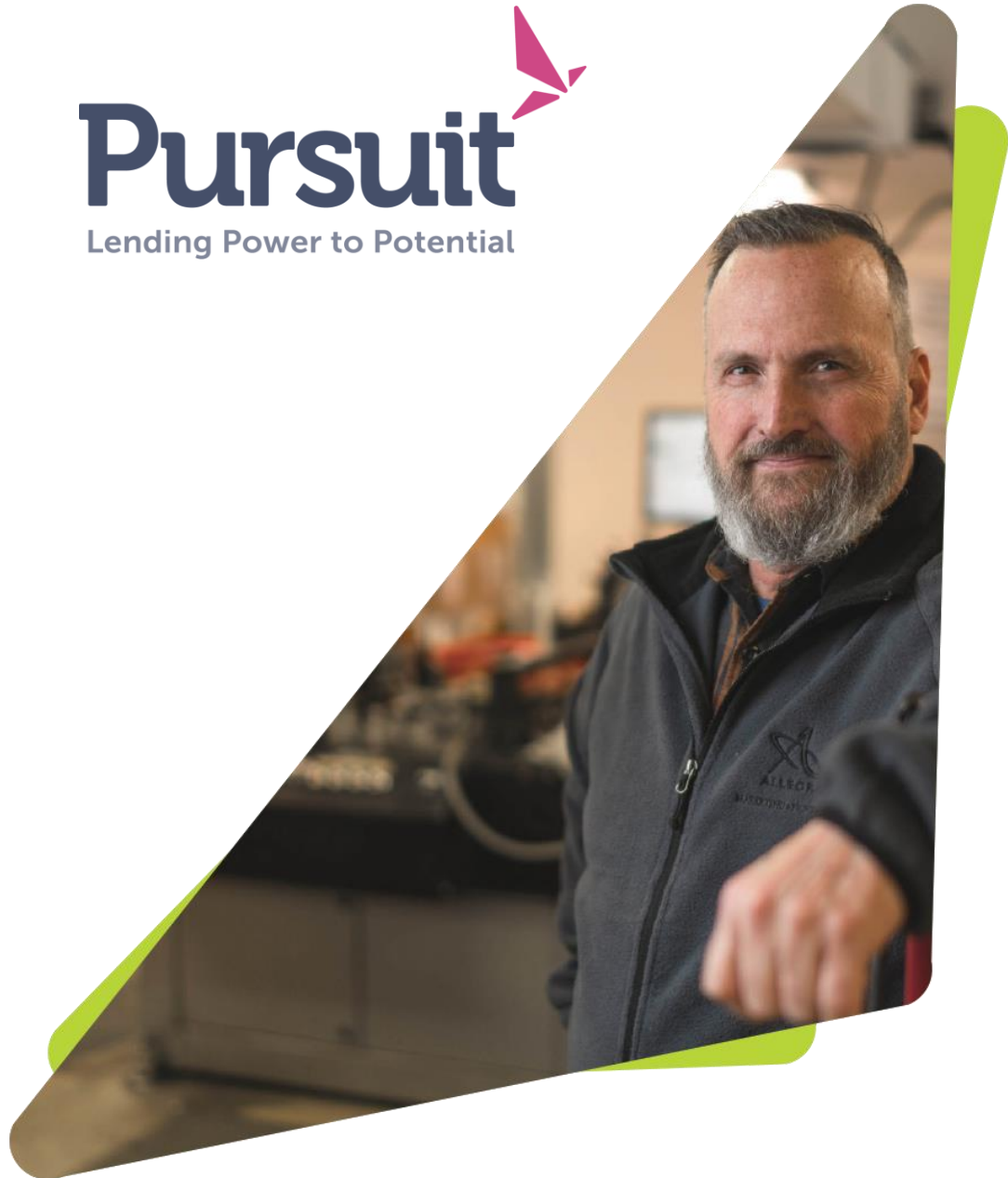




PPP Loan Program Updates: Your Top Loan Forgiveness Questions, Answered

What we'll cover & how it works

- We're answering your questions!
- More than 150 questions submitted
- We're featuring the most frequent and helpful questions
- We can't get to all your questions – check our FAQ frequently as we're always updating it



About us

- Community-focused lender 100% invested in our borrowers' success
- 65+ year history of offering innovative lending solutions to help business owners achieve their dreams
- Provides a streamlined path to business funding—borrowers can directly access 15+ loan programs through a single lender



Q: What are the first steps I should take before applying for loan forgiveness?

