



PPP Forgiveness Frequently Asked Questions

(updated as of June 1, 2021)

Paycheck Protection Program (“PPP”) PPP loans were intended to provide forgivable loans to help small businesses and nonprofits continue operating and paying employees during the on-going economic uncertainty caused by COVID-19. Congressionally allocated funding for PPP loans was depleted on May 28, 2021, and as a result, **the Small Business Administration (“SBA”) is no longer accepting applications for PPP loans.**

In general, under the current laws and guidance, **PPP loans are eligible for forgiveness** if:

- At least 60% of PPP loan funds are used for eligible Payroll Costs and any remaining loan funds are used to pay other eligible business expenses;
- PPP loan funds are used within 24 weeks; and
- Staff and wage levels are maintained (subject to exceptions).

Any portion of your PPP loan that does not meet these forgiveness requirements will be repayable under the terms of your Note. Self-Help will work with you to help you obtain forgiveness for your loan.

In the **Tools & Resources** section of our [website](#), you will find our **Borrower Guides by Entity/Tax Filing Type**. Many PPP rules are based on how you file your federal income taxes/federal returns, so these guides will help you determine which PPP rules apply to you. You will also find our **Step-by-Step Forgiveness Instructions**, which will walk you through completion of your forgiveness application.

Self-Help’s PPP FAQ is our interpretation and summary of existing SBA guidance as of the date posted. Please refer to the Tools & Resources section of our [website](#) for SBA guidance and additional information.

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I. Eligible Use of PPP Funds

Your PPP loan must be used for eligible purposes. Any portion of your loan that is used for ineligible purposes will not be forgiven by SBA.

A. Payroll Costs

To be eligible for full forgiveness of your PPP loan, you must use at least 60% of your PPP funds for eligible Payroll Costs. There is no exception to this rule. (As an example, if you receive a \$100,000 PPP loan, you must have at least \$60,000 of eligible Payroll Costs to be eligible for full forgiveness. If you receive a \$100,000 PPP loan and have only \$45,000 of eligible Payroll Costs, your maximum forgivable amount will be \$75,000.)

- Eligible Payroll Costs for W-2 employees:
 - Compensation is capped for W-2 employees at \$100,000 annualized, as prorated for the period during which the payments are made or the obligation to make the payments is incurred.
 - Compensation for W-2 employees is generally determined based on quarterly IRS 941 filings and quarterly State employee wage reporting and unemployment insurance filings, and includes:
 - salary, wages, commissions, cash tips, or similar compensation paid;
 - payment for employee vacation, parental, family, medical, or sick leave;
 - allowance for separation or dismissal of employees;
 - payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums, and retirement; and
 - payment of State and local taxes assessed on compensation of employees.
 - SBA FAQs note that for purposes of calculating W-2 employee compensation, borrowers should use the gross amount of employee payroll before deductions for taxes and employee benefits payments.
- Eligible Payroll Costs for owner-employees (SBA considers you to be an “owner-employee” if you are: (i) any owner of 5% or more of the business; (ii) a general partner; (iii) a sole proprietor; (iv) an independent contractor; or (v) a self-employed individual):
 - Compensation is capped for owner-employees as follows:
 - For all PPP loans (except 2nd PPP loans to borrowers with NAICS codes starting with 72), owner compensation is capped at the lesser of (i) two-and-a-half months of the owner’s average compensation or (ii) \$20,833. (If an individual owns multiple businesses, this limit is cumulative across all businesses owned.)
 - For 2nd PPP loans to borrowers with NAICS codes starting with 72, owner compensation is capped at the lesser of (i) three-and-a-half months of the owner’s average compensation or (ii) \$29,167. (If an individual owns multiple businesses, this limit is cumulative across all businesses owned.)
 - Compensation for owner-employees is determined based on how you file your business income taxes:
 - IRS 1040 Schedule C filers:

