



## Basics of Paycheck Protection Program (PPP) Loan Forgiveness and the Small Business Administration (SBA) PPP Loan Forgiveness Platform

### Speakers:

- ▶ **Bill Briggs, SBA**
- ▶ **Cailin Schmeer, U.S. Treasury**
- ▶ **Ginger Allen, SBA**
- ▶ **Ben Wallace, The Summit Group**
- ▶ **Marty Andrews, SBA**

September 3, 2020



## Welcome everyone

- **Today's session**
- **Questions:**
  - Email your question to: [asktheregulators@stls.frb.org](mailto:asktheregulators@stls.frb.org)
  - or
  - Use the "Ask Question" button in the webinar tool
- **This call is being recorded and will be available following the session.**
  - Archived recording can be accessed using the same link as today's webinar.
- **A survey will be delivered via email following the call. Let us know your thoughts or ideas for future sessions.**



# Overview of PPP Loan Forgiveness Process

September 3, 2020

## Ask the Regulators Session

This presentation is developed to provide a general, non-comprehensive review of PPP loan forgiveness. In the event of any inconsistency between this presentation and the CARES Act, the Paycheck Protection Program Flexibility Act of 2020, PPP IFRs, FAQs, Loan Forgiveness Applications and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

# What this Session Will Cover:

- 1 Overview of PPP Loan Forgiveness
- 2 Loan Forgiveness Platform & How To Submit Lender Decisions
- 3 Q & A with Panel

# PPP Loan Forgiveness Basics

Borrowers are eligible for forgiveness in an amount equal to **the sum of the eligible costs and payments during the 8-week or 24-week Covered Period:**

Eligible Costs		Additional Considerations
	Payroll Costs	<ul style="list-style-type: none"><li>• Payroll costs must account for at least 60% of the total PPP forgiveness amount or the amount of forgiveness will be reduced</li><li>• Salary / wage reduction can be no more than 25% during the Covered Period or the amount of forgiveness will be reduced (certain exemptions / safe harbors may apply)</li><li>• Borrower must maintain the average number of full-time equivalent (FTE) employees during the Covered Period or the amount of forgiveness will be reduced (certain exemptions / safe harbors may apply)</li></ul>
	Business Rent Payments <i>(lease effective prior to February 15, 2020)</i>	
	Mortgage Interest Payments <i>(incurred prior to February 15, 2020)</i>	
	Utility Payments <i>(service in place prior to February 15, 2020)</i>	

# Payroll Cost Considerations

**Timing:** To be eligible for forgiveness, payroll costs must be:

1. Incurred or paid during the Covered Period or Alternative Payroll Covered Period.
2. Incurred before the Covered Period or Alternative Payroll Covered Period, but paid during the Covered Period or Alternative Payroll Covered Period.
3. Incurred during the Covered Period or Alternative Payroll Covered Period, but paid on or before the next regular payroll date after the Covered Period or Alternative Payroll Covered Period.

# Loan Forgiveness Process and Timeline



# Borrower Documentation Requirements

## What documentation does the borrower submit to the lender with its forgiveness application?

In addition to the signed Forgiveness Application Form (SBA Form 3508, 3508EZ, or lender equivalent) borrowers are generally expected to submit the following (see SBA Form 3508 or 3508EZ instructions for specific details):

1. **Payroll: Proof of payment**
2. **Nonpayroll: Proof of obligation and proof of payment**
3. **3508 Only: PPP Schedule A and FTE Documentation**
4. **3508EZ Only: FTE Information (if applicable)**

For each form, there are certain documents that the borrower is required to maintain, but not submit. See Instructions to forms.

Additionally, all loans \$2 million and over will be subject to SBA loan reviews and additional documentation will be required.

