



PPP Loan Forgiveness Application Guide

Please review Pursuit's Application Guide in its entirety before applying for loan forgiveness on your PPP loan. There are important considerations and steps to consider before you apply. This guide will outline all the steps, requirements, and documentation you need to submit a forgiveness application.

Step 1: Choose the Appropriate SBA Form **Page 2**

There are three different SBA forms for loan forgiveness. This section outlines which form your business qualifies to use to apply for forgiveness.

Step 2: Review the SBA Form and Instructions **Page 3**

Each SBA form has different requirements and instructions. No matter which form you use, SBA requires you to review specific borrower certifications before you submit the forgiveness application.

Step 3: Prepare for Forgiveness Submission **Page 4**

Please remember that you do not need to fill out the SBA form on your own – Pursuit's online portal will guide you through the form, so you only need to sign at the end.

Step 4: Pursuit's Online Portal **Page 7**

You will receive a personalized link to apply for forgiveness. This section will guide you through the section of the portal and how to fill out your forgiveness application.

Step 5: Submission of Forgiveness Application **Page 9**

We will review the forgiveness application and submit to SBA. Once we receive notice from SBA that your application has been reviewed, you will receive confirmation of the forgiveness amount.

Appendix I: SBA Definitions **Page 10**

This appendix outlines the various SBA terms and definitions as they relate to loan forgiveness, specifically all fields within the forgiveness applications and their meaning.

Appendix II: Frequently Asked Questions **Page 11**

[Here](#), you can access FAQs on the forgiveness process, SBA regulations, and other topics related to forgiveness. In addition, please visit [our website](#) for a full library of frequently asked questions.



Step 1: Choose the Appropriate SBA Form

There are three different SBA forms that can be used to apply for forgiveness.

If Your Loan is \$150,000 or Less – Use SBA Form 3508S

SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. Borrowers that use SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent (FTE) employees or in salaries or wages. SBA Form 3508S also does not require borrowers to show the calculations used to determine their loan forgiveness amount. Further, no additional document uploads are required except for this form. However, SBA may request information and documents to review those calculations as part of its loan review process.

If Your Loan is Greater Than \$150,000 – Determine if SBA Form 3508EZ Applies

For loans greater than \$150,000, borrowers have the option of using SBA Form 3508EZ or SBA Form 3508. The EZ version is much simpler to complete and most borrowers qualify to use this form. Please carefully review the regulations below to see if you qualify to apply with the EZ form.

Can you answer ‘Yes’ to **EITHER** of the statements below? If so, you qualify for the simplified **EZ** form.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period compared to the most recent full quarter before the Covered Period (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000).

AND

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 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.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period compared to the most recent full quarter before the Covered Period (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000).

AND

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.

- Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020.
- Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused.

Unable to answer ‘Yes’ to **EITHER** of these statements? You must use SBA Form 3508. You **do not** qualify to use the EZ form.



Step 2: Review the SBA Form and Instructions


Please review the SBA form you chose in Step 1 including the instruction sheet. Be sure that you understand all the rules and what you are attesting to when you apply and sign the form. Consult with your accountant, attorney, or business advisor if you have questions or concerns. Links to each of the SBA forms and the instruction sheet are below:

- **SBA Form 3508S** Loan Forgiveness Application (Simple)
- **SBA Form 3508EZ** Loan Forgiveness Application (EZ)
- **SBA Form 3508** Loan Forgiveness Application (Full)

Please note that you DO NOT need to fill out these PDF forms and submit to Pursuit. Our online portal will guide you through the preparation of the form. Reviewing these forms in advance of beginning the application in the portal will help you better understand the process.

We highly recommend that you consult your accountant, attorney, or business advisor before applying for forgiveness. These resources can provide valuable insight into the forgiveness requirements, when the most appropriate time to apply is, and how to properly document your loan forgiveness application.

Unfortunately, as your lender Pursuit cannot provide you with direct business advice or consult with you on the preparation of your forgiveness application. We hope that the resources we have provided will assist in your understanding and preparation of the forgiveness application.