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- Your Payroll Costs are based on your gross income as shown on your IRS 1040 Schedule C, line 7.
 - IRS 1040 Schedule F filers:
 - Your Payroll Costs are based on your gross income as shown on your IRS 1040 Schedule F, line 9.
 - IRS 1065 filers:
 - Your Payroll Costs are based on your net earnings from self-employment that is subject to self-employment tax, as shown on your IRS 1065 Schedule K-1, box 14a (self-employment earnings) multiplied by 0.9235 (and subject to reductions for Section 179 deductions, unreimbursed partnership expenses claimed, and depletion claimed on oil & gas properties).
 - IRS 1120-S filers:
 - Your Payroll Costs are eligible if you are a W-2 employee of your business and are based on the same documentation as is required for W-2 employees; however, employer contributions for health insurance for S-Corporation owner-employees are not eligible for forgiveness.
 - IRS 1120 filers:
 - Your Payroll Costs are eligible if you are a W-2 employee of your business and are based on the same documentation as is required for W-2 employees.
- The following costs are ineligible and cannot be included in your calculation of Payroll Costs:
 - Compensation of any employee whose principal place of residence is outside the U.S.
 - Compensation of any employee in excess of \$100,000 annualized, as prorated for the period during which the payments are made or the obligation to make the payments is incurred.
 - Federal employment taxes imposed on and paid by the employer.
 - Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).
 - Payments to 1099 workers/independent contractors who perform work for you (because independent contractors may apply directly for a PPP loan to cover their compensation).
 - Any owner compensation that exceeds owner-employee caps.
 - Double-dipping:
 - Unemployment Compensation: If you are self-employed, you may not use PPP funds to pay yourself for a time period during which you are receiving unemployment compensation.
 - Federal Grant Funding: If your organization receives federal grant funding for employee payroll, you may not use PPP funds to pay those salaries for the same period.

B. Non-Payroll Costs

You are required to use at least 60% of your PPP loan for Payroll Costs, and may use your entire PPP loan for Payroll Costs. If you do not use your entire PPP loan for Payroll Costs, you may use up to 40% of your

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PPP loan for eligible Non-Payroll Costs. To be eligible for full forgiveness, your entire PPP loan must be used for eligible costs. Eligible Non-Payroll Costs are:

- Interest payments on any business mortgage obligation on real or personal property (but not prepayments or principal payments).
 - If you have a mortgage on your office building and lease a portion of the space to tenants, you may not include the proportional amount of mortgage interest for the space leased to your tenants. For example, if the space leased to your tenants represents 25% of the fair market value of the office building, then you may only claim forgiveness on 75% of your mortgage interest.
 - If your mortgage loan is to a related party, your mortgage interest payments are not eligible for forgiveness. For purposes of determining forgivable Non-Payroll Costs, SBA will consider entities with any ownership in common to be related parties.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
- Business rent or lease payments for real or personal property.
 - If you sublease a portion of your space, you may not include the portion of your rent that is paid by your subtenant. For example, if you rent an office building for \$10,000 per month and sublease out a portion of the space to another business for \$2,500 per month, only \$7,500 per month would be eligible for forgiveness on your PPP loan.
 - If you share rented space with another business, then when determining the amount that is eligible for loan forgiveness, you must prorate rent payments in the same manner as on your tax filings.
 - If you are a home-based business, then when determining the amount of rent payments that are eligible for loan forgiveness, you must prorate payments in the same manner as on your tax filings.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
 - If your rent payments are to a related party, you may request forgiveness for rent payments up to the amount of mortgage interest owed by the related party on the property (if you rent less than 100% of the property, you must prorate this amount based on the portion you rent). Your lease and the related party's mortgage must both have been in place on or prior to February 15, 2020. For purposes of determining forgivable Non-Payroll Costs, SBA will consider entities with any ownership in common to be related parties.
- Business utility payments for a service for the distribution of electricity, gas, water, transportation, telephone, and internet access.
 - A "service for the distribution of transportation" refers to transportation utility fees (sometimes known as street maintenance fees or road user fees) assessed by state and local governments. No other transportation-related cost is eligible for loan forgiveness.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
 - If you have tenants or subtenants, you may not include any amount attributable to the operation of your tenant or subtenant.
- Covered Operations Expenditures: business software or cloud computing services that facilitate your business operations, product or service delivery, the processing, payment or tracking of