# Borrower Documentation – Payroll

**Documents Must Provide Proof of Eligible Costs** (*e.g., that payments were made towards eligible payroll costs and within the eligible Covered Period or Alternative Payroll Covered Period*) with the following:

- 1. Bank account statements or third-party payroll service provider reports** documenting the amount of cash compensation paid to employees.
- 2. Tax forms** or equivalent third-party payroll service provider reports.
- 3. Payment receipts** documenting the amount of any employer contributions to employee health insurance and retirement plans.

See Instructions to forms for other acceptable documents.

# Borrower Documentation – Non-Payroll

**Documents Must Provide Proof of Eligible Costs** (*e.g., that verify existence of eligible non-payroll obligations/services prior to February 15, 2020 and eligible payment from the Covered Period*) with the following if borrower includes nonpayroll expenses in the amount requested for forgiveness:

- 1. Business mortgage interest payments** – amortization schedule and receipts.
- 2. Business rent or lease payments** – lease agreement and receipts.
- 3. Business utility payments** – invoices from February 2020 and invoices paid during Covered Period and receipts.

See Instructions to forms for other acceptable documents.

# Borrower Forgiveness Application Submission FAQ

**Question:** Who can use the SBA Form 3508EZ forgiveness application?



**Answer:** (See Form 3508EZ instructions, page 1)

- 1) Self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the calculation of their average monthly payroll (when determining their eligible loan amount); or
- 2) Borrower didn't reduce annual salary or hourly wages of any employee by more than 25% during Covered Period or Alternative Payroll Covered Period **and** didn't reduce the number of employees or the average paid hours of employees between 1/1/20 and the end of Covered Period; or
- 3) Borrower didn't reduce salary or wages of any employee by more than 25% during Covered Period or Alternative Payroll Covered Period **and** was unable to operate during Covered Period at the same level of business activity as before 2/15/20 due to compliance with HHS, CDC, or OSHA restrictions issued between 3/1/20 and 12/31/20 related to COVID-19.

# Borrower Forgiveness Application Submission FAQ

**Question:** May a borrower submit a forgiveness application before the end of their covered period?



**Answer:** Yes, if the borrower has used all the loan proceeds for which it is requesting forgiveness.

If borrower reduced annual salary or hourly wages by more than 25%, borrower must account for the reduction for the full Covered Period (either 8- or 24-week period beginning on the PPP Loan Disbursement Date).

