

# SBA Paycheck Protection Program Loan Forgiveness FAQ

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The answers to the questions below are based on the text of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and guidance from the Small Business Administration (SBA). The information provided in this document is subject to change and will be updated as additional guidance is provided by the SBA.

**1. How will the loan forgiveness amount be determined?**

The loan forgiveness amount depends, in part, on the amount of loan proceeds used to pay payroll costs, interest on mortgage obligations incurred before February 15, 2020, rent and leases dated before February 15, 2020, and utilities for service that began before February 15, 2020, during either the eight-week or the twenty-four-week period (depending on which a borrower opts for) immediately following the date the loan proceeds were disbursed to the borrower. To receive full loan forgiveness, at least 60 percent of the PPP loan must be used for payroll costs, and not more than 40 percent of the loan forgiveness amount may be used for nonpayroll costs. The forgiveness amount may be reduced under certain circumstances such as when there is a reduction in the number of employees and/or a change in the amount of employee compensation.

**2. If loan proceeds are used for eligible costs, will 100% of the PPP loan be forgiven?**

If used for the specified purposes, the amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. There are many requirements, including documentation that proves the use of the loan proceeds for eligible costs, but it is possible that 100% of the PPP loan could be forgiven.

**3. How do I apply for loan forgiveness?**

You will receive an email from Commerce Bank with a link to the Commerce Bank PPP Loan Forgiveness online portal. You will use this portal to submit your information and supporting documentation. Once you have applied for loan forgiveness, including all necessary documentation, Commerce Bank will issue a decision on your loan forgiveness within 60 days.

**4. When do I have to apply for loan forgiveness?**

You may request loan forgiveness through your lender's loan forgiveness application process anytime between now and 10 months after the end of your loan forgiveness covered period if you have used all of the loan proceeds from which you are requesting forgiveness. If your PPP loan was made before June 5, 2020, you may elect to have your loan forgiveness covered period be the eight-week period beginning on the date your PPP loan was disbursed. For loans made after June 5, 2020, your loan forgiveness covered period is the 24-week period beginning on the date your PPP loan is disbursed.

**5. What if I don't submit my loan forgiveness application on time?**

If you do not submit your loan forgiveness application within 10 months after the end of your loan forgiveness covered period, you must begin paying principal and interest after that period.

**6. What documentation will be required for my loan to be forgiven?**

As part of the online application for loan forgiveness you submit, you will also need to submit documentation of the eligible, forgivable costs to Commerce Bank. You will need to provide the following to substantiate the use of your loan proceeds:

- a. Documentation verifying the number of full-time equivalent employees on payroll and pay rates, including (1) payroll tax filings reported to the IRS; and (2) state income, payroll, and unemployment insurance filings;
- b. documentation, including cancelled checks, payment receipts, transcripts of accounts, or other documents verifying payments on covered mortgage obligations, payments on covered lease obligations, and covered utility payments;

- c. certification from an authorized representative of the business that the documentation is true and correct, and that the amount of forgiveness requested was used to retain employees or make payments for covered expenses;
- d. documentation of additional wages paid to tipped employees;
- e. documentation of the number of full-time employees on February 15, 2020, the number of full-time employees on a date that is 30 days after the enactment of the PPP statute and the number of full-time employees on June 30, 2020; and
- f. any other documentation deemed necessary by the SBA.

Please also refer to the Interim Final Rule on the Treasury or SBA website titled "[Revisions to Loan Forgiveness Interim Final Rule and SBA Loan Review Procedures Interim Final Rule](#)" for more specific details as to the type of documentation that will be required.

**7. Why would the amount of my loan eligible for forgiveness be reduced?**

During the eight or twenty-four-week period (depending on which a borrower opts for) after the loan is made, a reduction in the number of employees and/or a change in the amount of compensation could be the basis for a reduction in the loan amount.

**8. How long must staff be kept fully employed in order to receive forgiveness of the loan proceeds?**

Forgiveness of the loan applies for the eight or twenty-four weeks (depending on which a borrower opts for) after the loan is distributed and use of loan proceeds must be documented as described in question 6.

**9. What happens with any portion of the loan that is not forgiven?**

Any amount of the PPP loan that is not forgiven remains an obligation under the original loan. You must pay principal and interest to Commerce Bank on the amount not forgiven.

**10. How long do I have to pay the portion of the loan that is not forgiven?**

For loans made before June 5, 2020, you will have two years to pay the remaining balance; however, you may request an extension to the maturity of the loans to five years. For loans made on or after June 5, the maturity is five years.

**11. If I laid off an employee, but offered to rehire that employee and they refused the offer, will that reduce my loan forgiveness amount?**

No. If you are unable to rehire previously employed individuals or similarly qualified employees, you will not have your loan forgiveness amount reduced based on the reduction in full-time equivalent employees. Documentation of the employment offer and rejection, or inability to return to the same level of staffing will be required.

