

Small Business Administration Paycheck Protection Program

ADW Parish/School Sample Loan Forgiveness Application

November 20, 2020

If the parish terminated an employee or reduced an employee salary/hours by more than 25% in the covered period, the parish must use Long Form 3508.

- Application <https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>
- Instructions https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Instructions_1_0_0.pdf

For parish loans under \$50,000, use Form 3508 S

- Find the loan application instructions here <https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S%20Instructions.pdf>
Do not submit the instructions with your application.
- Find the fillable application here <https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S.pdf>

For parish loans in excess of \$50,000, use Form 3508 EZ

- Find the loan application instructions here <https://www.sba.gov/sites/default/files/2020-06/PPP%20Loan%20Forgiveness%20Application%20Form%20EZ%20Instructions%20%28Revised%2006.16.2020%29-508.pdf>. Do not submit the instructions with your application.
- Find the fillable application here <https://www.sba.gov/sites/default/files/2020-06/PPP%20Forgiveness%20Application%203508EZ%20%28%20Revised%2006.16.2020%29%20Fillable-508.pdf>

Before applying to the bank

To maximize the chance for total loan forgiveness, the parish must submit draft loan forgiveness applications and supporting documentation to ParishTools@adw.org for review prior to submitting to your lender.

Most common mistakes seen in parish draft SBA PPP loan forgiveness applications

Choosing an incorrect date for the end of the covered period

- Regarding the ending date of the covered period, the only two choices are 8 weeks or 24 weeks. If the parish took more than 8 weeks to spend the loan proceeds, the parish has to elect a 24 week period.

Not marking certifications that Father will initial

- On page 2 of the form, please mark the certifications that Father will initial

Not acknowledging difference between the number of employees at the end of the covered period and the number paid as stated on the summary payroll register

If the number of employees at the time of the loan forgiveness application is lower than the number paid per the summary payroll register, the bank will see this and wonder if the parish accepted loan proceeds and then terminated employees. At a minimum, please write a brief description of the reason for the apparent decrease in the number of employees. Some common reasons we've seen include:

- 10-month active employees not scheduled to work, therefore not paid
- Active choir employees not scheduled to work, therefore not paid
- Regarding employees who resigned or retired, please use language from the loan forgiveness application, such as "unable to hire similarly qualified individuals for unfilled positions" or "unable to rehire individuals who were employees on or before February 15, 2020"

Including individual summary payroll registers for each pay period

This is not a mistake, per se. But as an alternative to doing manual calculations of payroll and benefit amounts for each individual pay period, you could run a summary payroll register report that covers the entire 8 week or 24 week covered period. If your covered period includes less than 100% of one or more of the payperiods, please state/show the portion of the payperiod that is outside the covered period and therefore excluded from the eligible payroll costs.

Not including all materials needed for us to review the draft application

- Please email your 'reduction in business operations paragraph' for us to review. This document is for the parish records only and does not get submitted with your application.
- You'll also need to include the IRS Form 941s that relate to the covered period – quarters June 30, September 30 and maybe even December 31
- You'll also need to include the CFA statements and ADW Funding notices for the covered period – let's see what they look like and evaluate whether they need to be reconciled in writing to the summary payroll registers.



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

OMB Control No. 3245-0407
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 _____

*Covered /alternative covered period is
either 8 or 24 weeks*

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here: ☐

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): _____



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

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 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 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.
- _____ 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.
- _____ 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 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 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 USC 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.

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.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

Signature of Authorized Representative of Borrower

Date



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

PPP Borrower Demographic Information Form (Optional)

Instructions

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term "Principal" means:
 - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower's business.
 - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
 - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
 - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower ("key employee").
 - Any trustor (if the Borrower is owned by a trust).
 - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal's position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

Disclosure is voluntary and will have no bearing on the loan forgiveness decision

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 20 minutes. Comments about this time or the information requested should be sent to Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416, and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503. **PLEASE DO NOT SEND FORMS TO THESE ADDRESSES.**

Form 3508 Instructions:

SBA PPP Loan Number: Enter the loan number assigned by SBA at the time of loan approval. Request this number from the Lender if necessary.

Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender.

COMMERCIAL PROMISSORY NOTE

United Bank
1700 K Street NW
Washington, District of Columbia 20006
(202) 626-0500

LOAN NUMBER	NOTE DATE	PRINCIPAL AMOUNT	MATURITY DATE
5137658-1919	April 24, 2020	\$241,200.00	April 24, 2022
LOAN PURPOSE: PPP to cover Payroll and Utilities. SBA Account number # 12136199 SBA Loan Account Number # 90496670-06			

BORROWER INFORMATION

Summary Payroll Register

Archdiocese of Washington

Select: Company is Parish Church and Employee Status in A,L,O,R,S,T

Pay Period Range: April 26, 2020-October 10, 2020

Earnings				Employee Deds		Employee Taxes		Employer Ded Exp		Employer Tax Exp			
Code	Hours	Current Amt	Shift	Shift Amt	Code	Amount	Code	Amount	Code	Amount	Code	Amount	
Report Totals:													
EMERG	2,402.2500	54,194.51	Z		10ND	25.00	MD016	2,316.55	10ND	47.50	USMEDEI	1,360.39	
OTHER		250.00	Z		10NSO	210.00	MD017	56.15	10NSO	407.00	USSOCER	5,816.89	
PRST	160.0000	2,441.27	Z		10NV	6.00	MDSIT	3,554.73	10NV	10.00			
REG	1,704.0000	43,870.59	Z		DENTL	263.00	USFIT	7,157.11	COLF	193.50			
SICK	6.0000	184.80	Z		FSAM	130.00	USMEDEE	1,360.39	DENTL	599.00			
VAC	6.0000	97.20	Z		LTCSE	48.60	USSOCEE	5,816.89	LTCOS	218.10			
XPADV		1,000.00	Z		LTCSP	10.20			MEDHO	6,843.00			
					LTD	249.67			MEDSO	2,205.50			
					MEDHO	2,941.00			MEPO	562.50			
					MEDSO	947.50			PMED	1,850.00			
					MEPO	178.50			PRET	1,882.00			
					USIPR	106.86			RET	7,320.33			
					USIRT	6,817.07			USIPR	106.86			
					VOLLF	152.63			USIRT	1,412.77	**		
					VSN	75.00			VSN	144.00			
Report Totals:													
Number of Pays		71											
4,278.2500		102,038.37		12,161.03		20,261.82		23,802.06		7,177.28			
		Total Check Amts		0.00		Total DDAs		69,615.52		Total Net:		69,615.52	

(1,608.07) Employees with over \$100,000 salary)

PAY: 100,430.30

HEALTH
RETIREMENT

12,668.50

9,309.19

Total cash compensation and employer paid health and retirement benefits: \$122,407.99

***USIRT is the employer match for lay 403(b) which is included in RET paid by the parish, therefore USIRT should not be included in eligible payroll costs*

Sample Parish
Reconciliation of number of employees

Impact on forgiveness		Employees at the date of the PPP application	12
No	Less	Employees who retired and could not be replaced by similarly qualified individuals	0
No	Less	Employees who resigned and could not be replaced could not be replaced by similarly qualified individuals	(1)
No	Less	Furloughed employees who rejected good faith, written offer made to restore hours/pay	(1)
No	Less	Terminated employees who rejected good faith, written offer to rehire	0
No	Less	Employees fired for cause	(1)
Yes, requires form 3508	Less	Employees terminated for other than cause (i.e. to save money)	0
No	Plus	New employees hired since start of covered period that are not replacements of retired or resigned employees	2
		Employees as of the loan forgiveness application	<u>11</u>
Yes, requires form 3508		Employees for whom salary/hours was reduced by more than 25%	0
No		Employees who voluntarily requested and received a reduction in salary/hours	<u>0</u>

The Six FTE Reduction Exceptions

https://www.sba.gov/sites/default/files/resource_files/PPP_Loan_Forgiveness_as_of_September_10_2020.pdf

