



# SBA Procedural Notice

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**TO:** All SBA Employees and Paycheck Protection Program Lenders

**CONTROL NO.:** 5000-20038

**SUBJECT:** Procedures for Lender Submission of Paycheck Protection Program Loan Forgiveness Decisions to SBA and SBA Forgiveness Loan Reviews

**EFFECTIVE:** July 23, 2020

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The purpose of this Notice is to inform Paycheck Protection Program (PPP) Lenders of the processes for submitting decisions on PPP borrower loan forgiveness applications to SBA, requesting payment of the forgiveness amount determined by the Lender, SBA loan forgiveness reviews and payment of the loan forgiveness amount determined by SBA.

## Loan Forgiveness Process

To receive PPP loan forgiveness, a borrower must complete and submit the Loan Forgiveness Application (SBA Form 3508, 3508EZ, or Lender equivalent) to its Lender (or the Lender servicing its loan).<sup>1</sup> A borrower may submit a Loan Forgiveness Application before the end of the 8-week or 24-week covered period, provided that the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness and the borrower's loan forgiveness application accounts for any salary reductions in excess of 25 percent for the full covered period.

The Lender of record must review the Loan Forgiveness Application in accordance with the requirements of Part III.2.a. of IFR #15 on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities ([85 FR 33010](#)), as revised by IFR #20 on Revisions to Loan

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<sup>1</sup> A borrower may submit a Loan Forgiveness Application to its Lender or the Lender that is servicing its loan. The Lender that is servicing the loan may not be the Lender of record (i.e., the Lender that owns the loan). The Lender of record is responsible for all required forgiveness actions and will receive the forgiveness payment from SBA. Subsequent references to "Lender" in this Notice refer to the Lender of record.

Forgiveness and Loan Review Procedures IFRs ([85 FR 38304](#)). When a borrower submits SBA Form 3508 or Lender's equivalent form, the Lender shall:

- 1) confirm receipt of the borrower certifications contained in the SBA Form 3508 or Lender's equivalent form;
- 2) confirm receipt of the documentation the borrower must submit to aid in verifying payroll and nonpayroll costs, as specified in the instructions to the SBA Form 3508 or Lender's equivalent form;
- 3) confirm the borrower's calculations on the borrower's SBA Form 3508 or Lender's equivalent form, including the dollar amount of the (A) Cash Compensation, Non-Cash Compensation, and Compensation to Owners claimed on Lines 1, 4, 6, 7, 8, and 9 on PPP Schedule A and (B) Business Mortgage Interest Payments, Business Rent or Lease Payments, and Business Utility Payments claimed on Lines 2, 3, and 4 on the PPP Loan Forgiveness Calculation Form, by reviewing the documentation submitted with the SBA Form 3508 or Lender's equivalent form;
- 4) confirm that the borrower made the calculation on Line 10 of the SBA Form 3508 or Lender's equivalent form correctly, by dividing the borrower's Eligible Payroll Costs claimed on Line 1 by 0.60.

When the borrower submits SBA Form 3508EZ or Lender's equivalent form, the Lender shall:

- 1) confirm receipt of the borrower certifications contained in the SBA Form 3508EZ or Lender's equivalent form;
- 2) confirm receipt of the documentation the borrower must submit to aid in verifying payroll and nonpayroll costs, as specified in the instructions to the SBA Form 3508EZ or Lender's equivalent form;
- 3) confirm the borrower's calculations on the borrower's SBA Form 3508EZ or Lender's equivalent form, including the dollar amount of the Payroll Costs, Business Mortgage Interest Payments, Business Rent or Lease Payments, and Business Utility Payments claimed on Lines 1, 2, 3, and 4 of the SBA Form 3508EZ or Lender's equivalent form, by reviewing the documentation submitted with the SBA Form 3508EZ or Lender's equivalent form; and
- 4) confirm that the borrower made the calculation on Line 7 of the SBA Form 3508EZ or Lender's equivalent form correctly, by dividing the borrower's Eligible Payroll Costs claimed on Line 1 by 0.60.

Providing an accurate calculation of the loan forgiveness amount is the responsibility of the borrower, and Lenders may rely on borrower representations. Lenders are expected to perform a good-faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning amounts eligible for forgiveness. If the Lender identifies errors in the borrower's calculations or material lack of substantiation in the borrower's supporting documents, the

Lender should work with the borrower to remedy the issue. The borrower shall not receive forgiveness without submitting all required documentation to the Lender.