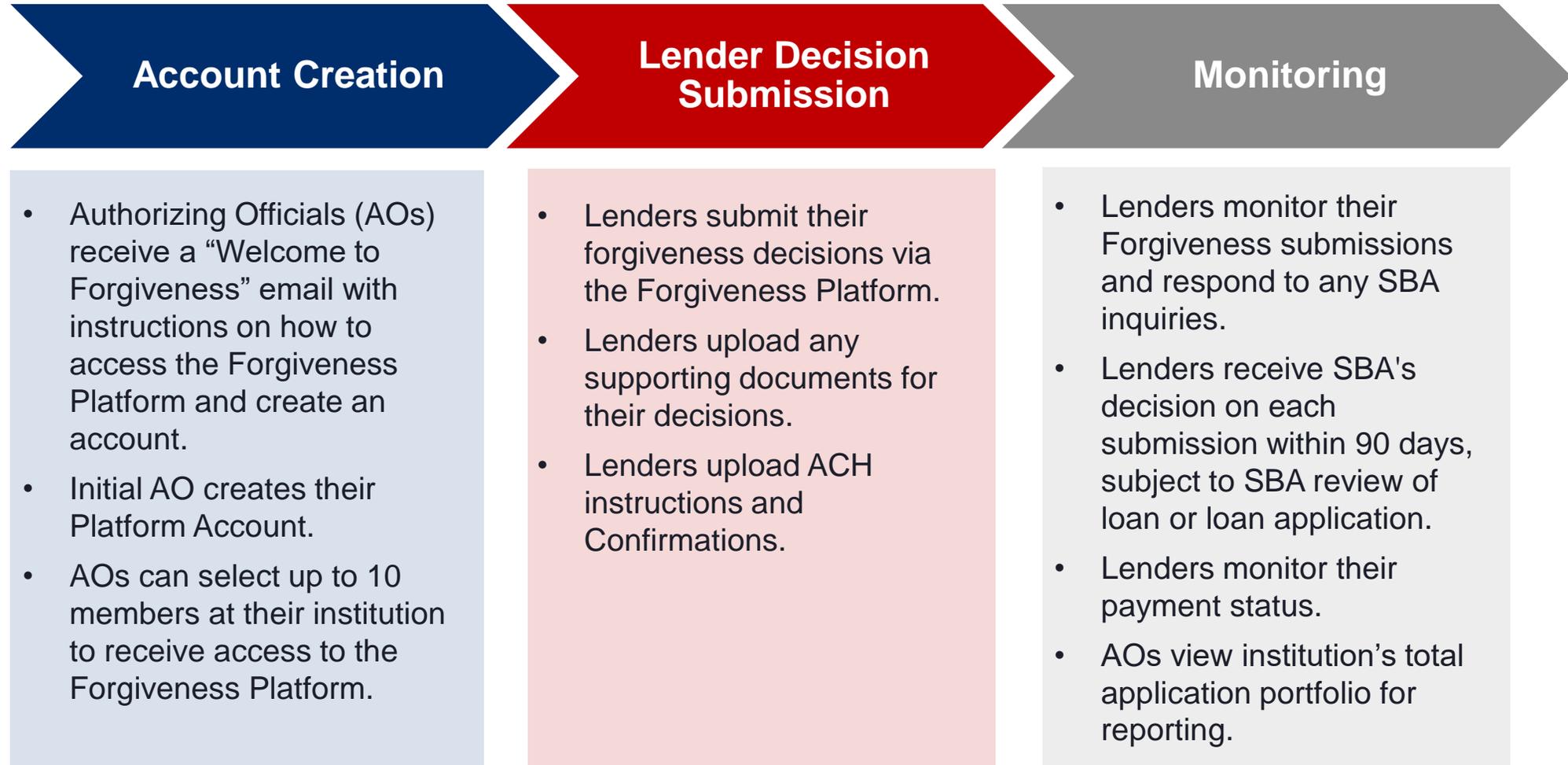
# Lender Reviews – Making a Forgiveness Decision

## Lenders Have Four Decision Options:

- Approved in Full** – Lender approved the full forgiveness amount requested by borrower, and the forgiveness amount requested by lender equals that amount.
- Approved in Part** – Lender did not approve the full forgiveness amount requested by borrower and the forgiveness amount decision by lender is less than the forgiveness amount requested by borrower.
- Denied** – Lender denied the entire forgiveness amount requested by the borrower.
- Denied without Prejudice** – Lender should use this status when SBA notifies the lender that a loan review is pending at the time the borrower submits a loan forgiveness application.

# Overview of Forgiveness Process

Lenders will use the Forgiveness Platform for all aspects of the forgiveness process:



