



PPP LOAN FORGIVENESS REFRESHER

PPP Loan Forgiveness Terms

Loans qualify for full forgiveness if during the 8 – 24 week covered period following the date loan proceeds were received:

- Employee and compensation levels are maintained
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs

How and When to Apply For Loan Forgiveness

A dealership can apply for forgiveness once all loan proceeds have been spent or at any time up to the maturity date of the loan. If the forgiveness application is not completed within 10 months after the last day of the covered period (8 – 24 weeks), PPP loan payments are no longer deferred and repayment must begin.

The Loan Forgiveness Process

- 1) Contact your PPP Lender and complete the correct form, SBA Form 3508 or SBA Form 3508EZ.
- 2) Compile your documentation:
 - Bank account statements or third-party payroll service provider reports documenting the amount of compensation paid to employees
 - Forms 941 and State Unemployment tax filings for the periods that overlap the covered period
 - Costs such as mortgage interest, rents, utilities and covered worker protection expenditures, among other expenses also qualify. However, utilizing only payroll costs for the 24-week period will more than qualify a dealership for full forgiveness.

Depending on the lender, the required documents listed above may not be all-inclusive.

Timing of the Forgiveness Process

Once the application is submitted, the lender has 60 days to review it and possibly ask for additional documentation. Once approved and submitted by the lender, the SBA then has an additional 90 days to review the application and render a decision.

Which Form Do I Use?

Most, if not all, dealerships should be able to use Form 3508EZ. This is based on the following summarized criteria as extracted from the 3508EZ instructions:

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the most recent full quarter before the Covered Period

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 while ignoring 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. Reductions in an employee's hours that the Borrower offered to restore and the employee refused should also be ignored.

Finally, it's important to have an open dialogue with the Lender throughout the process. We have witnessed both ends of the spectrum, with approvals occurring quickly and efficiently or others being delayed due to the inability to currently submit applications. Therefore, follow-up with your lender is key.