For any employees during the ... Covered Period

1. The Borrower made a good-faith, written offer to rehire an employee, which was rejected by the employee
 2. Were fired for cause
 3. Voluntarily resigned
 4. Voluntarily requested and received a reduction of their hours
 5. Borrower made a good faith, written offer to restore any reduction in hours at the same salary or wages, but the employee rejected
 6. Borrower was unable to hire similarly qualified employees for unfilled positions by December 31, 2020
- Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

How to run a CHRIS report of active employees as of a specific date

Run the report named, "Employee Count Detail – Paid Employees" in Standard Reports in CHRIS. Select the desired date and "Active" and "Leave of Absence"

Report Criteria

Report Dates

From 04/01/2020

Employee status

Available

On strike
Released/laid off
Suspended
Terminated

*Selected

Active
Leave of absence

Parish Name and Address
SBA PPP Loan Number
Description of reduction in business operations between February 15, 2020 and
the end of the Covered Period dated Month Day, 2020
Document and keep in parish records; do not submit with forgiveness application

Criteria from the EZ loan forgiveness form

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.

Parish explanation

Public Masses at the parish, during which the main source of parish income through offertory contributions are received, were prohibited, by law, between March 14, 2020 and June 19, 2020.

The parish was permitted by local law to offer public Masses again on June 20, 2020 with attendance limited by local law to 125 people (Church seats 500 people).

The parish celebrates only two daily Masses (as opposed to three prior to closure). There are five weekend Masses (as opposed to six prior to closure).

Per the Form 3508 EZ and S Instructions, please submit the following documentation along with the application and the summary payroll registers:

- Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state

Please attach the parish's quarterly Form 941 payroll tax returns for the quarters that include the covered loan period.

The sample forgiveness application covered period is April 26, 2020 to October 10, 2020, so the parish would attach the Form 941s for the quarters ended June 30, 2020, September 30, 2020 and December 31, 2020. Since the December 31 941 is not yet available, the parish should print a summary payroll register for October 1-December 31, 2020 and write on the page "the payroll data in this report will be reported on the 4th quarter 2020 941 due in January 2021.

- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.

Please attach the parish's invoices from Care First Administrators (CFA) for health insurance premiums and ADW Funding Notices for 403(b) contributions.

The sample forgiveness application covered period is April 26 2020 to October 10, 2020, so the parish would attach the invoices for the months of April through October 2020.

The parish should evaluate the need to reconcile the invoice amounts to the summary payroll registers being submitted with the application. The objective is to make it very easy for the bank to see that the parish used the loan appropriately for payroll and benefits within the covered period.

Funding Notice

Funding Notice	EB0014740
Payroll Date	5/1/2020
Funding Date	5/8/2020
Customer Number	
Amount Due	\$9,716.94

ARCHDIOCESE OF WASHINGTON

Sample ADW Funding Notice showing the Employer paid retirement benefits

Bill To: Parish Church

Item Number	Description	Ext Price
COLF	Company Paid Life Insurance	\$193.50
FSAM	FSA-Medical	\$130.00
LTD	Long Term Disability	\$247.10
PRET	Priest Retirement	\$1,882.00
RET	Lay Retirement	\$7,264.34

TOTAL DUE: \$9,716.94

Please make sure you are in agreement with these benefit totals by agreeing them to your CHRIS payroll summary for the Payroll Date shown above.

If you are not in agreement with the numbers on this funding notice, please reply to the email (ADW BILLING) within 3 business days of the Payroll Date on this notice with the following information: Parish name and ID number, contact information and the details of your question. Someone from accounting or HR will contact you soon.

If we don't hear from you within 3 business days, the Archdiocese will initiate a direct debit from your bank account for the TOTAL DUE on the Funding Date shown above.

If you have questions, please reply to the email or contact Karen Wilder directly at (301) 853-4592.