The Lender must complete the review of the application and issue a decision to SBA, along with the required documents, not later than 60 days after receipt of a complete application from the borrower. That decision may take the form of an approval (in whole or in part); denial; or (if directed by SBA) a denial without prejudice due to a pending SBA review of the loan for which forgiveness is sought.<sup>2</sup> If the Lender determines that the borrower is entitled to forgiveness of some or all of the amount applied for under the statute and applicable regulations, the Lender must request payment from SBA at the time the Lender issues its decision to SBA.

SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the Lender, plus any interest accrued through the date of payment, not later than 90 days after the Lender issues its decision to SBA. If applicable, SBA will deduct EIDL Advance amounts from the forgiveness amount remitted to the Lender as required by section 1110(e)(6) of the CARES Act.

The Lender is responsible for notifying the borrower of the forgiveness amount paid by SBA to the Lender. If the forgiveness amount paid by SBA is less than the amount in the forgiveness decision issued by the Lender to SBA, the Lender must also notify the borrower of the amount in the Lender's forgiveness decision. If only a portion of the loan is forgiven, or if the forgiveness request is denied, any remaining balance due on the loan must be repaid by the borrower on or before the maturity of the loan. PPP Lenders are responsible for servicing PPP loans in accordance with SBA SOP 50 57, as amended.<sup>3</sup> After submission of a forgiveness decision to SBA, the Lender must continue to service the loan as required.

If a Lender denies a borrower's application in full, the Lender must notify the borrower in writing that the Lender has issued a decision to SBA denying the application. SBA reserves the right to review the Lender's decision in its sole discretion. Within 30 days of notice from the Lender, the borrower may notify the Lender that it is requesting that SBA review the Lender's decision. Within 5 days of receipt of the borrower's request for review, the Lender must notify SBA of the request. SBA will notify the Lender if SBA declines a request for review. If SBA accepts a borrower's request for review, SBA will notify the borrower and the Lender of the results of the review.

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<sup>2</sup> If SBA has notified the Lender that SBA has commenced a loan review, the Lender shall not approve any application for loan forgiveness for such loan until SBA notifies the Lender in writing that SBA has completed its review.

<sup>3</sup> Because PPP loans are 7(a) loans, the SOP applies to the servicing of PPP loans, to the extent that the SOP is not superseded by or in conflict with PPP-specific requirements. The SOP is located at: [https://www.sba.gov/sites/default/files/files/SOP\\_50\\_57\\_2\\_1.pdf](https://www.sba.gov/sites/default/files/files/SOP_50_57_2_1.pdf).

SBA has published detailed rules and guidance on PPP loan forgiveness and loan review procedures, including:

- IFR #1 ([85 FR 20811](#)),
- IFR #3 ([85 FR 21747](#)),
- IFR #14 ([85 FR 33004](#)),
- IFR #15 ([85 FR 33010](#)),
- IFR #17 Revisions to IFR #1 ([85 FR 36308](#)),
- IFR #19 Revisions to IFRs #3 and #6 ([85 FR 36997](#)),
- IFR #20 Revisions to IFRs #14 and #15 ([85 FR 38304](#)),
- numerous [FAQs](#), and
- the [instructions](#) to [Form 3508](#) and the [instructions](#) to [Form 3508 EZ](#).

## **Lender Submission of Loan Forgiveness Decisions, Supporting Documentation, and Requests for Forgiveness Payments to SBA**

SBA has partnered with a financial services technology provider – Goldschmitt-CRI – to make available a secure SaaS platform (the PPP Forgiveness Platform) to accept loan forgiveness decisions, supporting documentation, and requests for forgiveness payments. The PPP Forgiveness Platform is available only to PPP Lenders, not PPP borrowers.

This platform makes available a user interface for Lenders to upload required data and documentation, monitor the status of the forgiveness request, and respond to SBA in case of an inquiry or if SBA selects the loan for review. SBA will post a link to the PPP Forgiveness Platform on its website. The PPP Forgiveness Platform will go live and begin accepting Lender submissions on **August 10, 2020**, subject to extension if any new legislative amendments to the forgiveness process necessitate changes to the system.

