



U.S. Small Business
Administration

PPP Loan FORGIVENESS

What We Know Now Part 2




GREYLOCK
FEDERAL CREDIT UNION



If you have questions,
please use your chat box function.



Questions



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Your Presenters Today



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PPP Flexibility Act

Lowers the requirements from 75% to 60% of loan to be used for payroll costs for full forgiveness

Eligible for partial loan forgiveness if at least 60% of the loan forgiveness amount is used for payroll costs during the forgiveness covered period

Extends the deferral period to 10 months after the end of your 24-week covered period
(or the date that SBA remits the borrower's loan forgiveness amount to the lender)



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PPP Flexibility Act

Increases the maturity of new PPP loans to 5 years
(for loans approved by SBA on or after June 5, 2020)

Provides new Safe Harbor deadline(s) of
December 31, 2020 (Last date on which a PPP
loan application can be approved is still June 30)

Extends the covered period for loan forgiveness from 8
weeks to 24 weeks after the date of loan disbursement



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PPP Forgiveness Process

Loan

1

- Borrower completes form 3508/3508EZ, or equivalent, and submits it to their lender

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- The lender reviews the application/documentation and submits a decision to the SBA within 60 days of receipt of complete application (requesting payment for the forgiveness amount of the loan)

3

- SBA will remit the forgiveness amount to the lender within 90 days

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PPP Forgiveness Process

Loan



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- If the borrower received an EIDL advance amount, SBA will deduct this from the total forgiveness amount

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- Fixed interest rate, subject to PPP loan payment

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Eligible Payroll Costs



Payroll costs paid or incurred during the covered period are eligible for forgiveness

Salary, wages, commission, or similar compensations up to the \$100,000 cap pro-rated for the covered period (for 24 weeks, a maximum of \$46,154 per individual, or for eight weeks, a maximum of \$15,385 per individual (non-owner employees)). *Borrowers may also include estimated tips, bonuses and hazard pay as a form of eligible compensation subject to the cap*

Owner employees are capped by 2.5 months worth of their 2019 employees cash compensation, employer retirement and **health care contributions*** (8 weeks worth, or \$15,385 if choosing 8 week period or \$20,833, whichever is less)

*This is correct for C-Corp owner-employees, but S-Corp owner-employees can only add retirement contributions, because health insurance contributions are already included in cash compensation

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Eligible Payroll Costs



Self-employed individuals are limited to 8/52 or \$15,385 if choosing 8 week period of 2019 net income – or \$20,833, whichever is less

General partners are calculated based on their 2019 net earning from self-employment (reduced by Section 179 expense, unreimbursed partnership expenses, and depletion from oil and gas properties) and multiplied by 0.9235

Payment for vacation, parental, family, medical, or sick leave

Payment for employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state & local taxes assessed on compensation

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Ineligible Payroll Costs



Retirement or health insurance contribution* for **self-employed individuals or general partners** are not eligible for forgiveness

* S-Corp owner-employees may include only employer retirement contributions on their behalf, but not health insurance contributions.

Eligible *Non-Payroll* Costs

- All obligations and services must have been in place prior to 2/15/2020
- Interest expenses on real or personal property (no principal payments)
 - Rent or lease payments on real or personal property
 - Utility costs
- If costs were paid (or incurred) during the covered period and paid on or before the next billing date, they are eligible
 - Covered period begins at loan disbursement and extends 24 weeks



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Eligible *Non-Payroll* Costs

- Costs can include past months payments if paid during the covered period
 - Cannot include prepayment of services beyond the covered period
- Non-payroll costs are limited to 40% of the forgiveness amount of the loan
 - Can not include any prepayments

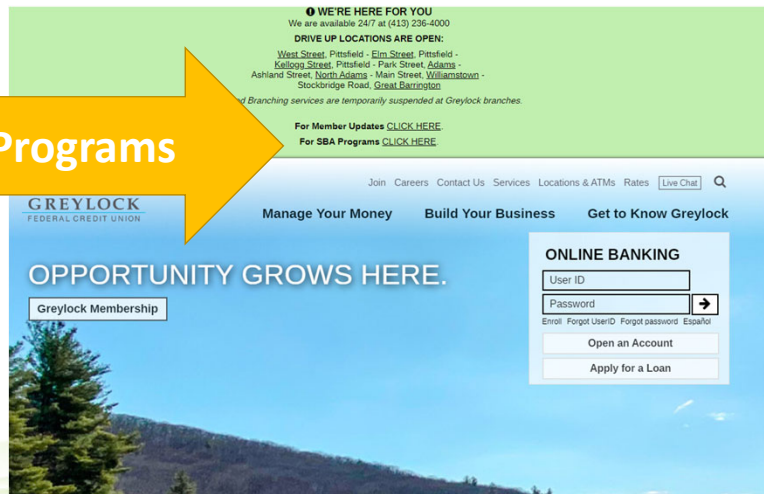


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Applications at www.Greylock.org

SBA Programs



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PPP FORGIVENESS

To apply for forgiveness of your Paycheck Protection Program (PPP) loan, you the Borrower must complete this application as directed (on the application), and submit it to your Lender who is servicing your PPP loan.

This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.

QUESTIONS?

Call our Paycheck Protection Program Helpline (413) 236-4041

HELPFUL LINKS

- [Interim Final Rule for Loan Forgiveness](#)
- [Video: PPP Loan Forgiveness- What We Know So Far](#)
- [SBA Paycheck Protection Program details](#)

SBA U.S. Small Business Administration






[PPP Forgiveness Instructions](#)

[Sole Proprietor: PPP Forgiveness Instructions](#)

[PPP Forgiveness Application](#)

[Sole Proprietor: PPP Forgiveness Application](#)

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Questions




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