



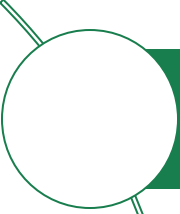
PPP 3508 EZ Forgiveness Form Training

Brought to you by SBA's West Virginia District Office

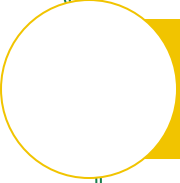
We will begin promptly at 12 pm EDT. Please mute your line upon entrance.

*Information provided during the training is not intended to be legal advice.
This is an education overview of the information as we understand it currently.*

Housekeeping Items



Thank you for joining! This session is not being recorded but a pdf version of the presentation has been emailed to you.



Please mute your lines. If you are having trouble hearing, please check the volume on your computer.



Submit your questions in the chat function.



Company specific, Lender questions and those we are unable to answer can be sent to wvinfo@sba.gov.

Email Updates

**Subscribe to SBA
email updates**



www.sba.gov/updates

Important Contact Information

SBA Office

- www.sba.gov/wv
- wvinfo@sba.gov

PPP FAQ & Interim Final Rule

- www.sba.gov
- www.treasury.gov

SBA Disaster Program Information

- www.sba.gov/disaster
- (800) 659-2955

Paycheck Protection Program Loan Forgiveness Application 3508 EZ Form



Paycheck Protection Program

EZ Forgiveness Application & Instructions

Application

1. Basic Info & Calculations
2. Certifications
3. Demographic Info

Instructions

1. Checklist of Who Can Use EZ Form (1)
2. Basic Information (1-2)
3. Forgiveness Calculation (2-3)
4. Documents to Submit and Documents to Maintain (4)

The image shows a screenshot of the 'EZ Forgiveness Application' form. The form is titled 'Paycheck Protection Program (PPP) Loan Forgiveness Application Form (4247-01)' and is dated '2020 Revised by SBA and EPC'. It is a multi-section form with various fields for input. The sections include: 'Business Information', 'PPP Loan Information', 'Application of First of Loan Application', 'Application of First of Forgiveness Application', 'Payroll Information', 'Payroll Reductions', 'Program Interest Calculation', 'Payroll Categories', and 'Payroll Information'. The form is designed to be filled out by the borrower or a representative of the business.

Who can use the 3508 EZ Form?

The application can be found at www.sba.gov and www.treasury.gov.

To be eligible to use the 3508 EZ Form, you must be able to select one of three follow criteria:

**Sole Proprietor
with no
Employees**

**CERTIFY
Did not reduce
wages more than
25%
AND
did not reduce
employees or
average paid
hours.**

**CERTIFY
Did not reduce
wages more than
25%
AND
unable to
operate due to
requirements
from HHS, CDC,
or OSHA.**

Source: www.sba.gov and www.treasury.gov

Box 2 and Box 3

Salary Reduction Limit	
Box 2	Box 3
No FTE Reduction	Unable to Reopen

Salary Reduction Limit

- No more than 25% for any employee.
- List of each employee and show
 - Amount paid to each employee during 1st quarter of 2020
 - Amount paid to each employee during covered
- See page 4 of Instructions.

Staff	Covered Period Average Wage	1st Quarter 2020 Average Wage	Covered Period ÷ 1st Q
Kim	\$15.00	\$15.00	1.00
Nikki	\$15.00	\$20.00	0.75
Melissa	\$15.00	\$15.00	1.00
Leo	\$10.00	\$12.00	0.83

Box 2: Did Not Reduce FTE

Box 2

- Did not reduce number of employees
- Did not reduce the number of average paid hours
- Average # FTE Employees on Jan 1 and at end of Covered Period
 - Ignore reductions if
 - Unable to rehire; and,
 - Unable to hire qualified replacements; or
 - Employee refused restored hours.

Covered Period	Weekly Avg Hours	Avg FTE	Electing Simplified Method?
Employee 1	26.25	0.66	1.00
Employee 2	30.00	0.75	1.00
Employee 3	27.50	0.69	1.00
Employee 4	-	-	-
	36.67	2.09	3.00

1 st Quarter	Weekly Avg Hours	Avg FTE	Electing Simplified Method?
Employee 1	39.58	0.99	1.00
Employee 2	39.58	0.99	1.00
Employee 3	36.67	0.92	1.00
Employee 4	36.67	0.92	1.00
	38.13	3.81	4.00

See Instructions Page 4.

