

# PPP Forgiveness Step-by-Step: Loans \$50,001 to \$150,000

Updated August 20, 2021

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## Step 1: Log into Self-Help's online portal

To enter Self-Help's online forgiveness portal, find your email from **notifications@appmail.venturesgo.com**. This email contains your unique access link. Please check your spam folder if you do not receive this link on the same day that you receive your notification of Access to Apply for PPP Forgiveness from our PPP team.

- **Questions?** This Forgiveness Step-by-Step guide is intended to answer common questions about applying for PPP forgiveness. You can also find more detailed answers to Frequently Asked Questions (FAQ) in the Tools & Resources box on our [website](#). If you have difficulty logging into Self-Help's online forgiveness portal, or if you have questions as you use this Step-by-Step to enter your information, please email our PPP team at [Postclosing-PPP@self-helpfcu.org](mailto:Postclosing-PPP@self-helpfcu.org). Once you have entered your information into our forgiveness portal and have submitted your application to Self-Help using this Step-by-Step, one of our **Forgiveness Loan Officers will review your loan and reach out to you via email**. At that point, direct your questions to your Forgiveness Loan Officer, who will work with you to help maximize forgiveness of your PPP loan.
- You **do not have to complete your forgiveness application in one sitting**, so even if you have questions, we recommend you use this Step-by-Step to go ahead and log in to get started.

**To do:** Click your unique access link from **notifications@appmail.venturesgo.com**. (For best results, we recommend using **Google Chrome**; some borrowers have reported issues when using other browsers.) Log in by entering the following information:

1. Enter your Loan #. This is the **SBA PPP Loan Number** at the top of the **PPP Note** you signed at your loan closing.
2. Enter either of the following:
  - a) The **Tax ID of Entity**. This is the **Employer Identification Number (EIN)** of the borrower, which can be found on your federal tax return.
  - b) The **last 4 digits of the Social Security Number (SSN) of one of the owners** of the borrower (if you are self-employed, you will enter the last 4 digits of your SSN). Note: If your ownership has changed since you received your PPP loan, please email our PPP team at [Postclosing-PPP@self-helpfcu.org](mailto:Postclosing-PPP@self-helpfcu.org).
3. Click **Lookup Loan**.

In order to continue, please confirm details about your loan.

1 Loan #

Enter 1 of the options below

Last 4 digits of SSN

Any owner on the loan

2 OR

Tax ID of Entity

Tax ID of the Primary Operating Company

3

## Step 2: Determine which SBA form to use

Once you have successfully logged in, this is the first page you will see:



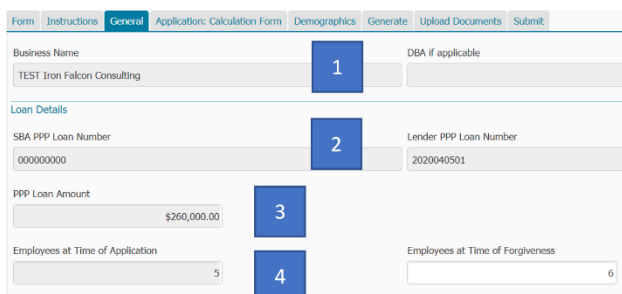
**To do:** Select “Yes” if your loan was \$150,000 or less. If your loan was over \$150,000, select “No.” Please see below to make sure you are using the correct Step-by-Step for your loan:

- If your loan is **greater than \$50,000 and less than \$150,000**, follow this *Forgiveness Step-by-Step – \$50,001 to \$150,000* and use Form 3508S.
- If your loan is **\$50,000 or less**, follow our *Forgiveness Step-by-Step – \$50,000 or Less* located in the Tools & Resources section of our [website](#) and use Form 3508S.
- If your loan is **greater than \$150,000**, follow our *Forgiveness Step-by-Step – Over \$150,000* located in the Tools & Resources section of our [website](#) to determine whether you will use Form 3508EZ (most borrowers) or Form 3508.

**Note:** If you received both a 1<sup>st</sup> Draw and a 2<sup>nd</sup> Draw PPP loan, you will complete a forgiveness application for each loan separately. **Do not combine your 1<sup>st</sup> and 2<sup>nd</sup> PPP loan amounts when determining which form to use.**

## Step 3: Confirm auto-filled information (General Tab)

**To do:** Confirm auto-filled information in the greyed-out boxes is correct:



1. Your business name.
2. Your SBA PPP Loan Number (this is located at the top of your **signed PPP Note**); you can ignore the Lender PPP Loan Number field.
3. Your loan amount (this is located at the top of your **signed PPP Note**).