 **Paycheck Protection Program** OMB Control No. 3245-0407
 PPP Loan Forgiveness Application Form 3508S Revised January 19, 2021 Expiration Date: 7/31/2021
 A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address:	NAICS Code:	Business TIN (EIN, SSN):	Business Phone:
		Primary Contact:	E-mail Address:

First Draw PPP Loan Second Draw PPP Loan (check one)

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

Covered Period: _____ to _____

If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, Check Here:

Amount of Loan Spent on Payroll Costs: _____ Requested Loan Forgiveness Amount: _____

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:
 The Authorized Representative of the Borrower certifies to all of the below by initialing next to each one.

The Borrower has complied 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 guidance issued by SBA through the date of this application), including the rules related to:

- eligible uses of PPP loan proceeds;
- the amount of PPP loan proceeds that must be used for payroll costs;
- the calculation and documentation of the Borrower's revenue reduction (if applicable); and
- the calculation of the Borrower's Requested Loan Forgiveness Amount.

Information regarding these requirements may be found in the Form 3508S Instructions and the Paycheck Protection Program Rules.


The information provided in this application is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 643 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

Following submission of this forgiveness application, the Borrower must retain all records necessary to prove compliance with Paycheck Protection Program Rules for four years for employment records and for three years for all other records. SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or in a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the Paycheck Protection Program Rules. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

Signature of Authorized Representative of Borrower _____ Date _____

Print Name _____ Title _____

 **Paycheck Protection Program** OMB Control No. 3245-0407
 PPP Loan Forgiveness Application Form 3508EZ Revised January 19, 2021 Expiration Date: 7/31/2021

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address:	NAICS Code:	Business TIN (EIN, SSN):	Business Phone:
		Primary Contact:	E-mail Address:

First Draw PPP Loan Second Draw PPP Loan (check one)

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

Covered Period: _____ to _____

If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 million or More or Second Draw PPP Loans of \$2 Million or More, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:	_____
Line 2. Business Mortgage Interest Payments:	_____
Line 3. Business Rent or Lease Payments:	_____
Line 4. Business Utility Payments:	_____
Line 5. Covered Operations Expenditures:	_____
Line 6. Covered Property Damage Costs:	_____
Line 7. Covered Supplier Costs:	_____
Line 8. Covered Worker Protection Expenditures:	_____

Potential Forgiveness Amounts

Line 9. Sum the amounts on lines 1 through 8:	_____
Line 10. PPP Loan Amount:	_____
Line 11. Payroll Cost 60% Requirement (divide Line 1 by 0.60):	_____

Forgiveness Amount

Line 12. Forgiveness Amount (enter the smallest of Lines 9, 10, and 11): _____

Step 3: Prepare the Forgiveness Submission

The next step is to prepare your forgiveness calculations and gather supporting documents. Remember, you **DO NOT** need to fill out the PDF version of the forgiveness form. Pursuit's online portal will guide you through preparation of the form. In this step we simply want you to understand how to calculate the eligible expenses and what documentation is needed to apply for forgiveness.

Payroll – Eligible Expenses

Payroll consists of Cash Compensation, Employee Benefits, and Owner Compensation. The following is the definition of eligible payroll costs.

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 or the Alternative Payroll Covered Period. 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 an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154 for purposes of this 3508S. You can only include compensation of employees who were employed by the Borrower at any point during the Covered Period or Alternative Payroll 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 health 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 employer health insurance contributions 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.
2. Employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by 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, and contributions on behalf of owner-employees are capped at 2.5 months' worth of the 2019 contribution amount.
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: Include any amounts paid to owners (owner-employees, a self-employed individual, or general partners). For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower. For an 8-week Covered Period, this amount is capped at 8/52 of 2019 compensation (up to \$15,385).

