

PPP Loan Forgiveness Guidelines and Process

The most attractive feature of a Paycheck Protection Program (PPP) loan is its ability to be forgiven if used to cover eligible expenses in accordance with program terms. Below is a summary of SBA's latest guidance on loan forgiveness, and links to where you can learn even more.

NOTE: This document has been updated with the PPP enhancements afforded under the PPP Flexibility Act, which is expected to be signed into law on or soon after June 4, 2020.

1 WHAT EXPENSES MUST I USE THE PPP LOAN TO COVER TO HAVE IT FORGIVEN?

PPP LOANS CAN COVER THESE EXPENSES:

- Payroll costs (see sidebar to right).
- Interest on mortgage obligations incurred before February 15, 2020.
- Rent payments on leases dated before February 15, 2020.
- Utility payments under service agreements dated before February 15, 2020.

SPENT OVER THIS TIMEFRAME:

- The 8 or 24 week period (at borrower's option) beginning on either i) the date of loan disbursement, or ii) the first day of the first full payroll cycle following loan disbursement (the "Covered Period").
- Expenses are eligible for forgiveness if i) paid during the Covered Period or ii) incurred during the Covered Period and paid on or before the next regular payroll or billing date.

2 HOW MIGHT THE AMOUNT OF MY LOAN THAT IS FORGIVEN BE REDUCED?

- If you don't spend at least 60% of loan proceeds on payroll costs during the Covered Period, the loan forgiveness amount will be reduced to an amount equal to payroll costs during the Covered Period divided by 60%.
- If you don't maintain the number of FTE employees during the Covered Period, the loan forgiveness amount will be reduced by the percentage reduction in FTEs during the Covered Period (unless FTE count is restored by December 31, 2020).
 - You can avoid reduction in loan forgiveness amount if i) an employee is fired for cause, voluntarily resigns or voluntarily requests a schedule reduction, or ii) employee rejects a good-faith rehire offer for the same number of hours at the same salary or wage.
- If you don't maintain staff pay rates of at least 75% of Q1 2020 levels, the loan forgiveness amount will be reduced by the percentage reduction in staff pay rates in excess of 25% (unless staff pay rates are restored by December 31, 2020).
- For more information on calculating loan forgiveness amounts, see the SBA's [Loan Forgiveness Application](#) (SBA Form 3508) and the [Interim Final Rule](#) for loan forgiveness.

3 APPLICATION PROCESS FOR LOAN FORGIVENESS

- Complete and submit the Loan Forgiveness Application (SBA Form 3508) to your lender, along with any other documentation required by Form 3508 or by your lender.
- Lender will review application and make a decision on forgiveness within 60 days.
- Lender will notify SBA of its decision on forgiveness, which may be reviewed by SBA.
- Following any SBA review, SBA will pay lender any loan amount eligible for forgiveness within 90 days.
- Any amount not forgiven must be repaid by borrower within two years.

4 TIPS AND SUGGESTIONS AROUND DOCUMENTATION

- Establish a separate bank account where you pay expenses eligible for forgiveness under the PPP. If you can't establish a new account, then segregate your expenses in a way that:
 - Makes it clear which expenses are eligible for forgiveness, and makes documentation of such expenses easier.
- Keep complete records of all eligible expenses, including payroll records (employee rosters, pay rates, etc.) and copies of all bills, and evidence of payment of such expenses.
- Retain a copy of all forgiveness documents submitted to your lender for six years after the date the loan is forgiven or repaid.

FOR THE PURPOSES OF PPP, PAYROLL COSTS INCLUDE:

- Salary, wage, commission or similar (including hazard pay, bonuses and pay to furloughed employees during the Covered Period) up to \$100,000 per employee
- Cash tips or equivalent.
- Payment for vacation, parental, family, medical or sick leave.
- Dismissal or separation allowance.
- Group health care benefit payments (including insurance premiums).
- Retirement benefits.
- State and local taxes (based on employee compensation).

PAYROLL COSTS DO NOT INCLUDE:

- Any portion of salary in excess of \$100,000 per employee.
- Income tax, payroll tax or railroad retirement tax.
- Compensation for employees not based in the U.S.
- Sick leave or FMLA leave for which a credit is available under the FFRCA.

Based on information available as of June 4, 2020. This does not constitute legal, financial or tax advice. Please consult your legal, financial and tax advisors.

Wyndham Hotels & Resorts offers these suggestions for your consideration. You have full and complete control over your contracts, operations, employment practices and the safety and security of your property. We do not represent, warrant or make any guaranty regarding the accuracy or completeness of the information provided.