4. Number of employees (including owners) at time of PPP loan application. This is from your original PPP loan application, based on your number of employees at that time. This entry does not impact your forgiveness request (SBA employee maintenance requirements are based on full-time equivalents, not total employees).

If anything needs to be changed, reach out to your Forgiveness Loan Officer (or if you have not yet been assigned a Forgiveness Loan Officer, please email our PPP team at [Postclosing-PPP@self-helpfcu.org](mailto:Postclosing-PPP@self-helpfcu.org) for assistance).

## Step 4: Enter general information (General Tab)

**To do:** Enter the following information:

The screenshot shows the 'General Tab' of the PPP Loan Forgiveness Application. It contains several input fields and sections, each with a blue callout box containing a number:

- 1:** Employees at Time of Forgiveness (input field)
- 2:** Forgiveness Amount (input field)
- 3:** Covered Period Start Date (calendar icon)
- 4:** Covered Period End Date (calendar icon)
- 5:** Loan Excess of \$2 Million? (checkbox)
- 6:** Payroll Costs (input field)

Additional text in the form includes: 'Employees at Time of Application' (input field), 'Other' (input field), 'The Covered Period begins on the date the loan was originally disbursed. It ends on a date selected by the Borrower that is at least 8 weeks following the date of loan disbursement and not more than 24 weeks after the date of loan disbursement.', and 'Amount of loan spent on payroll costs' (input field).

- 1. Employees at Time of Forgiveness:** this is the total number of employees (including owners) as of the date of your forgiveness request, and this answer should not be converted to full-time equivalents (*e.g.* if you have 10 full-time and 5 part-time employees, you will enter 15). This entry does not impact your forgiveness request (SBA employee maintenance requirements are based on full-time equivalents, not total employees).
- 2. Forgiveness Amount:** this is the amount of your PPP loan that you are requesting SBA forgive. Your Forgiveness Amount is the **lesser** of (i) your loan amount, (ii) the sum of your total Payroll Costs and Non-Payroll Costs minus any Required Reduction, and (iii) your Payroll Costs divided by 0.60. Follow the Forgiveness Amount Steps below to calculate these amounts. The lowest of these three amounts is your Forgiveness Amount.

### Calculating your Forgiveness Amount

**Step 1:** Determine whether you have a Required Reduction.

- If you did not have to let any employees go, did not have to reduce total employee hours, and did not have to lower any employee's average weekly compensation by more than 25%, then you do not have a Required Reduction. Proceed to Forgiveness Amount Step 2.
- If you did have to let employees go, had to reduce total employee hours, or had to lower any employee's average weekly compensation by more than 25%, you may have a Required Reduction. **Please carefully review Appendix B – Summary of Employee Maintenance Requirements & Exceptions! In most cases, there are exceptions that may help you avoid reducing your Forgiveness Amount. If no exceptions apply,** calculate the amount of your Required Reduction. Visit SBA's website at [PPP Loan Forgiveness Application + Instructions \(sba.gov\)](https://www.sba.gov/PPP/loansupport/application) to download SBA's Form 3508, which includes SBA's worksheet and instructions for calculation of your Required Reduction. Once you have calculated the amount of your Required Reduction, proceed to Forgiveness Amount Step 2.

## Calculating your Forgiveness Amount

**Step 2:** Determine the total Payroll Costs for your full Covered Period.

- If your Payroll Costs equal or exceed your loan amount, and you do not have a Required Reduction, then enter your loan amount as your Forgiveness Amount.
- If you have a Required Reduction, subtract your Required Reduction from your Payroll Costs.
  - If Payroll Costs minus your Required Reduction equals or exceeds your loan amount, then enter your loan amount as your Forgiveness Amount.
  - If Payroll Costs minus your Required Reduction is less than your loan amount, however, proceed to Forgiveness Amount Step 3 before entering your Forgiveness Amount.

**Step 3:** If the steps above do not result in a Forgiveness Amount equal to your full loan amount, you will need to calculate your Non-Payroll Costs and take the following additional steps to determine your Forgiveness Amount:

- Determine the total Non-Payroll Costs for your full Covered Period. Please see the **PPP Forgiveness FAQ** in the **Tools & Resources** section of our [website](#) for SBA's list of Non-Payroll Costs that may be included.
- Add Payroll Costs and Non-Payroll Costs to get your total eligible costs, then subtract your Required Reduction (if any) from your total eligible costs.
- Divide your Payroll Costs by 0.60.
- For your Forgiveness Amount, enter the **lesser** of (i) your loan amount, (ii) your total eligible costs minus any Required Reduction, and (iii) your Payroll Costs divided by 0.60. For example, assume your loan amount is \$140,000, Payroll Costs for your Covered Period are \$75,000, Non-Payroll Costs are \$80,000, and your Required Reduction is \$5,000. Since your Forgiveness Amount is the **lesser** of (i) \$140,000 (your loan amount), (ii) \$150,000 (your total eligible costs minus any Required Reduction), and (iii) \$125,000 (your Payroll Costs divided by 0.60), you will enter \$125,000 as your Forgiveness Amount. You will repay the \$15,000 balance of your PPP loan under the terms of your PPP Note – this amount is not forgivable.