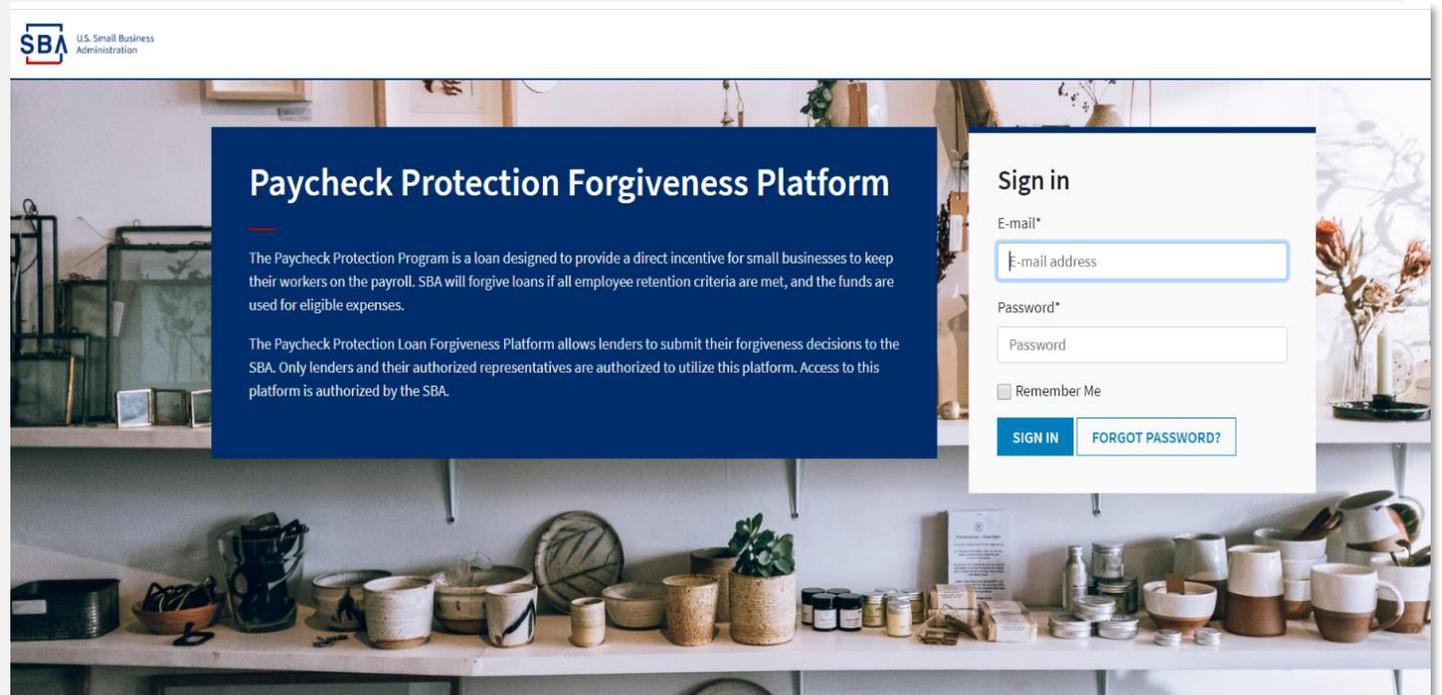
Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

# Forgiveness Platform

- The Forgiveness Platform can be accessed at [forgiveness.sba.gov](https://forgiveness.sba.gov).

- The Platform supports **three methods of submission** for lender forgiveness decisions:

1. Lenders can manually enter data and upload supporting documentation.
2. Lenders can connect via API and submit lender decisions in bulk.
3. Software Providers can connect via API and submit decisions on behalf of lenders.



- Use **MS Edge** or **Google Chrome** browsers for an optimal experience.
- **Complete information on APIs** can be found at <https://ussbaforgiveness.github.io/>.

# Forgiveness Platform – Resources

The screenshot shows the SBA Forgiveness Platform Resource Center. At the top left is the SBA U.S. Small Business Administration logo. At the top right are icons for user profile, group, and settings, along with a 'Sign Out' button. A dark blue sidebar on the left contains navigation links: Resources, Inbox, SBA Dashboard, Payment Dashboard, Lookup Disbursed PPP Loans, Submit New PPP Forgiveness Decision, All Forgiveness Submissions, Drafts, and Institution Settings. The main content area has a dark blue header with 'Resource Center'. Below this is a white section titled 'Welcome to the SBA Forgiveness Platform' containing a bulleted list of instructions: 'The SBA Hotline is for Lenders ONLY, please do not share with Borrowers.', 'Looking for your API key? View the user guides pages and watch the Create API User video on the next tab.', 'Complete the Institution Settings to ensure timely payment to your Financial Institution.', and 'View our videos before you begin.' Below the list is a paragraph: 'This platform will allow the submission of lender decisions to the SBA. Please take the time to read the user guide, watch our introductory video, and read the FAQs and additional resources. We appreciate your continued efforts to support the small business community during these unprecedented times. Please let us know how we can continue to improve this platform and our services.' Underneath is a horizontal menu with 'User Guide', 'Videos', 'FAQ', and 'Additional Resources'. The 'User Guide' section is expanded, showing two items: 'Forgiveness Platform Lender User Guide' and 'Forgiveness Platform Lender Checklist', each with a document icon and a brief description.

