

SBA Announces Simpler PPP Loan Forgiveness for Smaller Loans

The Small Business Administration (SBA) and the U.S. Department of Treasury (Treasury) recently released a simpler [Paycheck Protection Program \(PPP\) Loan Forgiveness Application Form 3508S](#) and [instructions](#). This updated, simple two-page application is for borrowers of \$50,000 or less, and is not for use by borrowers who received PPP loans totaling \$2 million or more together with their affiliates.

This action streamlines the PPP forgiveness process to provide financial and administrative relief to small businesses. The SBA and Treasury have also eased the burden on PPP lenders, allowing lenders to process forgiveness applications more swiftly.

OVERVIEW OF THE UPDATED APPLICATION

Small businesses that use PPP loans for qualifying expenses are eligible to apply for forgiveness through an application process. While the original application is an 11-page document, the recently announced [Form 3508S](#) is a two-page document that removes a number of previously required steps. According to the [Form 3508S instructions](#), borrowers that use SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent (FTE) employees, or in salaries or wages. This form also does not require borrowers to show the calculations used to determine their loan forgiveness amount.

WHATS NEXT?

According to the Treasury, the SBA is currently reviewing PPP forgiveness applications and remitting payments to PPP lenders for PPP borrowers. The SBA intends to continue reviewing these applications expeditiously.

PPP borrowers should review this application and instructions when determining which application to use. To receive information about your organization's loan, please contact your lender.

For more resources on how your organization can respond to the COVID-19 pandemic, contact VAST.