**Tip:** Choosing a longer Covered Period to maximize your total eligible Payroll Costs and Non-Payroll Costs may help offset any Required Reduction.

3. **Covered Period Start Date:** This is the date you received your PPP loan funds (the date the funds were wired to your bank account).

4. **Covered Period End Date:**

- Your Covered Period End Date is any date from **8 weeks to 24 weeks** after your Covered Period Start Date. (For 2020 PPP loans, this date cannot be later than December 31, 2020, even if that is less than 24 weeks from your Covered Period State Date.)
- Within that 8 to 24 week range, we recommend you choose a Covered Period End Date that provides enough time for your eligible Payroll Costs to equal or exceed your loan amount. The easiest way for you to apply for forgiveness is to document eligible Payroll Costs that equal or exceed your loan amount. If you did not have sufficient Payroll Costs during your Covered Period, up to 40% of your forgiveness request may include eligible Non-Payroll Costs.
- **Tip:** If you have a Required Reduction, choosing a longer Covered Period will allow you to include more eligible Payroll Costs and Non-Payroll Costs. This may help offset any Required Reduction.
- **Note:** SBA no longer allows for an Alternative Payroll Covered Period. This option was deemed unnecessary by SBA after Congress changed the law to allow all PPP borrowers to choose a Covered Period of up to 24 weeks.

5. **Excess of \$2 million:** Check this box if (i) you are requesting forgiveness for your first PPP loan, and you and your Affiliates collectively received first PPP loans totaling \$2 million or more, or (ii) you are requesting forgiveness for your 2<sup>nd</sup> Draw PPP loan, and you and your Affiliates collectively received 2<sup>nd</sup> Draw PPP loans totaling \$2 million or more.

- In general, SBA considers businesses to be Affiliates when one business has the power to control the other business, or when the same person has the power to control both businesses. To learn more about how SBA defines Affiliates, see SBA's Affiliation Guidance at [Affiliation Rules for Paycheck Protection Program](#).

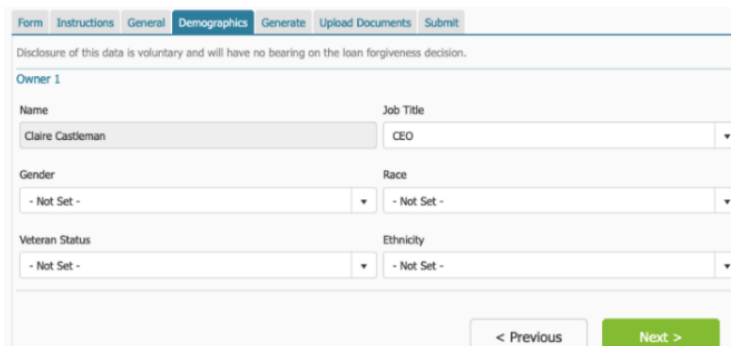
6. **Payroll Costs:** Enter the amount of your eligible Payroll Costs for your Covered Period.

- **This amount must be at least 60% of the Forgiveness Amount you are requesting.** If you did not have eligible Payroll Costs (including Payroll Costs of owner-employees) in the amount of at least 60% of your PPP loan amount, SBA will not forgive all of your PPP loan. There are no exceptions to this rule.
- Remember owner-employee Payroll Costs are capped. Owner-employees include any employee with an ownership stake of 5% or more, any self-employed individual, and any general partner. For each individual owner-employee in total across all businesses owned, owner-employee Payroll Costs are capped at the lesser of (i) \$20,833 or (ii) 2½ months of the owner-employee's Payroll Costs for the year used to calculate the PPP loan amount (typically 2019). Exception: if your business has a NAICS code starting with 72 and you received your PPP loan in 2021, your Payroll Costs are capped at the lesser of (i) \$29,167 or (ii) 3½ months of the owner-employee's Payroll Costs for the year used to calculate the PPP loan amount (typically 2019).