**SBA** U.S. Small Business Administration

Sign Out

## Resource Center

Welcome to the SBA Forgiveness Platform

- The SBA Hotline is for Lenders ONLY, please do not share with Borrowers.
- Looking for your API key? View the user guides pages and watch the Create API User video on the next tab.
- Complete the Institution Settings to ensure timely payment to your Financial Institution.
- View our videos before you begin.

This platform will allow the submission of lender decisions to the SBA. Please take the time to read the user guide, watch our introductory video, and read the FAQs and additional resources. We appreciate your continued efforts to support the small business community during these unprecedented times. Please let us know how we can continue to improve this platform and our services.

[User Guide](#) [Videos](#) [FAQ](#) [Additional Resources](#)

### User Guide

 **Forgiveness Platform Lender User Guide**  
The Forgiveness Platform Lender User Guide provides comprehensive instructions on using the Platform, including screenshot tutorials, documentation, requirements, process timelines, and other useful resources. Please review this guide for the most current information regarding the Platform.

 **Forgiveness Platform Lender Checklist**  
The Forgiveness Platform Lender Checklist helps you get started in the Platform with tips and tricks to verify ETRAN data and status, prepare values for your decision and gather supporting documentation. Please review this checklist before you get started.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

# Forgiveness Platform - Videos

The screenshot shows the SBA Forgiveness Platform interface. At the top left is the SBA logo and "U.S. Small Business Administration". At the top right are user icons and a "Sign Out" button. A dark blue sidebar on the left contains navigation links: Resources, Inbox, SBA Dashboard, Payment Dashboard, Lookup Disbursed PPP Loans, Submit New PPP Forgiveness Decision, All Forgiveness Submissions, Drafts, and Institution Settings. The main content area has a dark blue header "Resource Center". Below it is a white box titled "Welcome to the SBA Forgiveness Platform" containing a list of instructions: "The SBA Hotline is for Lenders ONLY, please do not share with Borrowers.", "Looking for your API key? View the user guides pages and watch the Create API User video on the next tab.", "Complete the Institution Settings to ensure timely payment to your Financial Institution.", and "View our videos before you begin." Below this is a paragraph: "This platform will allow the submission of lender decisions to the SBA. Please take the time to read the user guide, watch our introductory video, and read the FAQs and additional resources. We appreciate your continued efforts to support the small business community during these unprecedented times. Please let us know how we can continue to improve this platform and our services." A navigation bar below the paragraph has links for "User Guide", "Videos", "FAQ", and "Additional Resources". The "Videos" link is active. Below this is a section titled "Helpful Videos" with a disclaimer: "The video tutorials are general platform functionality and not intended to be comprehensive. Please see the Forgiveness Platform Lender User Guide for detailed platform instructions and the FAQs or Additional Resources for additional information on Forgiveness Policy." Underneath is a "Choose Video" section with a list of video topics: "Getting Started", "Admin Functions", "Decision Submission", "Monitoring Forgiveness", "User Management", and "Create API User", each with a right-pointing arrow. To the right of the video list is a large video player area. It features the "POWERED BY SBA U.S. Small Business Administration" logo. Below the logo is a video player with a play button, a progress bar showing "09:34", and control icons for settings and full screen.

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.

