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SBA Releases Paycheck Protection Program Loan Forgiveness Application and Instructions

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On Friday, May 15, 2020, the Small Business Administration released the Paycheck Protection Program (PPP) Loan Forgiveness Application and detailed instructions for the application. Access the application on the SBA's website here.

The form and instructions inform borrowers how to apply for forgiveness of their PPP loans consistent with the CARES Act. The form provides step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for and the amount of loan forgiveness. Although individual lenders are responsible for making each determination of loan forgiveness, they will be guided by the SBA form.

The form and instructions also include several measures to reduce compliance burdens and simplify the process for borrowers. In addition, the form and instructions provide the following:

- Options for borrowers 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
- A safe harbor from loan forgiveness reduction based on rehiring by June 30, 2020
- An exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined

SBA will also soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.

If you have concerns about the application, forgiveness process, or any other questions concerning the PPP, please contact Douglas Watson Lubic, Peter Greenbaum or any member of our Business Law team.

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