## Step 5: Enter demographic data (Demographics Tab)

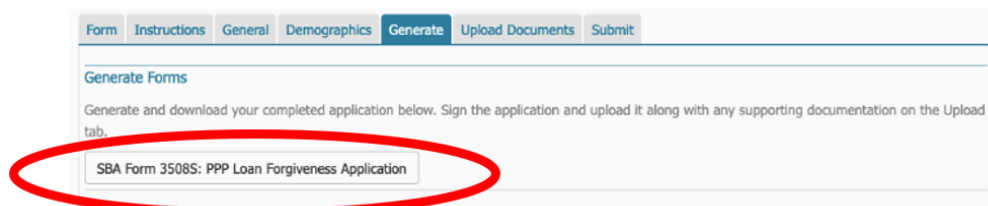
Completion of this tab allows Self-Help to learn more about the communities we serve. Self-Help does not discriminate in its employment or activities, and we actively partner with others to end discrimination on the basis of race, religion, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression (including transgender status), age, sexual orientation, military and veteran status, class or family status. In addition, completing demographic data provides valuable information about who is able to access SBA programs, and can help to improve access to SBA programs in the future.

**To do:** Although demographic information is optional, we request you enter this information.



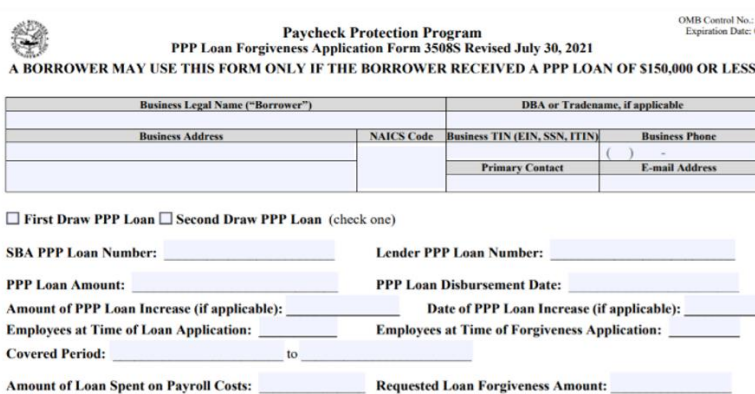
The screenshot shows the 'Demographics' tab of the application form. It includes a disclosure statement: 'Disclosure of this data is voluntary and will have no bearing on the loan forgiveness decision.' Below this, there is a section for 'Owner 1' with the following fields: Name (Claire Castleman), Job Title (CEO), Gender (- Not Set -), Race (- Not Set -), Veteran Status (- Not Set -), and Ethnicity (- Not Set -). Navigation buttons for '< Previous' and 'Next >' are visible at the bottom right.

## Step 6: Review your information (Generate Tab)



The screenshot shows the 'Generate' tab of the application form. It includes a section titled 'Generate Forms' with the instruction: 'Generate and download your completed application below. Sign the application and upload it along with any supporting documentation on the Upload tab.' A button labeled 'SBA Form 3508S: PPP Loan Forgiveness Application' is circled in red.

**To do:** Click on **SBA Form 3508S: PPP Loan Forgiveness Application** to generate a version of your application to review, print and sign.



The screenshot shows the SBA Form 3508S: PPP Loan Forgiveness Application. It includes the following information:

Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508S Revised July 30, 2021  
A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address	NAICS Code	Business TIN (EIN, SSN, ITIN)	Business Phone
		Primary Contact	E-mail Address

First Draw PPP Loan  Second Draw PPP Loan (check one)

SBA PPP Loan Number: \_\_\_\_\_ Lender PPP Loan Number: \_\_\_\_\_

PPP Loan Amount: \_\_\_\_\_ PPP Loan Disbursement Date: \_\_\_\_\_

Amount of PPP Loan Increase (if applicable): \_\_\_\_\_ Date of PPP Loan Increase (if applicable): \_\_\_\_\_

Employees at Time of Loan Application: \_\_\_\_\_ Employees at Time of Forgiveness Application: \_\_\_\_\_

Covered Period: \_\_\_\_\_ to \_\_\_\_\_

Amount of Loan Spent on Payroll Costs: \_\_\_\_\_ Requested Loan Forgiveness Amount: \_\_\_\_\_

**To do:** Read through your completed SBA Form 3508S and review all of the information entered to confirm it is correct.

**To do:** Initial and sign your SBA Form 3508S application.

1. Review and certify the accuracy of each representation by **initialing both blanks**.
2. **Sign and date** the form and **print your name and title**. You can either print the document and **sign it in ink**, or you can save the application as a PDF and **sign it with your PDF software**.