Payroll costs are considered paid on the day that paychecks are distributed or 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 (or Alternative Payroll 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 (or Alternative Payroll Covered Period). 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. Count payroll costs that were both paid and incurred only once. For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811), as amended by the Revisions to First Interim Final Rule, posted on June 11, 2020 (85 FR 36308)). Include only payroll costs for employees whose principal place of residence is in the United States.

Payroll – Documentation Requirements

Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consist 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 or the Alternative Payroll 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.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.

Mortgage Interest

Eligible Expenses: Eligible mortgage interest includes 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.

Documentation Requirements: 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.

Business Rent or Lease

Eligible Expenses: Business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020.

Documentation Requirements: 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.

Utility Payments

Eligible Expenses: Business payments for a service for the distribution of electricity, gas, water, telephone, or internet access for which service began before February 15, 2020.

Documentation Requirements: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

Operations Expenditures

Eligible Expenses: Business 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 or tracking of supplies, inventory, records and expenses.

Documentation Requirements: Copy of invoices, orders, or purchase orders paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

Property Damage Costs

Eligible Expenses: Costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.

Documentation Requirements: 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.

Supplier Costs

Eligible Expenses: Expenditures made by a borrower to a supplier of goods for the supply of goods that—(A) are essential to the operations of the borrower at the time at which the expenditure is made; and (B) is made pursuant to a contract, order, or purchase order—(i) in effect at any time before the covered period with respect to the applicable covered loan; or (ii) with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan.

Documentation Requirements: 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.

Worker Protection Expenditures

Eligible Expenses: (A) operating or a capital expenditures to facilitate the adaptation of the business activities of an entity to comply with 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 pandemic; (B) such expenditures may include—(i) the purchase, maintenance, or renovation of assets that create or expand—(I) a drive-through window facility; (II) an indoor, outdoor, or combined air or air pressure ventilation or filtration system; (III) a physical barrier such as a sneeze guard; (IV) an expansion of additional indoor, outdoor, or combined business space; (V) an onsite or offsite health screening capability; or (VI) other assets relating to the compliance with the requirements or guidance described in subparagraph (A); or (III) other kinds of personal protective equipment, as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor; and (C) such expenditures do not include residential real property or intangible property

Documentation Requirements: 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.

Step 4: Pursuit’s Online Portal

- **PLEASE USE GOOGLE CHROME OR MICROSOFT EDGE WHEN ACCESSING THE FORGIVENESS PORTAL.**
- You will receive a personalized link to apply to our online portal to apply for forgiveness. Please note that this email will come from notifications@venturesgo.com with a subject line of “Update on your PPP Forgiveness Application.” For security purposes you will need to provide the following information to gain access to the portal:
 - PPP Loan Number – you can find this on the closing documents you signed
 - Last four digits of the Social Security Number for any owner on the loan **OR**
 - Tax Identification number of the borrower

In order to continue, please confirm details about your loan.

Loan # *

Enter 1 of the options below

Last 4 digits of SSN

Any owner on the loan

OR

Tax ID of Entity

Tax ID of the Primary Operating Company

Lookup Loan

- Select the SBA Form which will be used for your forgiveness application (see Step 1 above) – Form 3508S, Form 3508EZ, or Form 3508.
- Follow the online application to fill out the necessary information related to your forgiveness application. Many of the details will be prepopulated based on your initial PPP application. Some fields are grayed out as these were either prepopulated or are calculations based on data entered. Please note that the level of detail required depends on which SBA form you are utilizing. For example, users of SBA Form 3508S will not be required to input their forgiveness calculations.

Complete Your Paycheck Protection Program Forgiveness Application
Using Form 3508S

Form | Instructions | **General** | Demographics | Generate | Upload Documents | Submit

Business Name DBA if applicable

Loan Details

SBA PPP Loan Number Lender PPP Loan Number

PPP Loan Amount

Employees at Time of Application Employees at Time of Forgiveness

EIDL Advance Amount EIDL Application #

- Optional Demographics Tab – please populate to assist in data reporting. If you had previously provided demographic data, it likely will already be input. Disclosure of this data is voluntary and will have no bearing on the loan forgiveness decision.