Sample CFA Invoice showing the Employer paid health benefits

INVOICE	FROM	TO
	P. O. BOX 98145 WASHINGTON, DC 20090-8145	PARISH Church
	MAKE CHECKS PAYABLE TO CFA	

INVOICE NUMBER	INVOICE DATE	CUSTOMER NUMBER	GROUP IDENTIFICATION	DIV.	FOR BILLING QUESTIONS CALL
043497	10/01/2020	ADW	ADW	ALL	703-934-6217

BILLING MONTH	COVERAGE CATEGORY	DESCRIPTION OF SERVICES	INVOICE AMOUNT	CREDIT AMOUNT	AMOUNT DUE
		PREVIOUS BALANCE		0.00	39,832.25
10/2020	DENTAL	EE DENTAL	637.00	0.00	637.00
10/2020	DENTAL	ER DENTAL	1,434.00	0.00	1,434.00
10/2020	MEDICAL	EE MEDICAL	9,862.00	0.00	9,862.00
10/2020	MEDICAL	ER MEDICAL	23,374.00	0.00	23,374.00
10/2020	VISION	VISION PREMIUM	178.00	0.00	178.00
10/2020	VISION	EMPLOYER VISION	342.00	0.00	342.00
10/2020	SUP LIFE	SUPP LIFE PREMIUM	305.25	0.00	305.25
10/2020	MEDICAL	PRIEST HEALTH	3,700.00	0.00	3,700.00
PAY THIS AMOUNT =====>					79,664.50

INVOICE TO BE PAID AS BILLED. ***MAKE CHECKS PAYABLE TO CFA***
 PREMIUM ADJUSTMENTS FOR ENROLLMENT CHANGES WILL BE ON THE NEXT MONTH'S BILL
 APPROVED BY: (PASTOR/ADMINISTRATOR) _____

TO	P. O. BOX 98145 WASHINGTON, DC 20090-8145 MAKE CHECKS PAYABLE TO CFA	20201009	INVOICE NUMBER	INVOICE DATE	CUSTOMER NUMBER	AMOUNT DUE
			043497	10/01/2020	ADW	79,664.50
FOR	PARISH CHURCH PASTOR	GROUP IDENTIFICATION	DIV.	ENTER AMOUNT OF PAYMENT		
		ADW	ALL	\$		



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

OMB Control No. 3245-0407
Expiration Date: 10/31/2020

PPP LOAN FORGIVENESS APPLICATION FORM 3508EZ INSTRUCTIONS FOR BORROWERS

Read completely

Checklist for Using SBA Form 3508EZ *Do not submit with your application*

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 in 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 [85 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.

If you can check at least one of the three boxes above, complete this SBA Form 3508EZ in accordance with the instructions below, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender. If you are unable to check one of the boxes above, you cannot use SBA Form 3508EZ and instead you must apply for forgiveness of your PPP loan using SBA Form 3508.

Instructions for PPP Loan Forgiveness Calculation Form 3508EZ

Business Legal Name (“Borrower”)/DBA or Tradename (if applicable)/Business TIN (EIN, SSN): Enter the same information as on your Borrower Application Form (SBA Form 2483 or lender’s equivalent).

Business Address/Business Phone/Primary Contact/E-mail Address: Enter the same information as on your Borrower Application Form, unless there has been a change in address or contact information.

SBA PPP Loan Number: Enter the loan number assigned by SBA at the time of loan approval. Request this number from the Lender if necessary.

Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender.

PPP Loan Amount: Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).

Employees at Time of Loan Application: Enter the total number of employees at the time of the PPP Loan Application.

Employees at Time of Forgiveness Application: Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

PPP Loan Disbursement Date: Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.



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

EIDL Advance Amount: If the Borrower received an Economic Injury Disaster Loan (EIDL) advance, enter the amount.

EIDL Application Number: If the Borrower applied for an EIDL, enter the Borrower's EIDL Application Number.

Payroll Schedule: Select the box that corresponds to your payroll schedule.