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- payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses.
- If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
 - Covered Property Damage Costs: costs related to property damage, vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
 - Covered Supplier Costs: expenditures made by a borrower to a supplier of goods for the supply of goods that (A) are essential to the operations of the borrower at the time at which the expenditure is made; and (B) are made pursuant to a contract, order, or purchase order (i) in effect at any time before the Covered Period for the loan; or (ii) with respect to perishable goods, in effect at any time before or during the Covered Period for the loan.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.
 - Covered Worker Protection Expenditures: costs to facilitate the adaptation of your operations to comply with federal, state or local requirements or guidance from March 1, 2020 through the end of the COVID-19 national emergency declaration, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement, including:
 - purchase, maintenance, or renovation of assets that create or expand (i) a drive-through window facility; (ii) an indoor, outdoor, or combined air or air pressure ventilation or filtration system; (iii) a physical barrier such as a sneeze guard; (iv) an expansion of additional indoor, outdoor, or combined business space; (v) an onsite or offsite health screening capability; or (vi) other assets relating to the compliance with COVID-19 requirements or guidance as determined by SBA.
 - purchase of (i) covered materials described in section 328.103(a) of title 44, Code of Federal Regulations, or any successor regulation; (ii) particulate filtering facepiece respirators approved by the National Institute for Occupational Safety and Health, including those approved only for emergency use authorization; or (iii) other kinds of personal protective equipment, as determined by SBA.
 - Covered Worker Protection Expenditures do not include expenditures for residential real property or intangible property.
 - If you are an IRS Form 1040, Schedule C (or Schedule F) filer, you must be entitled to claim a deduction for this expense on your Schedule C (or Schedule F) for this to be a permissible use of your PPP loan, and must prorate the expense in the same manner.

II. Time Period for use of PPP Funds

A. Covered Period

PPP funds must be used for within your “Covered Period” to be eligible for forgiveness. Your Covered Period begins on the date you receive your PPP funds (the date the funds were wired to your bank account) and ends on any date you select that is (i) at least 8 weeks after you receive your funds and (ii)

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not more than 24 weeks after you receive your funds. You will select your Covered Period end date when you apply for forgiveness. 2020 PPP loans cannot have a Covered Period end date past December 31, 2020. Otherwise, borrowers may select a full 24-week Covered Period.

- If you file your business income taxes on IRS 1040 Schedule C, and you used your entire PPP loan to pay yourself, it will take you approximately 11 weeks (two-and-a-half months) to use your PPP loan for this purpose – you should choose a Covered Period end date 11 weeks after the date you received your PPP funds.
- If your PPP loan is over \$50,000 and you have had to reduce your number of employees, employee hours, or employee wages, see the section on Staff Maintenance Requirements to determine the best Covered Period end date for your loan.
- SBA initially provided for an Alternative Payroll Covered Period, to allow borrowers to align use of PPP funds to their payroll cycle. SBA eliminated this option when Congress modified the program to allow all borrowers to choose a Covered Period of up to 24 weeks.

B. Timing of Payroll Costs and Non-Payroll Costs

In general, Payroll Costs and Non-Payroll Costs paid or incurred during your Covered Period are eligible to be included in your forgiveness request.

- Eligible Payroll Costs and Non-Payroll Costs that are paid during your Covered Period may be included in your forgiveness request, even if incurred prior to your Covered Period.
- Eligible Payroll Costs and Non-Payroll Costs that are incurred during your Covered Period may be included in your forgiveness request, even if paid after your Covered Period, if paid by the next regularly scheduled due date.
- Prepayments (payment of a cost not yet incurred or due) may not be included.

III. Staff Maintenance Requirements

If your PPP loan is \$50,000 or less, then reductions in staff wages and/or full-time equivalent (“FTE”) hours will not reduce your forgiveness amount.

If your PPP loan is over \$50,000, your forgiveness amount will be reduced if you do not maintain staff wages and FTEs, unless you meet an exception. You will be required to certify that you have maintained your staff wages and FTEs (or met an exception) when you apply for forgiveness. You are required to keep documentation supporting this certification for up to 6 years following forgiveness, and to provide this documentation to SBA upon request. If your loan is over \$150,000, you will submit this documentation as part of your forgiveness request.

