



June 3, 2020

## Paycheck Protection Program (PPP) Loan Forgiveness

North Dakota Lenders processed 18,925 PPP loans for \$1.7 billion for small businesses and eligible non-profits. The first loans were approved on April 3rd and required a 10 day disbursement window. During the first week of June, many businesses will likely be approaching the end of their 8-week covered period for loan forgiveness.

As businesses start to review the procedures for forgiveness, I would like to offer an overview and encourage them to take the time to fully understand the process.

After the 8-week covered period, a borrower must complete and submit the Loan Forgiveness Application (SBA Form 3508 or lender equivalent) to its lender. The lender has 60 days to review the application for reasonableness and issue a decision to SBA. SBA will then pay the lender the appropriate forgiveness amount, plus interest, within 90 days. Quick side note: any loan balance after forgiveness converts to principal and interest payments in months 6-24.

My first suggestion - **Wait**. Don't rush to get the forgiveness form completed right away. There is not a set deadline to apply for forgiveness, so time is on your side. The existing guidelines require supporting documentation that may be easier to develop after filing quarterly reports on June 30. In addition, there is new legislation pending that may substantially change the criteria for forgiveness. It makes sense to take some extra time to complete this process efficiently and effectively. Take time to get it right...the first time.

Second - Review the Loan Forgiveness Application form, the Schedule A, and worksheets thoroughly. Understand each component as they intermingle with each other. This includes document, document, document. Payroll and other forgivable costs need to be supported with adequate documentation such as payroll records, paid invoices and/or cancelled checks. Some of the documents may be quarterly forms with a later deadline such as IRS 941 forms due after June 30th. If you request forgiveness before completing the actual IRS 941 form, you may need to complete a draft form with the supporting documentation to help the lender make the review process easier.

Third - Beware of scams. Unfortunately in troubling times, scammers seem to become prevalent. Some website will be offering templates to assist businesses in completing the forgiveness documents. Make sure you are using reputable sources.

Finally – Certification. As a PPP borrower, you are required to certify the documentation. If you chose to hire somebody to complete the documents, get a quote ahead of time and make sure you fully understand how they are developing and completing the forms for you. Again, **you** will be the one to certify all the documentation is correct.

Sincerely,

Alan J. Haut  
District Director