



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508S Revised July 30, 2021

together with their affiliates received First Draw PPP Loans totaling \$2 million or more or Second Draw PPP Loans totaling \$2 million or more must adjust their “Requested Loan Forgiveness Amount” due to statutory requirements concerning reductions in either full-time equivalent employees or employee salary and wages. Such a Borrower is not subject to any reductions if the Authorized Representative of the Borrower can attest (1) that the Borrower did not reduce annual salaries or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period, and (2) that either (a) 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 or (b) 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 (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, 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 the Borrower does not satisfy these requirements and is potentially subject to reductions in its Requested Loan Forgiveness Amount, the Borrower must follow SBA Form 3508 and its instructions to calculate its Requested Loan Forgiveness Amount. The Borrower is not required to submit the Form 3508 or any related documentation with this forgiveness application. However, SBA may request information and documents to review those calculations as part of its loan review and audit processes.

Borrower Responsibilities: The Borrower must comply with all requirements in the Paycheck Protection Program Rules (Sections 7(a)(36), 7(a)(37), and 7A of the Small Business Act, the PPP interim final rules, and SBA guidance issued through the date of this application), and must attest to its compliance on the Loan Forgiveness Application. Those requirements include the following:

- Requested Loan Forgiveness Amount (which may not exceed the principal amount of the PPP loan):
 - must have been used by the Borrower to pay business costs that are eligible for forgiveness (payroll costs to retain employees, business mortgage interest payments, business rent or lease payments, business utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, or covered worker protection expenditures) during the Covered Period;
 - must include payroll costs equal to at least 60% of the Requested Loan Forgiveness Amount;
 - for any owner-employee (with an ownership stake of 5% or more) or self-employed individual/general partner, must not exceed 2.5 months’ worth of compensation received during the year used to calculate the PPP loan amount, capped at \$20,833 per individual in total across all businesses; and
 - for loans of more than \$50,000 and loans of \$50,000 or less to Borrowers that together with their affiliates received First Draw PPP Loans totaling \$2 million or more or Second Draw PPP Loans totaling \$2 million or more, must meet the requirements of either **(A)** or **(B)**: **(A)** is not subject to reductions because the Borrower did not reduce annual salaries or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period *and* either (1) 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 or (2) 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 (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, 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, or **(B)** the Borrower has included any required reductions as described in SBA Form 3508 and its instructions.
- The Borrower must accurately calculate the Requested Loan Forgiveness Amount and verify the payments for the eligible costs included in it.
- If the loan forgiveness application is being submitted for a Second Draw PPP Loan, the Borrower must comply with all revenue reduction documentation requirements and must have used all First Draw PPP Loan amounts on eligible expenses prior to disbursement of the Second Draw PPP Loan.

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.

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

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the 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:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and



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- 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 group health, life, disability, vision or dental insurance and retirement plans that the Borrower included in the Requested Loan Forgiveness Amount.

Nonpayroll: For categories a-c, documentation verifying existence of the obligations/services prior to February 15, 2020 and, for all categories, 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.
- d. 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.
- e. Covered property damage costs: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those 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 such costs were not covered by insurance or other compensation.
- f. Covered supplier costs: Copy of contracts, orders, or purchase orders in effect at any time before the Covered Period (except for perishable goods), copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.
- g. Covered worker protection expenditures: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments, and documentation that the expenditures were used by the Borrower to comply with applicable COVID-19 guidance during the Covered Period.

Other 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 its eligibility for a PPP loan (including the Borrower's revenue reduction certification for a Second Draw PPP Loan, if applicable), documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements.

Records Retention Requirement: The Borrower must retain all employment records/payroll documentation in its files for four years and all other documentation for three years after the date the loan forgiveness application is submitted to the lender, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request. The Borrower must provide documentation independently to a lender to satisfy relevant Federal, State, local or other statutory or regulatory requirements or in connection with an SBA loan review or audit.