A. How does SBA calculate maintenance of staff wages and forgiveness reductions?

If your PPP loan is \$50,000 or less, reduction in employee wages does not affect your forgiveness amount.

If your PPP loan is more than \$50,000, however, then reductions of more than 25% in any employee’s salary/hourly wages will reduce the amount of forgiveness, unless you meet an exception.

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- If you have an employee with an average weekly compensation reduction of more than 25%, then the amount in excess of 25% will be multiplied by the number of weeks in your Covered Period, and your total eligible Payroll Costs and Non-Payroll Costs eligible for forgiveness will be reduced by the result. For example, assume you have total eligible Payroll Costs and Non-Payroll Costs of \$100,000, and you reduced one employee's average weekly wages by more than 25%. Assume the portion over 25% is \$100 per week. If you choose a 24-week Covered Period, you will reduce your total eligible costs of \$100,000 by \$2,400 (\$100 x 24 weeks), for a maximum forgiveness amount of \$97,600. If you instead choose an 8-week Covered Period, you will reduce your total eligible costs of \$100,000 by \$800 (\$100 x 8 weeks), for a maximum forgiveness amount of \$99,200.
- Calculation of a reduction in employee compensation is separate from the determination of whether you have reduced FTEs. For example, assume you have an employee who made \$20/hour and worked 40 hours per week prior to COVID. During your Covered Period, the employee continued to make \$20 per hour, but you had to reduce her hours from 40 hours per week to 20 hours per week. Although this is an FTE reduction (from 1 FTE to ½ FTE), it is not a reduction in compensation – you have continued to pay the employee \$20 per hour.
 - Hourly Employee Example: Pre-COVID, you employed Samuel at \$20/hour and he worked 10 hours per week. During your Covered Period, you reduced Samuel's pay to \$14/hour. The reduction over 25% is equal to \$1/hour. To determine the impact on your loan forgiveness, you must calculate Samuel's average weekly wage reduction. Since Samuel worked an average of 10 hours per week pre-COVID, you will multiply the reduction over 25% by Samuel's average pre-COVID hours (\$1 x 10), which results in an average weekly wage reduction of \$10. SBA will reduce your forgiveness amount by \$10 for each week of your Covered Period. For an 8-week Covered Period, your forgiveness will be reduced by \$80; for a 24-week Covered Period, your forgiveness will be reduced by \$240. If you resume paying Samuel \$20/hour before the end of your Covered Period, SBA will not reduce your forgiveness amount.
 - Salaried Employee Example: Pre-COVID, you employed Veronica at an annual salary of \$52,000/year. During your Covered Period, you reduced Veronica's annual salary to \$33,800/year. The reduction over 25% is equal to \$5,200. To determine the impact on your loan forgiveness, you must calculate Veronica's average weekly wage reduction. Since Veronica was a salaried employee, you will divide her reduction over 25% by the number of weeks in the year (\$5,200/52), which results in an average weekly wage reduction of \$100. SBA will reduce your forgiveness amount by \$100 for each week of your Covered Period. For an 8-week Covered Period, your forgiveness will be reduced by \$800; for a 24-week Covered Period, your forgiveness will be reduced by \$2,400. If you resume paying Veronica \$52,000/year before the end of your Covered Period, SBA will not reduce your forgiveness amount.
- Exceptions. Reductions of an employee's wages by more than 25% will not reduce your forgiveness if any of the following are true:
 - Your PPP loan was \$50,000 or less;
 - The reduction is for an employee who made more than \$100,000 in 2019;
 - The reduction is for an owner-employee;
 - The employee's salary/hourly wage is restored (to meet this exception, you would resume paying your employee their pre-COVID hourly wage/annual salary before the

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end of your Covered Period; you are not required to pay lost wages for the period during which the employee's hourly wage/annual salary was reduced).

B. How does SBA calculate maintenance of total average full-time equivalent ("FTE") employees and forgiveness reductions?

If your PPP loan is \$50,000 or less, FTE reductions do not affect your forgiveness amount.

If your PPP loan is more than \$50,000, however, then FTE reductions will reduce the amount of forgiveness, unless you meet an exception.