Box 3: Unable to Return to Activity

Box 3

- Borrowers unable to return to activity at/before Feb 15; and,
- Due to compliance with guidance from HHS, CDC, OSHA; and,
- Related to worker or customer safety requirements.

- [OSHA Guidance on Returning to Work](#)
- [OSHA Hazard Recognition](#)
- [OSHA Standards Covid-19](#)
- [CDC Interim Guidance for Businesses and Employers](#)
- [CDC How to Protect Your Small Business & Employees](#)
- [CDC People Who Need to Take Extra Precautions](#)



See Instructions Page 4.

3508 EZ Application - Page 1

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Same Info As Application Form		Same Info As Application Form	
Business Address		Business TIN (EIN, SSN)	Business Phone
Same Info As Application (unless changed)			() -
		Primary Contact	E-mail Address

SBA PPP Loan Number: 00000000-01

Lender PPP Loan Number: Lender Loan # [or SBA #]

PPP Loan Amount: _____

PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: SBA will deduct.

EIDL Application Number: 3300000000

Covered Period & Payroll Schedules

Covered Period begins when \$ is disbursed

Alternative Covered Period begins on the first day of the next pay period after disbursement.

- Only available for Weekly & Biweekly pay periods.

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

Forgiveness Amount Calculation

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

60%

Line 1. Payroll Costs:

Line 2. Business Mortgage Interest Payment

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

Eligible Payroll Costs for Employees

Line 1 Payroll Costs (See Page 2 of Instructions):

1. Cash Compensation
 - Salary/Wages
 - Hazard/bonus pay
 - Commissions
 - Cash Tips
2. Paid Leave (Vacation, Parental, Family, Medical, or Sick Leave)
 - No Families First Coronavirus Response Act
3. Group Health Care Coverage (includes dental and vision)
 - Includes employer contribution to self-insured employer-sponsored plan
 - No pre-tax or after-tax contributions by employees
4. Retirement
 - No pre-tax or after-tax contributions by employees
5. State & Local Employment Taxes

Do not include employer contributions for federal employment taxes.

Employee Cash Compensation Caps



The \$15,385 comes from $(\$100K / 52 \text{ weeks}) \times 8 \text{ weeks}$

The \$46,154 comes from $(\$100K / 52 \text{ weeks}) \times 24 \text{ weeks}$

Owner/Employees Compensation Caps

Lesser of...

**8 weeks =
\$15,385**

**24 weeks =
\$20,833**

**2.5 x 2019
Mo Ave**

**2.5 x 2019
Mo Ave**

Applies to anyone who has 5% stake or more. See IFR 8/24/2020.

Owner/Employees: What Not to Include

	Retirement	Health	Dividends
Schedule C	✗	✗	
Partner	✗	✗	✗
C-Corp	✓	✓	✗
S-Corp	✓	✗	✗

See page 2 of Instructions.

Payroll Documentation to Submit

Required to Submit (Instructions pg. 4)

1. Bank account statements or 3rd party Payroll Service reports
2. 941 Reports
3. State & Local employee wage reports
4. Health insurance and Retirement paid
 - Account statements & receipts; or
 - Invoices & cancelled checks

Forgiveness Amount Calculation

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

60%

Line 2. Business Mortgage Interest Paymer

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

40%

Non-Payroll Costs

Line 2

Interest on mortgage

Line 3

Business rent/lease

Line 4

Utility Payments

Electricity Gas Water Telephone Internet Transportation

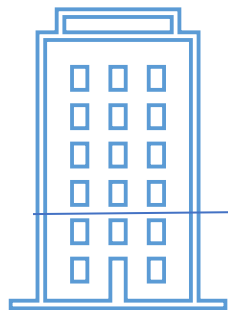
See page 2 and 3 of Instructions.

*See August 4 FAQs for additional transportation costs.

Nonpayroll Costs and Tenants

- Nonpayroll costs may not include amount attributable to the business operation of a tenant or sub-tenant.

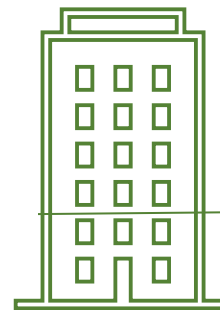
Lease



75% Rent
25% Sublease

75% rent eligible for forgiveness.

Mortgage



75% FMV
25% FMV

75% of FMV for forgiveness.

