Form</b></u>		
<b>Payroll Schedule:</b> The frequency with which payroll is paid to employees is:		
<input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly (every other week) <input checked="" type="checkbox"/> Twice a month <input type="checkbox"/> Monthly <input type="checkbox"/> Other <input style="width: 80px;" type="text"/>		
<b>Covered Period:</b> <input style="width: 150px;" type="text" value="05/01/2020"/> to <input style="width: 150px;" type="text" value="06/25/2020"/>		
<b>Alternative Payroll Covered Period, if applicable:</b> <input style="width: 150px;" type="text"/> to <input style="width: 150px;" type="text"/>		
<b>If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:</b> <input type="checkbox"/>		



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## 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
Employee 1	aaaa	\$9,332	1.0	\$615
Employee 2	bbbb	\$10,514	1.0	\$700
Employee 3	cccc	\$4,396	0.5	\$569
Employee 4	0000	\$11,862	1.0	\$730
Employee 5	6666	\$3,501	0.5	\$461
<b>FTE Reduction Exceptions:</b>				
<b>Total:</b>		<b>Box 1 \$38,604</b>	<b>Box 24</b>	<b>Box 3 \$3,075</b>

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
Employee 6	fff	\$15,385	1.0
Employee 7	9999	\$15,385	1.0
<b>Total:</b>		<b>Box 4 \$30,770</b>	<b>Box 5 2</b>

Attach additional tables if additional rows are needed.



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## Salary/Hourly Wage Reduction – Safe Harbor

- Step 1: whether pay was reduced more than 25% compared to January 1, 2020 through March 31, 2020 average
- Step 2: whether Salary/Hourly Wage Reduction Safe Harbor is met.
  - Was average annual salary or hourly wage between February 15, 2020 and April 26, 2020 equal or greater to February 15, 2020 average?
  - Is average annual salary or hourly wage restored to February 2020 levels by the date of this Application (or December 31, 2020)?
  - If not, move to reduction calculation



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## Salary/Hourly Wage Reduction Calculation

1. Multiply January 1, 2020 through March 31, 2020 average salary/hourly wage by 0.75;
2. Subtract average annual salary or hourly wage during Covered Period from (1)
3. If hourly employee: Multiply average number of hours worked per week between January 1, 2020 and March 31, 2020 by (2), then multiply by 24 or 8. Enter amount for employee on Schedule A Worksheet.
4. If salary employee: Multiply (2) by 24 or 8, then divide by 52. Enter amount for employee on Schedule A Worksheet.

**EXAMPLE: Employee earns salary of \$80,000 annually x 0.75= \$60,000-\$56,000=\$4,000 x 8=\$32,000/52= \$615**



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## Average FTE Calculation

- 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
- Simplified method: assign a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours.

**EXAMPLE: Employee was furloughed for 4 weeks during the covered period and was restored to 40 hours for last 4 weeks. Therefore, the employee's calculation is**  
 $0+0+0+0+1+1+1+1=4/8=.5$

**Do same calculations for Schedule A, Table 2 (employees paid over \$100,000)**



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## FTE Reduction Safe Harbors and Exceptions

- **FTE Reduction Safe Harbor 1:** 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 OSHA/CDC/HHS and/or state and local shutdown orders
- **FTE Reduction Safe Harbor 2:** If FTE as of the earlier of December 31, 2020 and the date of the application is greater than or equal to FTE pay period inclusive of February 15, 2020
- **FTE Reduction Exceptions:**
  - 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
  - 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.



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## Average FTE Reduction Calculation

- *Reference Period 1: February 15, 2019 to June 30, 2019*
- *Reference Period 2: January 1, 2020 to February 29, 2020*
- *For Seasonal Workers: either of the preceding periods or any consecutive 12-week period between May 1, 2019 and September 15, 2019*



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## FTE Reduction

### PPP Schedule A

#### 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:



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### 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:



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**PPP Schedule A****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: \$4,025Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans: \$6,000Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation: \$1,300**Compensation to Owners**Line 9. Total amount paid to owner-employees/self-employed individual/general partners: \$0  
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): \$80,939

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**PPP Loan Forgiveness Calculation Form****Forgiveness Amount Calculation:****Payroll and Nonpayroll Costs**Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): \$80,939Line 2. Business Mortgage Interest Payments: \$0Line 3. Business Rent or Lease Payments: \$6,000Line 4. Business Utility Payments: \$5,000

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### PPP Loan Forgiveness Calculation Form

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): \$3,075

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: \$88,864

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): 1.0

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \$88,864

Line 9. PPP Loan Amount: \$125,000

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): \$134,898

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \$88,864



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## Representations and Certifications

**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.



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## Representations and Certifications (continued)

- 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.



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## PPP Loan Forgiveness Application Form 3508EZ


### Checklist for Using SBA Form 3508EZ

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508EZ if you can check at least one of the three boxes below. Do not submit this Checklist with your SBA Form 3508EZ.

- The Borrower is a 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 computation of average monthly payroll on the Borrower Application Form (SBA Form 2483).
- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means 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);  
AND  
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 (Ignore 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. Also ignore reductions in an employee's hours that the Borrower offered to restore and the employee refused. See [53 FR 33004](#), 33007 (June 1, 2020)) for more details.
- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means 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);  
AND  
The 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 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.



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**Paycheck Protection Program**  
**PPP Loan Forgiveness Application Form 3508EZ**

OMB Control No. 3245-0487  
 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:



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**Paycheck Protection Program**  
**PPP Loan Forgiveness Application Form 3508EZ**

OMB Control No. 3245-0487  
 Expiration date: 10/31/2020

**Forgiveness Amount Calculation:**

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

Potential Forgiveness Amounts


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):

Forgiveness Amount

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



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## Representations and Certifications for Form EZ

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.

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.



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## Documentation Submitted With Forgiveness Application

- Payroll: bank account statements; tax forms showing federal and state taxes paid; payment receipts/cancelled checks/account statements of contributions to employee benefits
- FTE: documents showing average FTE counts of all reference periods and covered period
- Nonpayroll:
  - Mortgage interest: lender amortization schedule and receipts/cancelled checks
  - Rent or lease: current lease agreement and receipts/cancelled checks
  - Utilities: invoices from February 2020 and those paid during covered period



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## Documents Required to Maintain But Not Submit With Forgiveness Application

- Supporting documentation of PPP Schedule A Worksheet, Table 1 and reduction calculations
- Supporting documentation of PPP Schedule A Worksheet, Table 2
- 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, inability to hire similarly qualified individuals
- Unable to operate at previous levels due to OSHA/CDC/HHS or state or local order, including copies of applicable requirements for each borrower and relevant borrower financial records
- Supporting documentation of FTE Reduction Safe Harbor 2
- All records relating to loan, including documentation submitted with the 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

***Required to maintain this documentation for 6 years after the date the loan is forgiven or repaid in full***



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