# Forgiveness Platform – Payment Settings

SBA U.S. Small Business Administration

Resources  
Inbox  
SBA Dashboard  
Payment Dashboard  
Lookup Disbursed PPP Loans  
Submit New PPP Forgiveness Decision  
All Forgiveness Submissions  
Drafts  
Institution Settings

Settings for **Internal**

Routing Number\*  
12345

Account Number\*  
890000

Account Type\*  
Checking

Taxpayer Identification Number\*  
12345

Email Address for Email Notifications  
Bank@bank.com

Use Compound Interest for PPP Loan Payment Calculation  
\*Institutions that require the selection of compound interest are advised to contact the SBA at 833-572-0502. The lender will need to provide certification that the promissory note for the PPP loan allows for the payment of compound interest.

Save

Sign Out

# Forgiveness Platform – Lender Decision Reminder

**SBA** U.S. Small Business Administration

Sign Out

## Before You Begin

For a PPP loan to be eligible for submission, the loan must be reported as fully disbursed within the SBA system of record. Please use our [Lookup Tool](#) before submitting the decision and supporting documentation to ensure the SBA will allow for submission.

### How To Use This Form

The following form must be populated with data that supports the lender decision you are issuing to the SBA.

-  **Approved in Full**  
If an “Approved in Full” decision is issued to the SBA, please ensure each of your entries match the line items in the borrower’s signed 3508 or 3508EZ form.
-  **Approved in Part**  
If an “Approved in Part” decision is issued to the SBA, you must populate the form with the amounts for each entry that you have approved in your decision. You must enter your own data for any entry where you determined a different amount than the entry in the borrower’s signed 3508 or 3508EZ.
-  **Denied**  
If a “Denied” decision is issued to the SBA, you must populate the form with zero values where appropriate. You must also upload a denial justification document outlining the reason(s) for denial. This justification document can be created by the lender and should provide sufficient justification to support your decision.
-  **Denied without Prejudice**  
If a “Denied without Prejudice” decision is issued to SBA, you should populate this form with the values from the borrower’s 3508 or 3508EZ.

# Forgiveness Platform – Communication Tools

The screenshot displays the SBA Forgiveness Platform interface. On the left is a dark blue sidebar with navigation options: Resources, Inbox, SBA Dashboard, Payment Dashboard, Lookup Disbursed PPP Loans, Submit New PPP Forgiveness Decision, All Forgiveness Submissions, Drafts, and Institution Settings. The top right corner features a 'Sign Out' button and user profile icons. The main content area is titled 'Open Items' and includes a search bar with 'Message Type' and 'SBA Number' dropdowns, and 'Search' and 'Clear' buttons. A '+ New Message' button is also present. A light blue message states 'You have no messages.' Below this is a table with columns: Request, Context, Message Type, and Sent, each with a sort icon. The table shows 'Showing 0 to 0 of 0 entries' and 'Previous' and 'Next' navigation buttons.

# Forgiveness Platform Submission Process

## 1. Verify Loan Status

- Click “Lookup Disbursed Loans”
- Search for the loan

Lender Name	Borrower Name	SBA Number	Loan Number
UAT9999	MOCKDATAONLY-Oberbrunner Hettinger and Pollich	9999100032	9999115114

## 2. Create New Decision

- Four options
- Click “New PPP Decision Submission”
- Select an application form
- Enter loan information

## 3. Add Supporting Documents

- Signed Form 3508/3508EZ or lender equivalent
- PPP Schedule A for Form 3508
- Demographic Information Form (if provided)

File	File Name	Actions
<input type="text"/>	<input type="text"/>	<input type="button" value="Delete"/>

# Forgiveness Platform Submission Process (cont'd)

## 4. Confirm Lender Forgiveness Decision

- Confirm that forgiveness decision criteria has been met
- Designate the decision
- Click “Submit Decision” if the application is complete

## 5. Monitor Forgiveness

- Click “All Forgiveness Submissions”
- Locate loans by filtering for status OR searching for the SBA Loan Number
- View the application status

