



## "I used up my PPP money, how do I apply for forgiveness?"

**Q: I used up my PPP money, how do I apply for forgiveness?**

**A: Don't apply - not yet anyways.**

Many practices are nearing the end of their 24 week covered period and asking when is the right time to apply for forgiveness. We are recommending practices continue to wait for the following reasons:

1. This is still new to the banks and SBA and it is better to have them work out processing problems with other businesses first.
2. It is still likely that the forgiveness process could change with future legislation and make it automatic.
3. When forgiven, the SBA will pay the bank the principal and accrued interest – there isn't a financial downside to the practice.

One reason practices have thought about applying early is because they are worried about a potential drop in full-time equivalent employees (FTE's). Although that is a valid concern, there are exemptions for the following type of FTE reductions which we believe cover most FTE reductions:

1. Any positions for which the Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020
2. Any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer
3. Any reductions because the practice was unable to operate between 2/15/20 and the end of the covered period at the same level of business activity as before 2/15/20 due to compliance with requirements established between 3/1/20 and 12/31/20 by HHS, CDC, or OSHA related to the maintenance of standards for sanitation, social distancing, or other worker or customer safety requirements related to COVID-19
4. Any employees who during the Covered Period or the Alternative Payroll Covered Period

- Were fired for cause
- Voluntarily resigned, or
- Voluntarily requested and received a reduction of their hours

Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

Currently we are only recommending applying for forgiveness if you are in the process of selling or reorganizing a practice where employees will no longer be employed by the same employer identification number (EIN). If that is the case please contact the Partner on your account.



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