- FTEs are calculated as follows:
 - Standard calculation: for each employee, enter the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. No employee can be more than 1.0 FTE.
 - Simplified calculation: if you prefer, you may count each employee who works 40 hours or more per week as 1.0 FTE, and each employee who works fewer than 40 hours per week as 0.5 FTE.
- In general, you will compare your average pre-COVID FTEs to your average Covered Period FTEs. Please refer to the forgiveness application for your loan for specific instructions on comparison periods.
- To determine the reduction to your forgiveness amount, calculate your total Payroll Costs and Non-Payroll Costs for your Covered Period. If you have had FTE reductions and no exceptions apply, you will reduce your total eligible costs by a proportional amount. For example, assume during your pre-COVID reference period, you averaged 10 FTEs, but for your Covered Period, you average only 9 FTEs, and no exceptions apply. If your Payroll Costs and Non-Payroll Costs during your Covered Period total \$50,000, you would multiply that amount by 9/10 and would have total eligible forgivable costs of \$45,000. Remember that your PPP loan amount was based on two-and-a-half months of your average payroll costs – choosing a Covered Period of 24 weeks will allow you to include Payroll Costs for that longer period, which may offset any required reduction in your forgiveness amount.
- Exceptions. An FTE reduction will not reduce your forgiveness amount in the following situations:
 - Your PPP loan was \$50,000 or less;
 - A furloughed/laid off employee refused your good faith offer of re-employment;
 - An employee was fired for cause;
 - An employee voluntarily resigned or requested and received a reduction in hours;
 - You were unable to hire qualified employees for unfilled positions;
 - You were unable to operate at the same level of business activity between February 15, 2020 and the end of your Covered Period as you were before February 15, 2020, due to compliance with federal, State or local requirements or guidance issued from March 1, 2020 through the end of the national emergency declaration for COVID-19, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.

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IV. Forgiveness Application & Process

A. How and when do I apply for forgiveness on my PPP loan?

If you received your PPP loan through Self-Help in 2020, you should already have received your link to access your forgiveness application. Please contact us if you need your link resent.

We anticipate opening forgiveness for 2021 PPP loans this fall. Self-Help will stagger access to our forgiveness portal based on the date your loan was made. When it is time for you to apply, we will notify you and send you a unique link by email from “notifications@appmail.venturesgo.com,” which will allow you to access and complete the forgiveness application for your loan. We will also provide you with step-by-step instructions on how to submit your forgiveness application securely.

While you may apply for forgiveness at any time before the maturity of your PPP loan, you should apply for forgiveness within ten months of the last day of your Covered Period (this is approximately 15½ months from the date you received your PPP funds). For example, if you received your PPP loan in March, and you chose a full 24-week Covered Period ending in August, you should start your forgiveness application process at least by May to ensure it can be processed by Self-Help and submitted to SBA within this timeframe. If you do not submit your forgiveness application within ten months of the last day of your Covered Period, you must begin making payments on your loan.

B. Are the SBA forgiveness applications available?

Yes, SBA forgiveness application forms are available on SBA’s website at www.sba.gov. To apply for forgiveness with Self-Help, you will complete the appropriate forgiveness application through our online forgiveness portal, which will lead you through the steps to complete your forgiveness application. You do not need to separately download a copy of the application from SBA’s website. Please see our Step-by-Step Forgiveness Instructions in the Tools & Resources section of our [website](#) for more details.

C. What if SBA determines I was ineligible for a PPP loan?

SBA may direct a lender to deny your forgiveness request if SBA determines that you were ineligible for a PPP loan. It is important to remember that SBA may review and make this determination at any time, and requires borrowers to keep all documentation related to your PPP loan and forgiveness request for up to 6 years from the date your loan is forgiven or repaid in full. If SBA makes this determination after your loan has been forgiven, you will be required to repay SBA in full.

D. What if SBA determines I was ineligible for the amount of forgiveness requested?

SBA may direct a lender to deny any portion of your forgiveness request that it determines that amount was ineligible for forgiveness. It is important to remember that SBA may review and make this determination at any time. SBA requires borrowers to keep all documentation related to your PPP loan and forgiveness request for up to 6 years from the date your loan is forgiven or repaid in full. If SBA makes this determination after your loan has been forgiven, you will be required to repay SBA the portion that was ineligible for forgiveness.