**4** ✓ **Lender Confirmation**

By checking the “I confirm” box below, the Lender agrees that for each PPP loan included in this submission:

1. This submission accurately reflects the Lender’s decision regarding the borrower’s loan forgiveness application;
2. The information provided by the Lender to SBA with this submission accurately reflects the Lender’s records for the PPP loan;
3. The Lender has made its decision in accordance with the requirements set forth in Part III.2.a. of the PPP Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, as amended;
4. The PPP loan has not been cancelled or repaid; and
5. The Lender has not issued a previous loan forgiveness decision to SBA for this PPP loan, unless this is a resubmission following a rejection or a reconsideration of a denial without prejudice.

I Confirm

**5**

**All Forgiveness Submissions**

Filter by: [dropdown] [search] [clear] [Show 10 rows]

Lender Name	Borrower Name	SBA Number	Status
LENDER-SBA-UAT	Big J's Steak House	1119173797	Pending Validation
LENDER-SBA-UAT	Dan's Travel Depot	1119173795	Pending Validation
LENDER-SBA-UAT	ToyFresh	1119173794	Pending Validation
LENDER-SBA-UAT	Moron Towing Company	1119173796	Pending Validation
LENDER-SBA-UAT	Flower Sound Music Inc	1119173792	Pending Validation
LENDER-SBA-UAT	Milly's Dry Cleaners	1119173791	Pending Validation
LENDER-SBA-UAT	Erica's Popcorn Palace	1119173790	Pending Validation
LENDER-SBA-UAT	Momma Jewels & More	1119173789	Pending Validation

# Forgiveness Monitoring






Sign Out

## Requests at Internal

**Total Eligible PPP Loans : 0**  
The total number of loans provided by the SBA that are eligible for forgiveness

<b>0</b> Pending Validation	<b>0</b> Under Review	<b>0</b> Fully Approved
<b>0</b> Payment Sent	<b>0</b> Payment Confirmed	<b>0</b> Payment Failed

**Total Forgiveness Submissions : 0**  
The total number of forgiveness applications that have been submitted to the SBA

<b>0</b> Not Approved	<b>0</b> Partially Approved	<b>0</b> Lender Additional Info Needed
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	Request Status	Request ID	Request Date	Request Amount	Request Status	Request Date	Request Amount
Pending Validation							
Under Review							
Fully Approved							
Not Approved							
Partially Approved							
Lender Additional Info Needed							
Payment Sent							
Payment Confirmed							

Information Current as of 9/3/20 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



# SBA Loan Review Overview

**If a loan is selected for an SBA loan review, the lender will be notified via the Forgiveness Platform. See SBA Procedural Notice 5000-20038 (July 23, 2020), Procedures for Lender Submission of Paycheck Protection Program Loan Forgiveness Decisions to SBA and SBA Forgiveness Loan Reviews.**

# SBA Forgiveness Payment to Lender

## When SBA remits forgiveness payment to lender, lender must notify borrower of:

- Amount of forgiveness payment received (or that SBA determined no amount of the loan is eligible for forgiveness)
- Due date of borrower's first payment (if applicable)



# Economic Injury Disaster Loan (EIDL) FAQ

**Question:** How will a lender know the amount of the EIDL advance that will be automatically deducted by SBA?



**Answer:** If a borrower received an EIDL advance, SBA is required to reduce the borrower's loan forgiveness amount by the amount of the EIDL advance. SBA will deduct the amount of the EIDL advance from the forgiveness amount remitted by SBA to the lender. The lender will be able to confirm the amount of the EIDL advance that will be automatically deducted by SBA from the forgiveness payment by reviewing the borrower's EIDL advance information in the Forgiveness Platform.

# Remaining Balance FAQ



**Question:** How should a lender handle any remaining balance due on a PPP loan after SBA remits the forgiveness amount to the lender?

