The Small Business Administration (SBA) and Treasury Department recently released two Interim Final Rules (IFR) that provides borrowers and lenders guidance on the requirements governing the forgiveness of Paycheck Protection Program (PPP) loans. The links for the IFR can be found below:

- **Interim Final Rule on Loan Forgiveness** (Released May 22, 2020)
- **Interim Final Rule on Loan Review Procedures and Related Borrower Responsibilities** (Released May 22, 2020)

Borrowers will need to complete and submit to their lender the PPP Loan Forgiveness Application Form, which can be found [here](#). This form will determine the amount of the loan that is forgiven. The obligation to complete and submit the forgiveness application form rests with the PPP borrower, not the lending institution. If an application for loan forgiveness is not received, the entire PPP amount received by the participant will continue to be treated as a loan. Farmers and ranchers should review these documents with their lender, accountant, tax preparer, and/or financial advisor to ensure the participants qualify for loan forgiveness.

**SBA-PPP LOAN FORGIVENESS PROCESS**

- Lender will review the Loan Forgiveness Application Form and submit a decision on loan forgiveness within 60 days to the SBA.
- The Lender will then notify the borrower on the forgiveness amount.
  - The borrower can request the lender reconsider its decision if the lender determines the loan is not forgivable.
- If a portion of the loan is not forgiven, then the borrower must repay the loan within two years with a 1 percent interest rate.
- The SBA can review any application for:
  - Borrowers Eligibility
  - Loan Amounts and Use of Proceeds
  - Loan Forgiveness Amounts
- The borrower must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.
- There is no minimum threshold for automatic forgiveness.

**THE PPP LOAN WILL BE FORGIVEN IF:**

- The funds are used for the following over the eight-week covered period:
  - Payroll costs are capped at $100,000 on an annualized basis for each employee.
  - Interest payments on mortgage incurred before February 15, 2020 (but not any prepayment or payment of principal).
  - Utilities (electricity, gas, water, transportation, telephone, or internet access), for which service began before February 15, 2020.
  - Eligible nonpayroll costs (interest, rent and utilities cannot exceed 25 percent of the loan forgiveness amount).

**BORROWERS WILL STILL OWE MONEY IF:**

- The loan amount is used for anything other than payroll costs, mortgage interest, rent, and utilities payments over the eight weeks after getting the loan.
- More than 25 percent of the loan were used for eligible non-payroll costs.