- Generate your PPP form on the “Generate” tab – this will take all the populated information and create the PPP Loan Forgiveness Application. **Please review the submission and initial and sign in ALL spots on the form where required.** If you do not initial and sign in all boxes, this will be required to be fixed, which will delay your forgiveness decision.
- **Please do not simply type your signature – we must be able to verify the identity of the signor.** The signor of the application must provide a scanned copy of their legal signature and be an authorized person to sign for the Borrower. Prior to approval of your application for forgiveness, we will confirm the signor’s name and signature against the picture ID provided at the time of application. If there are any questions regarding the authority or authenticity of the signor, we will contact you. If you have supporting documentation to attest to your authority to sign on behalf of the Borrower (e.g. corporate resolution), please feel free to upload those documents with your supporting documentation.
- On the Upload Documents tab please upload the signed PPP Forgiveness Application in the top upload box. In the bottom upload box, please upload any supporting forgiveness documentation (see Step 4 above). Already uploaded documents throughout the forgiveness period to ShareFile? No need to upload again, just let us know and we will grab the documents from ShareFile.

**Complete Your Paycheck Protection Program Forgiveness Application
Using Form 3508S**

Form Instructions General Demographics Generate **Upload Documents** Submit

Upload Signed PPP Forgiveness Application (Form 3508)

Name ↑	Description	Size KB
No records found.		

Select File

Upload Supporting Documents

Given the values you have entered, you may need to provide documentation for:

None required.

Name ↑	Description	Size KB
No records found.		

Select Files

- Once all documents are uploaded, proceed to the Submit tab to submit your application. The system will check for any errors or data validations that need to be resolved before a successful transmission can occur. You can also choose to finish your application later – all information submitted will be saved for later use.
- Upon successfully completing your application you will see a confirmation page.

Submission Complete!

We will be contacting you regarding your application.

If you have questions about your application, please contact:

Empire State Certified Development Corporation dba Pursuit CDC

<http://www.pursuitlending.com>

Step 5: Submission of Forgiveness Application

We will review the forgiveness application and submit to SBA. Once we receive notice from SBA that the application has been reviewed, we will provide you with email confirmation of the forgiveness amount.

Pursuit's Review of the Forgiveness Application

- Please be patient as we review your forgiveness application. Per regulations, Pursuit has 60 days to review and submit the forgiveness application to SBA. We will contact you directly if we have any questions on your application, including additional documents needed to submit for forgiveness.
- Our goal is for all borrowers to obtain the maximum forgiveness amount they are eligible for and will attempt to work with you to ensure this. We recommend providing complete and detailed documentation up front to ensure a smooth forgiveness application process.
- Upon our review, Pursuit will contact you with our loan forgiveness determination and confirmation that the forgiveness application has been submitted to SBA.

SBA Review and Decision

- Per regulations, SBA has 90 days to review the forgiveness application and provide a final determination of loan forgiveness. SBA will not provide a timeline for its review, so we ask that borrowers remain patient while the process occurs. We will be in contact with any updates provided.
- Once we receive notice from SBA that the forgiveness application has been reviewed, we will provide you with email confirmation of the forgiveness amount.
- If you do not receive full forgiveness, we will notify you of when you will start making payments and what the monthly payment will be. If your loan was approved prior to June 5th, your loan will have a maturity of two years. If your loan was approved on or after June 5th, your loan will have a maturity of five years. At this time, we do not have plans to extend any loan maturities.

Impact of EIDL Advance

- Previously, the amount of the EIDL Advance was to be deducted from the loan forgiveness amount. Congress has eliminated this requirement and now there is no impact if you received an EIDL Advance. All borrowers are eligible to receive full forgiveness.



Appendix I: SBA Definitions

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.

Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender.

PPP Loan Amount: Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).

