

NIESAR & VESTAL LLP

## Law Alert

May 18, 2020

### **SBA and Treasury Released Paycheck Protection Program Loan Forgiveness Application**

On Friday, May 15, 2020, the Small Business Administration (SBA), in consultation with the Department of the Treasury, [released](#) the Paycheck Protection Program (PPP) Loan Forgiveness Application and instructions for the application.

The [form and instructions](#) inform borrowers how to apply for forgiveness of their PPP loans and include:

- Options for borrowers who use a biweekly or more frequent payroll schedule to calculate payroll costs using an “alternative payroll covered” period that aligns with borrowers’ regular payroll cycles;
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after receiving their PPP loan; requirement that non-payroll expenses that are incurred during covered period be paid by the next billing cycle to be included;
- Step-by-step instructions on how to perform the calculations required by the Cares Act to conform eligibility for loan forgiveness;
- Implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30;
- Addition of a new exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined by the workers;
- Requirement for borrowers to maintain certain documentation related to its PPP loan for at least six years after the loan is forgiven or repaid in full, including documentation supporting the necessity certification and eligibility; and
- Confirmation of the requirement that the borrower confirm that at least 75% of the forgiveness amount is for payroll costs.

The SBA announced it would issue more regulations and guidance soon “to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.”

We also remind you that the PPP FAQs are regularly updated and the latest version can be found [here](#).

If you have any questions regarding the Loan Forgiveness Application, please feel free to contact Gerald Niesar ([gniesar@nvlawllp.com](mailto:gniesar@nvlawllp.com)) or Carolina Aricu ([caricu@nvlawllp.com](mailto:caricu@nvlawllp.com)).

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