**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.

**1** The Borrower has complied with all requirements in the Paycheck Protection Program Rules (7)(a)(37), and 7A of the Small Business Act, the PPP interim final rules, and guidance issued of this application), including the rules related to:

- eligible uses of PPP loan proceeds;
- the amount of PPP loan proceeds that must be used for payroll costs (including proper Borrowers that applied for loans using SBA Forms 2483-C or 2483-SD-C);
- the calculation and documentation of the Borrower's revenue reduction (if applicable)
- the calculation of the Borrower's Requested Loan Forgiveness Amount.

Information regarding these requirements may be found in the Form 3508S Instructions and the Program Rules.

The information provided in this application is true and correct in all material respects. I understand a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a court, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$500,000.

Following submission of this forgiveness application, the Borrower must retain all records necessary Paycheck Protection Program Rules for four years for employment records and for three years for all other additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower's PPP loan or in a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules. The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules. The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules. The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules.

**2**

Signature of Authorized Representative of Borrower \_\_\_\_\_ Date \_\_\_\_\_  
Print Name \_\_\_\_\_ Title \_\_\_\_\_

## Step 7: Upload application & supporting documents (Upload Documents Tab)

**To do:** Upload and attach your completed SBA Form 3508S application and any required supporting documentation.

1. Click "Select File" and upload your **signed & initialed 3508S application form**. (Please upload all pages, even if they are blank.)
2. For loans of \$150,000 or less, in general, **no supporting documentation should be uploaded, except:**

- **Schedule C filers:** Upload a copy of your filed IRS 1040 Schedule C for the year that was used to calculate your loan amount (for most borrowers, 2019)
- **Schedule F filers:** Upload a copy of your filed IRS 1040 Schedule F & Schedule 1 for the year that was used to calculate your loan amount (for most borrowers, 2019)
- **Partnerships (IRS 1065 filers):** Upload a copy of your filed Schedule K-1(s) for the year that was used to calculate your loan amount (for most borrowers, 2019).

Form | Instructions | General | Demographics | Generate | **Upload Documents** | Submit

Upload Signed PPP Forgiveness Application (Form 3508S)

Name	Description
1	No records found.

Select File

Upload Supporting Documents

Given the values you have entered, you may need to provide documentation for:

- Cash Compensation (lines 1 & 4)
- Payments to Owners and General Partners (line 9)
- Payroll Costs

Name	Description
2	No records found.

Select Files

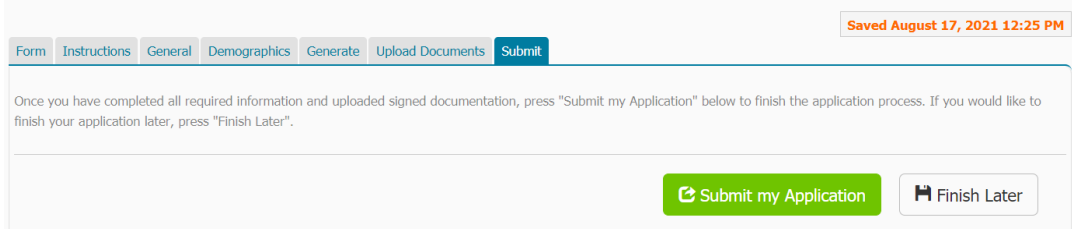
Your Forgiveness Loan Officer will review your application and will let you know if we need any additional documentation to support your forgiveness request. Although **most borrowers will not need to submit additional supporting documentation** with your forgiveness request, please see **Appendix A** for a list of documents you should keep. **SBA requires you to keep documentation related to your PPP loan and forgiveness request for up to 4 years.** SBA has



the right to review your loan at any time either before, during, or after forgiveness, and you will be required to submit these records to SBA upon request.

## Step 8: Submit your forgiveness application (Submit Tab)

**To do:** Once you have uploaded your application and are ready to submit it to Self-Help for review, click **Submit my Application**. If you are not ready to submit your application to us, you can click **Finish Later** to save it and return to finish it later (you will have to use the unique access link that was emailed to you to access your application when you are ready to continue).



The screenshot shows a web application interface with a navigation bar at the top containing tabs for 'Form', 'Instructions', 'General', 'Demographics', 'Generate', 'Upload Documents', and 'Submit'. The 'Submit' tab is currently selected. In the top right corner, there is a status indicator that says 'Saved August 17, 2021 12:25 PM'. Below the navigation bar, there is a text area with the following instructions: 'Once you have completed all required information and uploaded signed documentation, press "Submit my Application" below to finish the application process. If you would like to finish your application later, press "Finish Later".' At the bottom right of the form area, there are two buttons: a green button labeled 'Submit my Application' and a white button with a house icon labeled 'Finish Later'.

