



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

PPP LOAN FORGIVENESS APPLICATION FORM 3508S INSTRUCTIONS FOR BORROWERS

In accordance with the instructions below and as directed by your Lender, you (the Borrower) can apply for forgiveness by **completing this SBA Form 3508S electronically in SBA's Paycheck Protection Platform (SBA Platform) or by completing and submitting this SBA Form 3508S (or lender's equivalent form) to your Lender** (or the Lender that is servicing your loan).

You can apply for forgiveness of your First or Second Draw Paycheck Protection Program (PPP) Loan using this SBA Form 3508S only if the loan amount you received from your Lender was \$150,000 or less for an individual First or Second Draw PPP Loan. If you are not eligible to use this form, you must apply for forgiveness of your PPP loan using SBA Form 3508 or 3508EZ (or lender's equivalent form). Each PPP loan must use a separate loan forgiveness application form. You cannot use one form to apply for forgiveness of both a First and Second Draw PPP loan.

SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. SBA Form 3508S does not require borrowers to show the calculations used to determine their loan forgiveness amount. However, SBA may request information and documents to review those calculations as part of its loan review or audit processes.

If this forgiveness application is being submitted for a First Draw PPP Loan approved on or before August 8, 2020 and you are required to submit an SBA Form 3508D disclosure of a controlling interest, that disclosure must be submitted to the Lender or through the SBA Platform not later than 30 days after submission of this loan forgiveness application. See subsection B.16 of SBA's interim final rule posted on January 6, 2021 (86 FR 3692), as amended.

If this forgiveness application is being submitted for a Second Draw PPP Loan and you did not previously submit to your Lender documentation supporting the revenue reduction certification on your loan application, additional steps may be required. A COVID Revenue Reduction Score (score) will be assigned to your PPP Loan to determine if you are required to provide additional documentation supporting your revenue reduction certification. If you are applying for forgiveness through the SBA Platform, you will be automatically prompted for documentation when the score associated with your PPP Loan requires it. If you are applying for forgiveness through your Lender, you will be advised by your Lender when the score requires you to provide documentation supporting your revenue reduction certification, if not previously submitted.

If your Lender has directed you to complete this forgiveness application electronically through the SBA Platform, you must first successfully register for an account with the SBA Platform. If the SBA Platform cannot validate your identity (if, for example, there has been an unreported change of ownership), you will not be able to use the SBA Platform and instead must submit your forgiveness application directly to your Lender. You must complete all required fields, initial all representations and certifications, sign the form, and, if required, upload revenue reduction documentation to complete submission of the application in the SBA Platform. Your forgiveness application must be completed, signed, submitted and accepted by the SBA Platform in order to continue the deferment of your loan. You will receive a confirmation when the SBA Platform has accepted your forgiveness application. If you do not receive a confirmation, your loan will no longer be deferred beginning ten months after the end of the Covered Period, unless you submit a forgiveness application to your Lender before the end of the deferment period.

After your forgiveness application is accepted by the SBA Platform, your Lender will be notified by the SBA Platform. Your Lender has 60 days from the date of notice to review your forgiveness application and supporting documentation (if applicable) and issue a forgiveness decision to SBA through the SBA Platform. Upon issuance of the Lender's forgiveness decision, SBA has 90 days, subject to any review of the loan or loan application, to make a forgiveness remittance to the Lender, if appropriate. By submitting your forgiveness application through the SBA Platform (if applicable), you are authorizing SBA to share all information and documentation you have submitted with your Lender. If you have already submitted a forgiveness application to your Lender, do not submit a duplicate forgiveness application through the SBA Platform.

If you are completing your forgiveness application through the SBA Platform, SBA will prepopulate certain data fields as noted below on your electronic Form 3508S with the information in SBA's Electronic Transmission (E-TRAN) system of record. If you are unable to confirm to SBA that your records agree with all of the pre-populated data fields, you must apply for forgiveness of your PPP loan through your Lender.

If you are submitting your forgiveness application through your Lender, you must complete all of the data fields on the form. Additionally, if you are completing your forgiveness application through the SBA Platform, you must complete all data fields that are not pre-populated.

Business Legal Name ("Borrower")/DBA or Tradename (if applicable)/Business TIN (EIN, SSN, ITIN): Enter the same information as on your Borrower Application Form (SBA Form 2483, SBA Form 2483-SD, SBA Form 2483-C, SBA Form 2483-SD-C, or lender's equivalent). This field will be pre-populated if you are using the SBA Platform.

Business Address/NAICS Code/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. The NAICS Code entered must match the business activity code provided on your IRS income tax filings, if applicable. This field will be pre-populated if you are



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using the SBA Platform. If you have had a change in address or contact information, you will not be able to use the SBA Platform to submit your forgiveness application.

First Draw PPP Loan or Second Draw PPP Loan: Select the box that describes the PPP loan that this forgiveness application is for. If you only have one PPP loan, select First Draw PPP Loan. This field will be pre-populated if you are using the SBA Platform.

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. This field will be pre-populated if you are using the SBA Platform.

Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender. This number is not required for direct forgiveness workflow.

PPP Loan Amount: Enter the original disbursed principal amount of the PPP loan (the original loan amount you received from the Lender). This field will be pre-populated if you are using the SBA Platform.

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. If you received an authorized increase on your First Draw PPP Loan after December 27, 2020, you must enter the date on which you received the original disbursement of your PPP loan proceeds. This field will be pre-populated if you are using the SBA Platform.