All PPP Lender Authorizing Officials (AOs) currently in the CAFS/ETRAN system will receive a welcome email from SBA ([PPPForgivenessRequests@SBA.gov](mailto:PPPForgivenessRequests@SBA.gov)) with instructions on how to access this new platform. If an AO does not receive a welcome email, it should contact **SBA's PPP Lender Hotline at 833-572-0502** for instructions. AOs will automatically be empowered to create up to 10 additional users in the platform for purposes of submitting and monitoring forgiveness requests. Detailed instructions for using the platform will be available upon login. This platform will also allow Lenders to monitor the status of forgiveness payments and support Lender reconciliation. The Lender will use the platform to provide ACH credit information for the account where the Lender wishes to receive the PPP forgiveness payments. The ACH credit information must be for an account owned by the Lender of record (as listed in the SBA ETRAN system). SBA will not make any payments to Lender Service Providers or the Lender servicing the loan if that Lender is not the Lender of record. If the ACH credit information or the routing number is invalid, the Lender will not receive a forgiveness payment.

If the Lender of record authorizes an Agent or Lender Service Provider (as those terms are defined in 13 CFR 103.1) or the Lender servicing the loan (if not the Lender of record) to submit

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58

any information or make any entries or certifications on the Lender of record's behalf for any purpose through the PPP Forgiveness Platform or otherwise, the Lender of record acknowledges that the Agent, Lender Service Provider, or servicing Lender is acting within the scope of the Lender of record's authority and the Lender of record acknowledges that it is responsible for all information submitted and entries and certifications made by such other person or entity.

Lenders must provide a single point of contact and an email address for an AO who will be available to respond to SBA inquiries regarding the Lender's submission and to work with SBA if the loan is selected for review. If the Lender fails to provide a point of contact, all Lender submissions will be rejected and returned to the Lender. SBA expects full cooperation from Lenders with respect to any SBA inquiries or loan reviews. If a Lender fails to cooperate as required, SBA may reject the Lender's submission and the Lender may not receive a forgiveness payment.

## **How to Submit Loan Forgiveness Decisions, Supporting Documentation, and Requests for Forgiveness Payments**

Lenders may utilize the PPP Forgiveness Platform to submit forgiveness requests for individual PPP loans. The PPP Forgiveness Platform also makes available Application Programming Interfaces (APIs) for multiple submissions using an automated method. Additional guidance on how to use the PPP Forgiveness Platform, including step-by-step instructions, will be published on the PPP Forgiveness Platform.

Lender submissions may be rejected by an initial screening process in the PPP Forgiveness Platform, including if they are incomplete or contain errors. If a Lender submission is rejected, the Lender will be notified by the PPP Forgiveness Platform. The Lender must then correct the submission and resubmit it to SBA. Lender correction of a submission will restart the 90-day period for SBA to remit the payment.

## **Lender Confirmation Required for PPP Forgiveness Submissions**

Lenders must confirm the following for each PPP forgiveness submission before SBA will accept the submission:

- 1) this submission accurately reflects the Lender's decision regarding the borrower's loan forgiveness application;
- 2) the information provided by the Lender to SBA with this submission accurately reflects the Lender's records for the PPP loan;
- 3) the Lender has made its decision in accordance with the requirements set forth in Part III.2.a. of the PPP Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, as amended;
- 4) the PPP loan has not been cancelled or repaid; and

- 5) the Lender has not issued a previous loan forgiveness decision to SBA for this PPP loan, unless this is a resubmission following a rejection or a reconsideration of a denial without prejudice.

Lenders can use the SBA Forgiveness Platform to provide this confirmation when submitting requests. This confirmation can also be provided via the Platform APIs.

## **Documentation and Data Required to be Submitted When the Lender Issues its Decision to SBA**

When the Lender issues its decision to SBA, it must submit through the Forgiveness Platform the required items that follow.

The Lender must check a box indicating the decision being issued to SBA. The choices are as follows:

- 1) **Approved in Full** – Lender approved in full the forgiveness amount requested by borrower and the forgiveness amount requested by Lender equals that amount.
- 2) **Approved in Part** – Lender did not approve the full forgiveness amount requested by borrower and the forgiveness amount requested by Lender is less than the forgiveness amount requested by borrower.
- 3) **Denied** – Lender denied the entire forgiveness amount requested by the borrower.
- 4) **Denied without Prejudice** – Lender should use this status when an SBA loan review is pending at the time the borrower submits a loan forgiveness application.

