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SBA RELEASES PPP LOAN FORGIVENESS APPLICATION

On Friday, May 15th, the SBA released its loan forgiveness application and additional guidance. The application and instructions are available [here](#). The loan forgiveness application includes detailed instructions for borrowers and the calculation of forgiveness amounts. The SBA has been updating its PPP guidance frequently, so please check back often for updated information.

On March 13, the SBA updated its guidance to state that loans below \$2,000,000 would be presumed to have taken the loan in good faith. The application includes a checkbox for loans that exceed two million.

The application consists of four main components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) and optional PPP Borrower Demographic Information Form. Items (1) and (2) must be submitted directly to your lender.

The guidance provides four categories of forgivable costs:

- 1) Payroll costs;
- 2) Business mortgage interest payments;
- 3) Business rent or lease payments; and
- 4) Business utility payments.

The forgiveness is generally available only for expenses during the Covered Period, which is the eight-week period from the date of first disbursement. 75% of the forgiven amount must be attributable to payroll costs. The application includes valuable guidance on what constitutes the aforementioned expenses.

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Reduction in Forgiveness Provisions:

The new guidance provides exceptions to the reduction in forgiveness provisions.

Reduction in forgiveness for reduction in Full Time Employees (FTEs):

A borrower will not be penalized for reductions in full-time equivalent employees that result from:

- Reductions related to any positions for which the borrower made a good-faith, written offer to rehire an employee during the Covered Period that was rejected by the employee;
- Reductions related to any employees who during the Covered Period:
 - Were fired for cause;
 - Voluntarily resigned; or
 - Voluntarily requested and received a reduction in hours.

A borrower will not be penalized for reduction if FTEs if the borrower, no later than June 30, 2020, restored its FTE employee level to the FTE employee level that existed during the borrower's pay period that included February 15, 2020.

For more information on this program, and other COVID-19 related topics, please review our COVID-19 Resources page here: <https://www.gill-law.com/covid-19-resources/#>