Amount of PPP Loan Increase: Enter the disbursed amount of an authorized increase on your First Draw PPP Loan received after December 27, 2020 (if applicable). This field will be pre-populated if you are using the SBA Platform.

Date of PPP Loan Increase: Enter the date that you received the proceeds of the authorized increase on your First Draw PPP Loan from the Lender (if applicable). This field will be pre-populated if you are using the SBA Platform.

The following fields must be completed by the Borrower regardless of forgiveness application submission method:

Employees at Time of Loan Application: Enter the total number of employees (including owners/partners) at the time of the PPP loan application.

Employees at Time of Forgiveness Application: Enter the total number of employees (including owners/partners) at the time the Borrower is applying for loan forgiveness.

Covered Period: 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. For example, if the Borrower received their PPP loan proceeds on Monday, April 20, 2020, the first day of the Covered Period is Monday, April 20, 2020, and the final day of the Covered Period is any date selected by the Borrower between Sunday, June 14, 2020, and Sunday, October 4, 2020.

Amount of Loan Spent on Payroll Costs: Borrowers are generally eligible for forgiveness for the payroll costs paid and payroll costs incurred during the Covered Period. To calculate eligible payroll costs incurred or paid during the Covered Period, add Cash Compensation, Employee Benefits, and Owner Compensation, as follows:

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. Do not include qualified wages taken into account in determining (a) the Employee Retention Credit under section 2301 of the CARES Act, as amended by sections 206 and 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020; (b) the Employee Retention Credit under section 3134 of the Internal Revenue Code of 1986, as enacted by the American Rescue Plan Act of 2021; and (c) the disaster credit under section 303 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020. 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 example, for an 8-week Covered Period, the maximum is \$15,385; for a 24-week Covered Period, the maximum is \$46,154. You can only include compensation of employees who were employed by the Borrower at any point during the 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 group health, life, disability, vision, or dental 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 contributions for these benefits 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. Additionally, do not add premiums for COBRA continuation coverage taken into account in determining the credit under section 6432 of the Internal Revenue Code of 1986.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by



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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.

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: Any amounts the Borrower paid to owners (owner-employees (with an ownership stake of 5% or more), a self-employed individual, or general partners). For each individual owner in total across all businesses, this amount is capped at (a) \$20,833 (the 2.5-month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the individual's applicable compensation in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower. If Borrower applied for the loan using SBA Form 2483-C or 2483-SD-C, owner compensation includes proprietor expenses (business expenses plus owner compensation). Proprietor expenses equal the difference between the Borrower's gross income and employee payroll costs. The Borrower's proprietor expenses are capped at (a) \$20,833 (the 2.5-month equivalent of \$100,000 per year), or (b) the 2.5-month equivalent of the borrower's gross income in the year that was used to calculate the loan amount (2019 or 2020), whichever is lower.

Payroll costs are considered paid on the day that paychecks are distributed or that 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 are eligible for forgiveness if paid on or before the next regular payroll date. Otherwise, payroll costs must be paid during the Covered Period. Count payroll costs that were both paid and incurred only once. Include only payroll costs for employees whose principal place of residence is in the United States. For information on what qualifies as payroll costs, see SBA's interim final rule posted on January 6, 2021 (86 FR 3692), as amended by SBA's interim final rule posted on March 18, 2021 (86 FR 15083). For information on what qualifies as payroll costs for a Borrower that applied for the loan using SBA Form 2483-C or 2483-SD, see SBA's interim final rule on loan amount calculation and eligibility posted on March 3, 2021 (86 FR 13149), as amended by SBA's interim final rule posted on March 18, 2021 (86 FR 15083).

Requested Loan Forgiveness Amount: Enter the total amount of your PPP loan that is eligible for loan forgiveness. This amount is the "Amount of Loan Spent on Payroll Costs" plus any amount spent on eligible nonpayroll costs (described below) minus any required reductions (described below), up to the principal amount of the PPP loan.

Nonpayroll Costs: Eligible nonpayroll costs 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");
- 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");
- d. covered operations expenditures: payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting of tracking of supplies, inventory, records, and expenses;
- e. covered property damage costs: costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that were not covered by insurance or other compensation;
- f. covered supplier costs: expenditures made to a supplier of goods for the supply of goods that are essential to the operations of the Borrower at the time at which the expenditure is made, and made pursuant to a contract, order, or purchase order in effect prior to the beginning of the Covered Period (for perishable goods, the contract, order, or purchase order may have been in effect before or at any time during the Covered Period); and
- g. covered worker protection expenditures: operating or capital expenditures that facilitate the adaptation of the business activities of an entity to comply with the requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period starting March 1, 2020 and ending on the date on which the national emergency declared by the President with respect to the Coronavirus Disease 2019 (COVID-19) expires related to maintenance standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, but does not include residential real property or intangible property.

Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount. An eligible nonpayroll cost must be either 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. Count nonpayroll costs that were both paid and incurred only once.

FTE and Salary/Wage Reductions: Borrowers that received a PPP loan of more than \$50,000 and Borrowers of \$50,000 or less that together with their affiliates received First Draw PPP Loans totaling \$2 million or more or Second Draw PPP Loans totaling \$2



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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):
 - o 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;
 - o must include payroll costs equal to at least 60% of the Requested Loan Forgiveness Amount;
 - o 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
 - o 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
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.



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- 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.



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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.