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A: Read and review all materials, including the SBA application and instructions. Pursuit has all this available on our website, including numerous FAQs.

<https://pursuitlending.com/resources/ppp-loan-forgiveness-guide/>

<https://pursuitlending.com/wp-content/uploads/2020/06/SBA-Form-3508-Forgiveness-EZ.pdf>

<https://pursuitlending.com/wp-content/uploads/2020/06/SBA-Form-3508-Forgiveness-EZ-Instructions.pdf>

<https://pursuitlending.com/resources/ppp-forgiveness/>



Q: I received funding for my PPP loan prior to the forgiveness period being extended to 24 weeks (loans approved before June 5th). Do I need to actively request to extend the forgiveness period from 8 weeks to 24 weeks or is the period automatically extended?

Q: I received funding for my PPP loan prior to the forgiveness period being extended to 24 weeks (loans approved before June 5th). Do I need to actively request to extend the forgiveness period from 8 weeks to 24 weeks or is the period automatically extended?

A: No – the change in the forgiveness period from 8 weeks to 24 weeks is retroactive so **ALL** loans can utilize the extended forgiveness period. There is nothing needed to be done by the borrower to qualify for the 24 week forgiveness period.



Q: When should I start uploading my documents for loan forgiveness?

Q: When should I start uploading my documents for loan forgiveness?

A: There is no requirement to upload documents until you formally apply for loan forgiveness. We have created a ShareFile folder for every borrower so they are free to upload documents at their convenience.



Q: When can I apply for loan forgiveness?

Q: When can I apply for loan forgiveness?

A: SBA has yet to release protocols on how they will be accepting forgiveness applications. Even if one were submitted to the lender, we would have no way of notifying SBA. We ask that you remain patient until we understand from SBA what format the forgiveness applications will be submitted.



Q: Where do I fill out SBA Form 3508 – Loan Forgiveness Application Form? Can I submit this to Pursuit right now?

Q: Where do I fill out SBA Form 3508 – Loan Forgiveness Application Form? Can I submit this to Pursuit right now?

A: We ask that you review SBA Form 3508 in its entirety and pay special attention to the instruction sheet. Be aware of the rules surrounding forgiveness and the steps you will take to apply for forgiveness. However, you do not need to fill out any forms at this time. We will have a simple online tool to assist you in filling out the form electronically.



Q: What documents will be required as part of the loan forgiveness application?

Q: What documents will be required as part of the loan forgiveness application?

A: You will be required to fill out SBA Form 3508 as part of the online forgiveness application. Supporting documentation (e.g. payroll records, utility statements) will be required to support the figures included on the forgiveness application.



Q: What happens if I do not meet the minimum payroll threshold of 60%? Am I still eligible for loan forgiveness?

Q: What happens if I do not meet the minimum payroll threshold of 60%? Am I still eligible for loan forgiveness?

A: Even if you do not reach the 60% payroll requirement, you are still eligible for forgiveness at a proportional amount. Let's assume you obtained a PPP loan for \$100,000. You were able to spend \$54,000 on payroll, which is only 54%, not reaching the required 60% threshold. You would still obtain forgiveness for the \$54,000 spent on payroll, plus you would be able to obtain forgiveness of up to \$36,000 of nonpayroll costs ($54\%/60\% = 90\%$... $\$40,000 * 90\% = \$36,000$). This brings your total eligibility for loan forgiveness to \$90,000, or 90% of the total loan amount.