### Once you hit Submit my Application:

1. Your Self-Help Forgiveness Loan Officer will review your forgiveness application and will contact you to obtain any additional required documents before we submit it to SBA.
2. We will notify you when we have submitted your forgiveness application to SBA.
3. SBA may take up to 90 days to process your forgiveness request or notify us that it is under review. SBA may choose to review a PPP loan for any reason prior to, during, or after the forgiveness process.
4. Once SBA has reviewed and fully processed your forgiveness request, and remitted the forgiveness amount to us, Self-Help's PPP team will notify you. If SBA forgives less than your full PPP loan amount, we will provide you with an amortization schedule and monthly payment amount for your repayment of the unforgiven balance of your loan. Any unforgiven amount must be repaid under the terms of your PPP Note.

## Appendix A: Documentation Requirements – SBA Form 3508S (\$50,001 - \$150,000)

When you submit your forgiveness request to us, your Forgiveness Loan Officer will review your file and provide you with a list of the documentation you are required to submit to support your request.

Whether or not you are required to submit documentation with your request, SBA requires you to **keep all employment records/payroll documentation** relating to your PPP loan and forgiveness request **for four years** after your forgiveness application has been submitted, and to **keep all other documentation** relating to your PPP loan and forgiveness request **for three years** after your forgiveness application has been submitted. SBA has the right to review your loan at any time either before, during, or after forgiveness, and you will be required to submit these records to SBA upon request. **Review our PPP FAQ in the Tools & Resources section of our [website](#) for additional information.**

### **PAYROLL COSTS DOCUMENTATION:**

**Payroll Costs Documentation for Owners:** Self-employed borrowers (Schedule C filers, Schedule F filers and partnerships) are **required to submit** the owner Payroll Costs documentation listed below at forgiveness. In general, for loans of \$150,000 or less, other borrowers do not have to submit owner Payroll Costs documentation with your forgiveness request, but you should **keep documentation** covering (i) the period used to determine your loan amount (typically calendar year 2019), and (ii) your Covered Period.

<b>Tax Filing</b>	<b>Owner Payroll Costs Documentation</b>
IRS 1040 Schedule C	Copy of <u>filed</u> IRS 1040 Schedule C for the year that was used to calculate your loan amount (typically 2019)
IRS 1040 Schedule F	Copy of <u>filed</u> IRS 1040 Schedule F for the year that was used to calculate your loan amount (typically 2019)
IRS 1065	Copy of <u>filed</u> IRS 1065 Schedule K-1(s), for the year that was used to calculate your loan amount (typically 2019)
1120-S	Document owner compensation using the same guidelines as for employees <ul style="list-style-type: none"> <li>• Note: employer contributions to owner health plans may <u>not</u> be included</li> <li>• Note: employer contributions to owner retirement plans may be included up to 2.5/12 of the 2019 employer retirement contribution</li> </ul>
1120	Document owner compensation using the same guidelines as for employees <ul style="list-style-type: none"> <li>• Note: employer contributions for owner health insurance may be included</li> <li>• Note: employer contributions for owner retirement plans may be included up to 2.5/12 of the 2019 contribution</li> </ul>
990/990EZ	N/A

**Payroll Costs Documentation for Employees:** For loans of \$150,000 or less, you **generally do not have to submit** employee Payroll Costs documentation with your forgiveness request, but you should **keep the following documentation** covering (i) the period used to determine your loan amount (typically calendar year 2019), and (ii) your Covered Period.

- Cash compensation for employees:
  - All of the following:
    - Copies of your IRS Form 941s reported (or to be reported) to the IRS;
    - Copies of your State quarterly employee wage reporting & unemployment insurance filings reported (or to be reported) to the State; and
    - Bank account statements or a third-party payroll provider report showing the amount of cash compensation paid to employees.

Note: A report from a recognized third-party payroll service provider (e.g., ADP, Gusto, Paychex, etc.) that is clearly identified as prepared by the provider and includes all the information above (including employee list with identification numbers), the report may be acceptable alternative documentation of employee compensation.
- Benefits: If your forgiveness request includes employer contributions to employee group health, life, disability, vision or dental insurance, or employer contributions to employee retirement plans, a third-party payroll provider report, payment receipts, cancelled checks, or account statements showing the amount paid.