Non-Payroll Documentation to Submit

Interest on mortgage obligations

1. Account Statements
 - Feb 2020 and Covered Period and one month afterwards; or
2. Amortization schedule & receipts/cancelled checks

Business rent/lease for real or personal property

1. Account Statements
 - Feb 2020 and Covered Period and one month afterwards; or
2. Lease Agreement and receipts/cancelled checks

Utility payments

1. Account Statements
2. Invoices Feb 2020 and Covered Period
 - Receipts/Cancelled Checks/Account Statements

See page 4 of Instructions.

Forgiveness Calculations

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: **Payroll + Nonpayroll**

Line 6. PPP Loan Amount: **PPP Loan Amount**

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): **Payroll ÷ .60**

Forgiveness Amount

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

Forgiveness Calculations

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

\$50,000

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

\$100,000

Line 6. PPP Loan Amount:

\$100,000

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

\$83,333

Forgiveness Amount

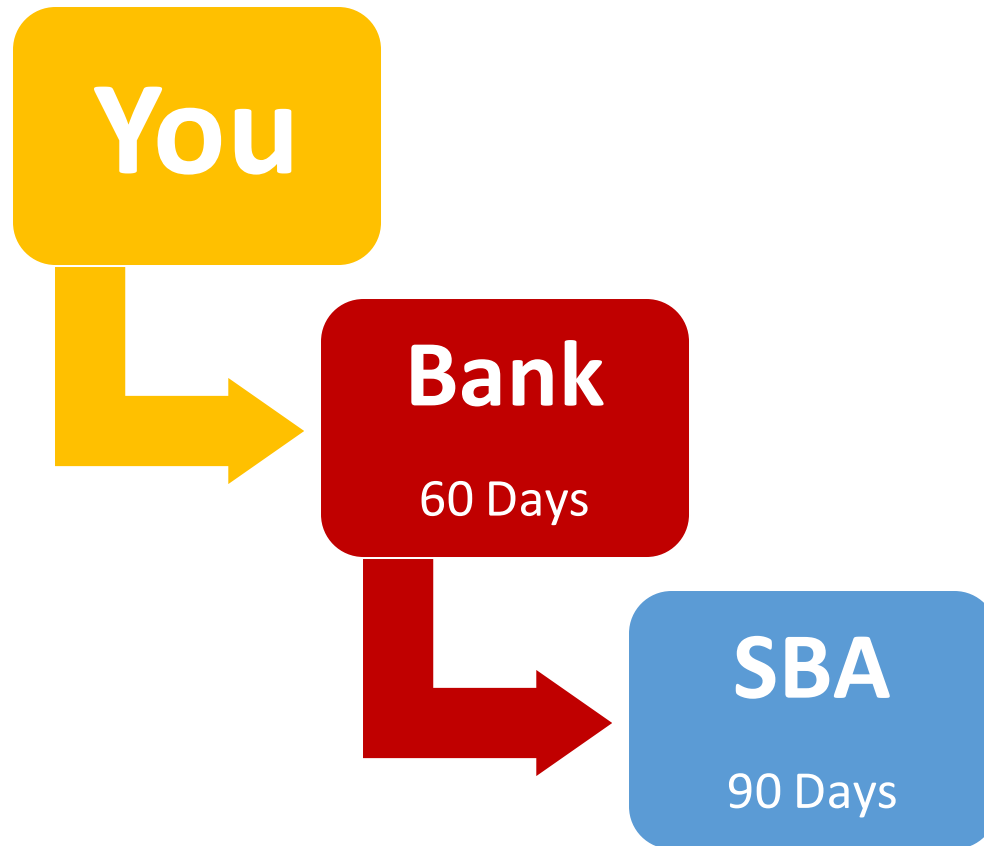
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

\$83,333

Your Lender Will...

1. Confirm receipt of the borrower application and certifications
2. Confirm receipt of the documentation
3. Confirm calculations on Lines 1, 2, 3, and 4
4. Confirm the correct calculation on Line 7
5. Lender will then upload to SBA
 - SBA Form 3508EZ (pages 1 and 2)
 - PPP Borrower Demographic Information Form (page 3 if provided)

Process for Loan Forgiveness



If PPP is reviewed by SBA (i.e. over \$2M), the process may be different.

How can Sole Proprietors document “pay?”

- Bank account statements documenting the amount of cash compensation paid.
- Show transfer from business account to personal account.
- Account for expenses if single statement.
- Have your 2019 Schedule C on hand just in case.
- Remember compensation caps!



FAQs

When Can I Ask for Forgiveness?

1. Lender notifies.
2. Funds have been expended (7-24 weeks).
3. Before Deferment Ends– within 10 months from last day of covered period.