Q: Do we use the employees net or gross pay when applying for forgiveness?

Q: Do we use the employees net or gross pay when applying for forgiveness?

A: The calculation is the same as it was for the original application and gross pay can be utilized to calculate employee payroll costs. The maximum forgivable amount per employee is \$46,154, which is an annualized figure of \$100,000.



Q: Is a reduction in hours per week considered a reduction in salary?

Q: Is a reduction in hours per week considered a reduction in salary?

A: No. A reduction in salary means a reduction in the employee's hourly rate. Working fewer hours is not considered a reduction in salary.



Q: Is forgiveness impacted if payroll costs go down during the 24-week period due to number of current payroll hours (hours vary every week)?

A: Is a reduction in hours per week considered a reduction in salary?

A: No, forgiveness is only impacted if there is more than a 25% reduction in the employee's hourly rate. Working fewer hours is not considered a reduction in salary and will not impact loan forgiveness.



Q: I am a self-employed individual. How do I calculate the owner's compensation replacement?

Q: I am a self-employed individual. How do I calculate the owner's compensation replacement?

A: The owner's compensation replacement equates to two-and-a-half months of the company's net profit in 2019 (typically reported on Line #31 of Schedule C or Line #14(a) of the K-1 of Form 1065). This is the same calculation that was used to determine the original loan amount – Net Profit / 12 * 2.5. If the business has no employees, this essentially creates automatic complete forgiveness for a self-employed individual.



Q: I am a self-employed individual. What documentation do I need to provide to prove that I have been paying myself to account for 60% of payroll?

Q: I am a self-employed individual. What documentation do I need to provide to prove that I have been paying myself to account for 60% of payroll?

A: None! The calculation is entirely based on the net profit reported in 2019. There is no additional documentation that is required. Further, a self-employed individual does not need to account for utilities, mortgage interest, or rent as the forgiveness amount will fully be obtained through the owner's compensation replacement.



Q: How does the Economic Injury Disaster Loan (EIDL) Advance impact my loan forgiveness? I was told this would not have to be repaid.

Q: How does the Economic Injury Disaster Loan (EIDL) Advance impact my loan forgiveness? I was told this would not have to be repaid.

A: The EIDL Advance does not have to be repaid. However, SBA does not allow borrowers to “double dip” and obtain a grant as part of the EIDL Advance program and receive a full grant as part of loan forgiveness. If you obtained an EIDL Advance, SBA will automatically deduct this from the loan forgiveness amount. This will result in that amount remaining as a loan with repayment required. This can be repaid in monthly installments or prepaid in full at any time.



Q: My partner and I are each 50% shareholders in our S-Corporation. What can pay ourselves from PPP?

Q: My partner and I are each 50% shareholders in our S-Corporation. What can pay ourselves from PPP?

A: Shareholders of corporations must be paid through payroll – the compensation cannot be distributions or dividends. The maximum an owner can receive as forgiveness is \$20,833 per SBA guidelines.



Q: My business is a non-profit organization. Is there anything that non-profits specifically need to know as it pertains to forgiveness?

Q: My business is a non-profit organization. Is there anything that non-profits specifically need to know as it pertains to forgiveness?

A: No, there are no differences in the loan forgiveness application or process for non-profits.



Q: If you make it to your PPP loan amount prior to 24 weeks can you submit your application for forgiveness before the end of the 24 week period?

Q: If you make it to your PPP loan amount prior to 24 weeks can you submit your application for forgiveness before the end of the 24 week period?

A: Yes, there is no requirement that you wait until the end of the 24 week period to apply. However, keep in mind that SBA has not yet opened the forgiveness for submission so there is no need to apply at this time. We encourage you to be patient and continue to focus on running your business.



It's not too late to refer business owners to PPP!

Pursuit's application is open through 7/31
pursuitlending.com/pppapply