**NON-PAYROLL COSTS DOCUMENTATION:** For loans of \$150,000 or less, you **generally do not have to submit** Non-Payroll Costs documentation. If your forgiveness request includes Non-Payroll Costs, however, you should **keep the following documentation:**

- Business mortgage (secured debt) interest payments:
  - Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period, such as:
    - Copy of lender amortization schedule and receipts or cancelled checks; or
    - Copies of lender account statements for February 2020 and the months payments were made.
- Business rent or lease payments:
  - Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period, such as:
    - Copy of current lease agreement, combined with receipts or cancelled checks; or
    - Copies of lessor account statements for February 2020 and the months payments were made.
- Business utility payments:
  - Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period, such as:
    - Copy of invoices for February 2020 and the months payments were made, combined with copies of receipts, cancelled checks or account statements.
- Covered operations expenditures:
  - Copy of invoices, orders, or purchase orders paid during the Covered Period; and
  - Receipts, cancelled checks, or account statements verifying those eligible payments.
- Covered property damage costs:
  - Copy of invoices, orders, or purchase orders paid during the Covered Period; and
  - Receipts, cancelled checks, or account statements verifying eligible payments; and
  - Documentation that the costs were related to property damage and vandalism or looting due to public disturbances that occurred during 2020; and

- Documentation that costs were not covered by insurance or other compensation.
- Covered supplier costs:
  - Copy of contracts, orders, or purchase orders in effect at any time before the Covered Period (or, if for perishable goods, at any time during the Covered Period); and
    - Receipts, cancelled checks, or account statements verifying eligible payments.
- Covered worker protection expenditures:
  - Copy of invoices, orders, or purchase orders paid during the Covered Period; and
  - Receipts, cancelled checks, or account statements verifying eligible payments; and
  - Documentation that you used the expenditures to comply with applicable COVID-19 guidance during the Covered Period.

**EMPLOYEE MAINTENANCE DOCUMENTATION:** For loans of \$150,000 or less, you **generally do not have to submit** employee maintenance documentation; however, **you should keep documentation** for your full Covered Period of (i) employee numbers and hours, (ii) employee compensation, and (iii) if you are relying on any employee maintenance exceptions, of the exceptions. (Please see **SBA’s instructions to SBA Form 3508S** and/or the **PPP Forgiveness FAQ** in the **Tools & Resources** section of our [website](#) for SBA’s employee maintenance requirements and exceptions.)

**REVENUE REDUCTION DOCUMENTATION (2<sup>nd</sup> Draw PPP loans only):**

- If you are applying for forgiveness of a 1<sup>st</sup> Draw PPP loan, you **do not need to show a revenue reduction**. This was not a requirement for 1<sup>st</sup> Draw PPP loans.
- If you are applying for forgiveness of a 2<sup>nd</sup> Draw PPP loan, you **generally do not need to submit** documentation of your 25% or more reduction in gross receipts. Your Forgiveness Loan Officer will contact you if any documentation is needed. You should **keep at least one of the following**, however, as documentation of your revenue reduction:
  - Annual IRS income tax filings for 2019 and 2020 (required if your calculation was based on an annual reduction);
  - Audited quarterly financial statements for the quarters being compared, identifying the line items that constitute gross receipts;
  - Unaudited quarterly financial statements, identifying the line items that constitute gross receipts (sign and date that statements and initial each page); or
  - Quarterly or monthly bank statements showing deposits for the quarters being compared, identifying which deposits constitute gross receipts.

**OTHER DOCUMENTATION:** For loans of \$150,000 or less, you generally do not have to submit other documentation. **Self-Help may require other documentation if needed to support your request, and SBA may require additional documentation as part of its review of any PPP loan.** Whether or not other documentation is required to be submitted, you should **keep all records relating to your PPP loan, including:**

- All documentation submitted with your PPP loan application,
- All documentation supporting your certifications as to eligibility for a PPP loan,
- All documentation supporting your forgiveness application, and
- All documentation supporting your material compliance with PPP requirements.

## Appendix B: Summary of Employee Maintenance Requirements & Exceptions

For loans over \$50,000, PPP rules require you to (1) maintain your total number of employees and their total hours and (2) maintain each employee's salary/wages. **Please review these requirements carefully! In most cases, there are exceptions that may help you avoid a Required Reduction of your Forgiveness Amount.** Employee maintenance requirements and exceptions are summarized below, and we recommend you download SBA's Form 3508 at [PPP Loan Forgiveness Application + Instructions \(sba.gov\)](https://www.sba.gov/PPP/loansupport/loanforgiveness) for complete instructions.