**Answer:** If a PPP loan is not forgiven in full (including if there has been a reduction in the forgiveness amount for an EIDL advance), any remaining balance due on the PPP loan must be repaid by the borrower.

- Lenders must notify borrower of the loan forgiveness amount remitted by SBA and the date on which the borrower's first loan payment is due.
- The lender must continue to service the loan.
- The borrower must repay the remaining loan balance by the maturity date of the PPP loan (either two or five years).

If a borrower is determined to have been ineligible for a PPP loan for any reason, SBA may seek repayment of the outstanding PPP loan balance or pursue other available remedies.

# General Forgiveness Process FAQs

- **How do lenders access the portal?**  
This platform can be accessed at [forgiveness.sba.gov](https://forgiveness.sba.gov).
- **How do lenders contact the SBA?**  
The SBA's PPP Lender Hotline is +1 (833) 572-0502.
- **Where can lenders find information about APIs?**  
A complete guide for Platform API use can be found [here](#).
- **How many Platform users can each institution have?**  
Authorizing Officials may create up to 10 active users for each institution. We recommend that no more than two users be Authorizing Officials.
- **Is there a maximum number of documents that can be uploaded with each application?**  
No, lenders may submit an unlimited number of documents with each application. The Platform supports pdf, xls,xlsx, csv, doc, docx, jpg, jpeg, and png files. The total document limit is 35 MB.
- **Which version of the forgiveness application should lenders use (3508EZ or 3508)?**  
When entering a forgiveness decision on the Forgiveness Platform, lenders should use whichever version of the form the borrower provided. Instructions on determining if a borrower is eligible to use the 3508EZ form can be found [here](#).

# General Forgiveness Process FAQs

- **How long will it take to receive an SBA forgiveness decision?**

SBA has 90 days to review and remit payment to the lender, subject to any SBA loan review.

- **Can documents be added to a forgiveness submission after it is submitted?**

No, submissions must be withdrawn and resubmitted with two exceptions:

- If a lender is using APIs, a lender generally has 24 hours after submission to add additional documents to the file. After the SBA picks up the review, the Platform doesn't allow additional documents or file changes.
- The Platform will allow a lender or API vendor to add additional documents if the SBA asks for additional documents as part of its review.

- **Should the Forgiveness Amount on Line 11 of the 3508 or Line 8 of the 3508EZ include the EIDL deduction?**

No, SBA automatically will reduce the Forgiveness Amount by the amount of any EIDL Advance before remitting the payment to the lender. Lenders should input the EIDL Advance information provided by the Borrower on the 3508/3508EZ, where requested in the Platform, but should not subtract it from the Forgiveness Amount.

- **Can a borrower appeal a final SBA loan review decision?**

Borrowers may appeal to SBA's Office of Hearings and Appeals (OHA) certain final SBA Loan Review decisions. Lenders do not have a right to appeal to OHA. Please see Interim Final Rule on Appeals of SBA Loan Review Decisions under the Paycheck Protection Program posted on 8/11/20 at [www.sba.gov/ppp](http://www.sba.gov/ppp).

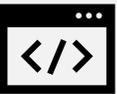
# Helping Lenders Be Successful



**Phone:** SBA PPP Lender Hotline – +1 (833) 572-0502



**Email:** SBA Forgiveness Inbox – [help@ussbaforgiveness.com](mailto:help@ussbaforgiveness.com)



**Forgiveness Platform Resources:** <https://forgiveness.sba.gov>



**Web:** [www.SBA.gov/ppp](http://www.SBA.gov/ppp)

- FAQs
- Interim Final Rules & Guidance
- Loan Forgiveness Applications (3508 / 3508EZ) and Instructions



## To Ask a Question:

- Email your question to: [asktheregulators@stls.frb.org](mailto:asktheregulators@stls.frb.org)
- Use the “Ask Question” button in the webinar tool

Thanks for joining us.