Employees at Time of Loan Application: Enter the total number of employees at the time of the PPP Loan Application.

Employees at Time of Forgiveness Application: Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

PPP Loan Disbursement Date: Enter the date that you received the PPP loan proceeds from the Lender.

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.

If Borrower Received PPP Loans in Excess of \$2 Million: Check the box if the Borrower, together with its affiliates, received PPP loans with an original principal amount in excess of \$2 million.

Appendix II: Frequently Asked Questions

The following are the most frequently asked questions of Pursuit regarding the loan forgiveness process. See below for additional resources to assist in your loan forgiveness application.

My PPP loan was approved prior to June 5th when the covered period was only eight weeks. Am I still eligible to receive the extended 24-week covered period for loan forgiveness?

Yes – SBA retroactively changed the forgiveness rules to allow all PPP borrowers to be eligible for the extended 24-week forgiveness period. There is nothing you need to do to obtain this benefit – all borrowers are eligible and will automatically benefit from it.

My PPP loan was approved prior to June 5th. Do I need to request for my payments to be deferred until the forgiveness is determined?

No. The change to the deferment period is retroactive so all PPP loans will have the extended deferment period. No payments will be required until loan forgiveness has been determined (assuming the loan is not fully forgiven).

I am a sole proprietor / independent contractor. How do I calculate payroll costs for loan forgiveness since I do not have myself on the company's payroll?

Sole proprietors, independent contractors, and self-employed individuals qualify for loan forgiveness based on their "owner's compensation replacement." For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower.

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?

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.

Do I need to maintain the full-time equivalent employee count throughout my loan?

Subsequent changes implemented have scaled back the requirements for maintaining full-time equivalent employee count. If the business was unable to operate at the same level of business activity due to restrictions, there is no longer a requirement that the employee count remain the same. In the event that the business cannot meet this (rare), the business must have average FTE employees during the covered period that matches the reference period or be subject to a reduction in loan forgiveness.

I am not a sole proprietor or independent contractor. As an owner, is my owner compensation replacement limited to the same calculation (which is 2.5/12 months' worth of the 2019 net profit)?

Yes, all business types that use self-employment income will use the same two and a half months calculation. This includes partnerships and LLCs which used self-employment income from Line 14a on Schedule K-1 and sole proprietorships and LLCs that used the net profit from Schedule C. The maximum owners' compensation replacement is \$20,833.

What types of interest qualify as “mortgage interest” to qualify as an eligible expense for loan forgiveness (e.g. interest on equipment leases)?

For interest to qualify as an eligible expense for loan forgiveness, the debt must be incurred in the ordinary course of business that (a) is a liability of the borrower; (b) is a mortgage on real or personal property; and (c) was incurred before February 15, 2020.

My partner and I are each 50% shareholders in our S-Corporation. What can we pay ourselves from the PPP loan to be forgiven?

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.

Is a reduction in hours per week considered a reduction in salary? For example, if I had employees work fewer hours would this disqualify my business from utilizing SBA Form 3508EZ since there may have been a 25% reduction in annual compensation because of fewer hours worked?

No. A reduction in salary means a reduction in the employee's annual or hourly rate. Simply working fewer hours is not considered a reduction in salary. In this situation, the business would not be penalized for a reduction of more than 25% of an employee's salary.

Do we use the employee net or gross pay when calculating payroll costs for forgiveness?

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.

Have a question that we have not answered?

- Please visit our website for [additional Frequently Asked Questions](#). Also, please review the [FAQs provided by SBA](#) which contain very detailed scenarios and examples of specific questions related to loan forgiveness.
- Send an email to us at loanforgiveness@pursuitlending.com and we will do our best to answer your specific inquiry.
- We recommend reaching out to your accountant, attorney, or business advisor for questions that are specific to your business' situation. Please remember that as your lender Pursuit is tasked with reviewing and verifying the information submitted for forgiveness and therefore cannot provide specific assistance to borrowers in filling out the forgiveness application.