Covered Period: The Covered Period is either: (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period. For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

Alternative Payroll Covered Period: For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the 24-week (168-day) period or for loans received before June 5, 2020 at the election of the borrower, the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date. For example, if the Borrower is using a 24-week Alternative Payroll Covered Period and received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, October 10. Borrowers that elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to "the Covered Period or the Alternative Payroll Covered Period." However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to "the Covered Period" only. In no event may the Alternative Payroll Covered Period extend beyond December 31, 2020.

If Borrower Received PPP Loans in Excess of \$2 Million: Check the box if the Borrower, together with its affiliates (to the extent required under SBA's interim final rule on affiliates ([85 FR 20817](#) (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

Forgiveness Amount Calculation (see Summary of Costs Eligible for Forgiveness below):

Line 1: Enter total eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period. To calculate these costs, sum the following:

Cash Compensation: The sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154 for purposes of this 3508EZ. You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll Covered Period and whose principal place of residence is in the United States.

Employee Benefits: The total amount paid by the Borrower for:

1. Employer contributions for employee health insurance, including employer contributions to a self-insured, employer-sponsored group health plan, but excluding any pre-tax or after-tax contributions by employees. Do not add employer health insurance contributions made on behalf of a self-employed individual, general partners, or owner-employees of an S-corporation, because such payments are already included in their compensation.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees. Do not add employer retirement contributions made on behalf of a self-employed individual or general partners, because such payments are already included in their compensation, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.
3. Employer state and local taxes paid by the borrower and assessed on employee compensation (e.g., state unemployment insurance tax), excluding any taxes withheld from employee earnings.

Owner Compensation: Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower. For an 8-week Covered Period, this amount is capped at 8/52 of 2019 compensation (up to \$15,385).

Line 2: Enter the amount of business mortgage interest payments paid or incurred during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.



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Line 3: Enter the amount of business rent or lease payments paid or incurred for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.

Line 4: Enter the amount of business utility payments paid or incurred during the Covered Period, for business utilities for which service began before February 15, 2020.

NOTE: For lines 2-4, you are not required to report payments that you do not want to include in the forgiveness amount.

Line 5: Add lines 1 through 4, enter the total.

Line 6: Enter the PPP Loan Amount.

Line 7: Divide the amount on line 1 by 0.60, and enter the amount. This determines whether at least 60% of the potential forgiveness amount was used for payroll costs.

Line 8: Enter the smallest of lines 5, 6, or 7. Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.

Summary of Costs Eligible for Forgiveness:

Borrowers are eligible for loan forgiveness for the following costs:

1. **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the 24-week (168-day) or 8-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"). Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction. Payroll costs are considered incurred on the day that the employee's pay is earned. Payroll costs incurred but not paid during the Borrower's last pay period of the Covered Period (or Alternative Payroll Covered Period) are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period (or Alternative Payroll Covered Period). For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. Count payroll costs that were both paid and incurred only once. For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 ([85 FR 20811](#)), as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020). Include only payroll costs for employees whose principal place of residence is in the United States.
2. **Eligible nonpayroll costs.** Nonpayroll costs eligible for forgiveness consist of:
 - (a) covered mortgage obligations: payments of mortgage interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
 - (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments"); and
 - (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020 ("business utility payments").

An eligible nonpayroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.



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Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application Form 3508EZ

PPP Loan Forgiveness Calculation Form 3508EZ

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.
- d. If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments

Documents that Each Borrower Must Maintain but is Not Required to Submit

Documentation supporting the certification that annual salaries or hourly wages were not reduced by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period relative to the period between January 1, 2020 and March 31, 2020. This documentation must include payroll records that separately list each employee and show the amounts paid to each employee during the period between January 1, 2020 and March 31, 2020, and the amounts paid to each employee during the Covered Period or Alternative Payroll Covered Period.

Documentation regarding any 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, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.

Documentation supporting the certification, if applicable, that 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). This documentation must include payroll records that separately list each employee and show the amounts paid to each employee between January 1, 2020 and the end of the Covered Period.

Documentation supporting the certification, if applicable, that 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. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.

All records relating to the Borrower's PPP loan, including documentation submitted with its 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. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.