In all cases where Lenders select “Approved in Part”, the Lender must enter its own data for each line item for which it determined a different amount than the amount on the borrower’s loan forgiveness application. SBA will use the line item amounts entered by the Lender to verify the calculations and facilitate the final forgiveness payment amount and associated interest calculation. In addition, for borrower loan forgiveness applications submitted using the SBA Form 3508 or Lender’s equivalent form, the Lender must submit the following in the Forgiveness Platform:

- 1) the PPP Loan Forgiveness Calculation Form (including the representations and certifications page of the application initialed, signed, and dated by an authorized representative of the borrower);
- 2) PPP Schedule A; and
- 3) the PPP Borrower Demographic Information Form (if submitted by the borrower).

And, for borrower loan forgiveness applications submitted using the SBA Form 3508EZ or Lender’s equivalent form, the Lender must submit the following in the Forgiveness Platform:

- 1) the SBA Form 3508EZ or Lender’s equivalent form (including the representations and certifications page of the application initialed, signed, and dated by an authorized representative of the borrower); and

- 2) the PPP Borrower Demographic Information Form (if submitted by the borrower).

If the Lender issues a decision to SBA determining that a borrower is not entitled to forgiveness in any amount, the lender must submit all of the above required documentation and data and provide SBA with the reason(s) for its denial.

### **What Must a Lender Do When SBA Notifies the Lender that SBA is Initiating a Loan Review?**

SBA may review any PPP loan of any size at any time at its discretion. If SBA undertakes such a review, SBA will notify the Lender via the PPP Forgiveness Platform and the Lender must notify the borrower in writing within five business days of receipt of notification.

Within five business days of receipt of the notice of review, the Lender shall also submit via the PPP Forgiveness Platform the following documents:

- 1) The Borrower Application Form (SBA Form 2483 or Lender's equivalent form) and all supporting documentation provided by the borrower.
- 2) The Loan Forgiveness Application (SBA Form 3508, 3508EZ, or Lender's equivalent form), and all supporting documentation required to be submitted by the borrower to the Lender with the Loan Forgiveness Application, including payroll documentation, non-payroll documentation, and full-time equivalent employee documentation, if applicable.<sup>4</sup> The Lender must also request that the borrower provide the Lender with the applicable documentation that the instructions to the Loan Forgiveness Application Form (SBA Form 3508, 3508EZ, or Lender's equivalent form) instruct the borrower to maintain but not submit (documentation listed under "Documents that Each Borrower Must Maintain but is Not Required to Submit"). The Lender must submit the additional documents received from the borrower to SBA within 5 business days of receipt from the borrower.
- 3) A signed and certified transcript of account.
- 4) A copy of the executed note evidencing the PPP loan.
- 5) Any other documents related to the loan requested by SBA.

If loan documentation submitted to SBA by the Lender or any other information indicates that the borrower may be ineligible for a PPP loan or may be ineligible to receive the loan amount or loan forgiveness amount claimed by the borrower, SBA will require the Lender to contact the

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<sup>4</sup> The loan forgiveness application and supporting documentation must be submitted to SBA if the Lender has received the application from the borrower. If the Lender receives the application from the borrower after it receives notice that SBA has commenced a loan review, the Lender shall transmit to SBA copies of the application and all supporting documentation provided by the borrower within five business days of receipt. The Lender must also notify the borrower that the loan forgiveness application is denied without prejudice due to the pending SBA review, and notify SBA through the PPP Forgiveness Platform when that Lender decision is made.

borrower in writing to request additional information. SBA may also request additional information directly from the borrower. The Lender must provide any additional information provided to it by the borrower to SBA. SBA will consider all information provided by the borrower in response to such an inquiry. Failure to respond to SBA's inquiry may result in a determination that the borrower was ineligible for a PPP loan or ineligible to receive the loan amount or loan forgiveness amount claimed by the borrower.

### **What Happens When SBA Remits the Forgiveness Payment to the Lender?**

The Lender is responsible for notifying the borrower of remittance by SBA of the loan forgiveness amount (or that SBA has determined that no amount of the loan is eligible for forgiveness) and the date on which a borrower's first payment is due, if applicable.

### **May a Borrower Appeal SBA's Determination that the Borrower is Ineligible for a PPP Loan or Ineligible for the Loan Amount or the Loan Forgiveness Amount Claimed by the Borrower?**

Yes. SBA intends to issue an interim final rule addressing this process shortly.

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office. Local SBA Field Offices can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

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