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- E. If I obtained my PPP loan through another lender, may I apply for forgiveness with Self-Help?

No, you must work with your lender to apply for forgiveness for your loan.

V. Unforgiven Amounts

- A. What happens if there is any unforgiven balance on my PPP loan?

Any balance remaining on your loan will be due under the terms of your PPP Note (amortizing payments over the remaining loan term at 1% interest). Interest accrues on the unforgiven portion of your PPP loan from the date the loan was made. You are not responsible for interest on the forgiven portion of your PPP loan. For PPP loans approved by SBA prior to June 5, 2020, your PPP Note has a 2-year term, but you and your lender may mutually agree to extend your repayment term for any unforgiven amount if needed. For PPP loans approved by SBA on or after June 5, 2020, your PPP Note has a 5-year term. In either case, if you prefer, you may choose to prepay your PPP Note. There is no prepayment fee on your PPP loan.

- B. When will the debt forgiveness be applied to the loan?

Your forgiveness amount will be submitted to SBA within 60 days of our receipt of all required forgiveness application documentation. Unless SBA places your loan under review, SBA is required to remit payment of the forgiven amount to us within 90 days of our forgiveness determination submission. Please note SBA has not been able to meet this 90-day window on all loans, so you may experience a longer period before your forgiveness determination is finalized by SBA. If you submitted your forgiveness request within ten months of the end of your Covered Period, then your PPP loan will remain in deferral until we receive SBA's determination. It is important to remember that SBA may review the loan at any time, whether before or after forgiveness is applied. If SBA determines the borrower was ineligible for a PPP loan, the borrower will be required to repay the loan in full. If SBA determines the borrower was ineligible for forgiveness of all or part of the PPP loan, the borrower will be required to repay the ineligible forgiveness amount. SBA requires borrowers to keep all documentation for up to 6 years from the date your loan is forgiven or repaid in full, and may require copies of your documentation as part of any review.

- C. When do I have to start making payments on my PPP loan?

As long as you submit your forgiveness application within ten months of the end of your Covered Period (approximately 15½ months from the date you received your PPP funds), no payment is due until the date the forgiven amount has been determined and SBA has paid the PPP loan down by the forgiven amount. You are not responsible for payment of accrued interest on the portion of your PPP loan that is forgiven, but interest accrues on the unforgiven portion from the date of your PPP Note. If 100% of your PPP loan is forgiven, you will not be required to make principal or interest payments on your loan.

- D. Am I responsible for interest on the forgiven loan amount?

No, you are not responsible for accrued interest on the portion of the loan that is forgiven. For any unforgiven portion, you are responsible for accrued interest from the date the loan was made.

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VI. Documentation

Please refer to our Step-by-Step Forgiveness Instructions, located in the Tools & Resources section of our [website](#), for documentation that you are required to submit with your forgiveness application, and documentation you are required to keep for up to 6 years.

VII. Miscellaneous

A. Does an SBA Economic Injury Disaster Loan Program (“EIDL”) advance reduce my PPP forgiveness amount?

No, your PPP forgiveness amount will not be reduced by the amount of any EIDL advance you received. Congress made this favorable change to the program in the Economic Aid Act at the end of December 2020.

B. Are forgiven PPP dollars considered cancellation-of-indebtedness income for federal tax purposes?

No. Unlike normal circumstances where canceled debt is considered as taxable income, forgiven PPP loan amounts will not be considered as taxable income. Please check with your State Department of Revenue and your tax advisors to confirm State tax treatment of your PPP loan as this may vary by State.

C. Can I include forgiven payroll costs and expenses as deductible expenses in calculating my federal taxable income?

Yes. Congress reversed IRS Notice 2020-32 in the Economic Aid Act, allowing costs and expenses covered by PPP funds to be included as deductible expenses for federal tax purposes. Please check with your State Department of Revenue and your tax advisors to confirm State tax treatment of your PPP loan as this may vary by State.