1. **Employee Full-Time Equivalents (FTEs).** If you had fewer FTEs in your Covered Period than in your chosen reference period, you will have a Required Reduction unless you meet an FTE exception.
  - **Determine whether you have reduced FTEs:**
    - Compare FTEs during your chosen reference period to your Covered Period. You may choose either of the following reference periods: (i) February 15, 2019 to June 30, 2019 or (ii) January 1, 2020 to February 29, 2020. Seasonal employers may choose option (i), (ii), or any consecutive 12-week period between February 15, 2019 and February 15, 2020.
    - Calculate FTEs by entering the average number of hours paid to each FTE per week, dividing by 40, and rounding to the nearest tenth. No employee can be more than 1.0 FTE. (If you prefer, SBA allows you to make this comparison using a simplified method to calculate FTEs, by counting each employee who works 40 hours or more per week as 1 FTE, and each employee who works fewer than 40 hours per week as ½ FTE.)
    - Do not include any of the following in your FTE calculations:
      - Owner-employees, self-employed individuals, or general partners;
      - Any employee who received salary or wages from you in excess of \$100,000 annualized;
      - Any employee whose principal place of residence is not in the U.S.
  - **Determine whether FTE exceptions apply:**
    - FTE Exception for all FTES: You did not reduce your total number of employees or the average paid hours of your employees between January 1, 2020 and the end of your Covered Period.
    - FTE Exception for all FTES: You were unable to operate during the Covered Period at the same level of business activity as you had operated before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020, and December 31, 2020 (or, for a PPP loan made after December 27, 2020, requirements established or guidance issued between March 1, 2020 and the last day of the Covered Period) by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, the Occupational Safety and Health Administration, or State or local government officials related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.
    - FTE Exception for each FTE eliminated from February 15, 2020 through April 26, 2020 if you subsequently restored/refilled the position (i) for a 2020 PPP loan, by December 31, 2020, or (ii) for a 2021 PPP loan, by the end of your Covered Period.

- FTE Exception for each FTE for which you made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and you were unable to hire a similarly qualified employee for the unfilled position on or before (i) for a 2020 PPP loan, December 31, 2020, or (b) for a 2021 PPP loan, the last day of your Covered Period.
  - FTE Exception for each FTE for which you made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during your Covered Period and the employee rejected the offer, and the position was not filled by a new employee.
  - FTE Exception for each FTE for which an employee was fired for cause, and the position was not filled by a new employee.
  - FTE Exception for each FTE for which an employee voluntarily resigned, and the position was not filled by a new employee.
  - FTE Exception for each FTE for which an employee voluntarily requested and received a reduction of their hours, and the hours were not filled by a new employee.
- 2. Employee Salary/Wages.** If you lowered any employee’s annual salary or hourly wage during your Covered Period (as compared to the most recent full quarter before your Covered Period started), then you will have a Required Reduction unless you meet a Salary/Wage Exception.
- **Determine whether you have reduced salaries/wages:**
    - Compare each employee’s annual salary or hourly wage during your Covered Period to that employee’s annual salary or hourly wage during the most recent full quarter before your Covered Period started.
    - Do not include any of the following in your employee salary/wage calculations:
      - Owner-employees, self-employed individuals, or general partners;
      - Any employee who received salary or wages from you of \$100,000 or more annualized;
      - Any employee whose principal place of residence is not in the U.S.
  - **Determine whether salary/wage exceptions apply:**
    - Salary/wage Exception for each employee whose annual salary or hourly wage during the Covered Period was at least 75% of their annual salary or hourly wage for the most recent full quarter before the Covered Period.
    - Salary/wage Exception for each employee whose annual salary or hourly wage was reduced from February 15, 2020 through April 26, 2020, if you subsequently restored their annual salary or hourly wage (i) for a 2020 PPP loan, by December 31, 2020, or (ii) for a 2021 PPP loan, by the end of your Covered Period.

**If you reduced your total number of employees or their total hours and do not meet the FTE exceptions, or if you reduced any employee’s salary/wage and do not meet the salary/wage exceptions, then you must calculate the amount of your Required Reduction to determine your Forgiveness Amount. Visit SBA’s website at [PPP Loan Forgiveness Application + Instructions \(sba.gov\)](https://www.sba.gov/PPP/loansupport/application) to download SBA’s Form 3508, which includes SBA’s worksheet and instructions for calculation of your Required Reduction.**

Once you have calculated your Required Reduction, return to Step 4 of our Step-by-Step forgiveness instructions to complete your forgiveness application. **Note:** You are not required to submit SBA Form 3508 or any related documentation with your forgiveness application, but SBA may request information and documents to review your calculations as part of its loan review and audit processes at any time before, during or for up to 4 years after the forgiveness process.