

# PPP Loan Forgiveness Checklist

After the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, many employers utilized the Paycheck Protection Program (PPP) to obtain forgivable loans to fund certain ongoing expenses during the COVID-19 pandemic. As employers that received PPP loans begin the process of reviewing the loan forgiveness application, the following checklist provides guidance on quantifying the PPP loan amount subject to forgiveness.\*

**1**

## Aggregate the permissible expenses to determine the amount subject to forgiveness

- ✓ Payroll costs
- ✓ Group health care and retirement benefits
- ✓ Mortgage interest
- ✓ Rent
- ✓ Utility payments
- ✓ Interest on certain other debt obligations

**2**

## Determine whether the loan forgiveness reduction provisions apply

- ✓ Due to decline in full-time equivalent (FTE) employee headcount
- ✓ Due to reduction of salary or wages exceeding 25 percent

**3**

## Apply the exemptions from loan forgiveness reduction

- ✓ FTE Reduction Safe Harbor
- ✓ FTE Reduction Exceptions
  - Employer made good faith effort to rehire employee but employee rejects offer
  - Terminations for cause, voluntary resignations, or voluntary requests for a reduced schedule
  - Employers unable to find qualified employees or unable to reopen operations

**4**

## Gather documentation

- ✓ Certain documents must be submitted with the PPP Loan Forgiveness Application
- ✓ Certain documents must be retained by the employer
- ✓ Borrower demographic information (optional)

\*The information contained in this document should not be relied upon or construed as legal advice.

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