D. Do I need SBA approval to sell all or part of my business?

You will need to notify your lender of any Change of Ownership of your business. For purposes of PPP, SBA will consider each of the following to be a “Change of Ownership” if it occurs at any time between (i) the date you submitted your application for a PPP loan and (ii) the date your PPP loan is fully forgiven or repaid in full:

- 20% or more of ownership of the PPP borrower is sold or otherwise transferred, whether in one or more transactions (including if the transfer is to an affiliate or another existing owner),
- 50% or more of the PPP borrower’s assets are sold or otherwise transferred, whether in one or more transactions, or
- The PPP borrower merges with or into another entity.

If you have a Change of Ownership, the following rules apply:

- Notice Requirements: SBA requires you to provide your PPP lender with advance written notice of any Change of Ownership, along with a copy of the proposed agreements. You may notify us of a Change of Ownership by email at Postclosing-PPP@self-helpfcu.org.

PPP Forgiveness Frequently Asked Questions

(updated as of June 1, 2021)

- **SBA Approval:**
 - SBA approval of your Change of Ownership is not required if SBA has made its forgiveness determination on your PPP loan and you have repaid any unforgiven amount in full.
 - SBA approval of your Change of Ownership is not required if 50% or less of the ownership interest or assets of the PPP borrower are being transferred.
 - SBA approval of your Change of Ownership is required if more than 50% of the ownership interest or assets of the PPP borrower are being transferred and your PPP loan is still outstanding (unless you submit your completed PPP forgiveness application and establish an escrow account with your PPP lender in the full amount of your PPP loan pending SBA's forgiveness determination). To obtain SBA approval, you must provide your PPP lender with the following information:
 - An explanation of why you cannot either (i) complete the forgiveness process and repay any unforgiven amount in full prior to the Change of Ownership or (ii) establish an escrow account for the full amount of your PPP loan;
 - The details of the proposed Change of Ownership;
 - Documentation, including any letter of intent or purchase agreement, setting forth the terms of the Change of Ownership;
 - Disclosure of any existing PPP loan of the new owner, including the PPP loan number; and
 - A list (including names and tax identification numbers) of all owners of 20% or more of the new owner/successor entity.

SBA will review and provide a determination within 60 calendar days of SBA's receipt of a complete Change of Ownership request. If deemed appropriate, SBA may require additional risk mitigation measures as a condition of its approval of the transaction.

- **Continuing Responsibilities:** Regardless of any Change of Ownership, the PPP borrower remains responsible for (1) performance of all obligations under the PPP loan, (2) the certifications made in connection with the PPP loan application, and (3) compliance with all other applicable PPP requirements. Additionally, the PPP borrower remains responsible for obtaining, preparing, and retaining all required PPP forms and supporting documentation and providing those forms and supporting documentation to the PPP lender or to SBA upon request. The new owner/successor entity will be subject to all obligations under the PPP loan. If the new owner/successor entity has a separate PPP loan, PPP funds and expenses must be segregated to document compliance with PPP requirements by each borrower. SBA reserves all rights and remedies available under the law in the event of fraud, false statements, and/or unauthorized uses of PPP loan proceeds by the original PPP borrower, the new owner and/or any successor entity.

To review the complete SBA Change of Ownership rules, please refer to SBA Procedural Notice Control No. 5000-20057, issued October 2, 2020.

E. What is a Shuttered Venue Operators Grant (SVOG) and am I eligible?

The best way to learn more about SVOGs is to visit SBA's website at www.sba.gov. These grants are offered directly by SBA, and not through Self-Help or any other lender.

PPP Forgiveness Frequently Asked Questions

(updated as of June 1, 2021)

F. What is a Targeted EIDL Advance and am I eligible?

The best way to learn more about EIDL Advances is to visit SBA's website at www.sba.gov. These grants are offered directly by SBA, and not through Self-Help or any other lender.

G. As a sole proprietor, independent contractor, or self-employed individual, may I receive a PPP loan and unemployment compensation?

You cannot draw unemployment for the same period you are using your PPP loan for payroll. If you are drawing unemployment compensation, report your PPP loan proceeds as income to your State unemployment office and stop drawing unemployment compensation for the period covered by your PPP loan. Your PPP loan amount was based on two-and-a-half months of your income, so in general, if you are using your PPP loan to cover your payroll, you will need to stop drawing unemployment for 11 weeks. Please check with your State unemployment office to ensure you comply with their rules.