



## PeopleFund: Paycheck Protection Program Loan Forgiveness Disclosures

### Application Process

1. Borrower submits the PeopleFund Paycheck Protection Program Loan Forgiveness Application here: <https://peoplefund.org/ppp-forgiveness/>
2. The SBA gives lenders 60 business days to provide a review of the application. A PeopleFund team member will reach out upon review.
3. If your application is missing any necessary documentation or needs additional information, a PeopleFund team member will reach out to you to obtain the missing information. If your application is completed in full and provides all necessary documentation, PeopleFund will send you the appropriate SBA forgiveness application form (pre-populated with your loan information) via DocuSign to initial and sign.
4. Once the appropriate SBA form is signed and remitted, PeopleFund will submit the application to SBA.
5. SBA will review the submitted application and provide PeopleFund with an official decision. The SBA has 90 days to provide an official decision on the application.
6. A PeopleFund team will reach out when the SBA issues an official decision, or if the SBA flags the application for an audit requesting additional documentation. If the PeopleFund or the SBA issues a decision that is unfavorable, the borrower may choose to appeal at that time.

### FAQs

1. What happens if my loan is fully forgiven?

If the submission is approved for full forgiveness, a PeopleFund team member will notify you of the response and close out the loan as paid in full.

2. What happens if my loan is only approved for partial forgiveness or not approved for forgiveness at all?

If the submission is approved for partial forgiveness, the unforgiven amount will remain as a loan with PeopleFund with the agreed term (up to 5 years\*) with an interest rate of 1% that you will have to start paying back at the end of the deferral period\*. If the submission is denied or flagged for review, a PeopleFund team member will reach out with notification and a request for additional information\*.

3. Can I apply for forgiveness for both my 1<sup>st</sup> and 2<sup>nd</sup> draw loans?

Yes. Assuming you meet all eligibility requirements, you may apply for forgiveness for both 1<sup>st</sup> and 2<sup>nd</sup> draw PPP loans. If you have not applied for forgiveness on your 1<sup>st</sup> draw loan by the time you are ready to apply for your 2<sup>nd</sup> draw loan, you must either apply for forgiveness for your 1<sup>st</sup> draw loan first OR apply for forgiveness for your 1<sup>st</sup> draw loan simultaneously with your 2<sup>nd</sup> draw loan. You may NOT use the same application to apply for forgiveness for both loans. You must choose the forgiveness application (3508S, 3508EZ, 3508) most appropriate to your situation for both 1<sup>st</sup> and 2<sup>nd</sup> draw loans. Additionally, 2<sup>nd</sup> draw borrowers are required to prove that there has been at least a 25% reduction in gross revenue from any period in 2019 when compared with a similar period in 2020. PeopleFund has attempted to mitigate this document request by requiring proof of the reduction upon loan application rather than at the time of forgiveness. If PeopleFund has not received, for any reason, proof of the reduction prior to forgiveness, PeopleFund will request that proof during the forgiveness process.

4. It looks like I can only apply for forgiveness on the PeopleFund website if my loan was under \$150,000. My loan is over \$150,000, how do I apply for forgiveness?

Most PeopleFund borrowers have received loans for under \$150,000. If your loan amount was over \$150,000, a PeopleFund team member will reach out to you at least one month prior to the end of your deferral period to work through the forgiveness process. The forgiveness process is more complex for borrowers with loans over \$150,000 and PeopleFund wants to ensure the appropriate forms are filled out and the documents needed for processing are communicated clearly. If you have a loan over \$150,000 that you are ready to apply for forgiveness for now, please schedule an appointment with our Forgiveness manager here: <https://calendly.com/ksobel>.

5. What expenses are eligible for forgiveness?

The SBA, under the new Economic Aid Act (signed December 27<sup>th</sup>, 2020), has broadened the list of expenses that may be eligible for forgiveness. This list, in addition to covered payroll costs, mortgage interest, lease or rent payments, and utilities, now cover certain operation expenditures, property damage costs in relation to looting or vandalism that was not covered by insurance, supplier costs, and worker protection expenditures. A detailed list of all covered costs can be found on page 49 of the following Internal Final Rule:

<https://home.treasury.gov/system/files/136/PPP-IFR-Paycheck-Protection-Program-as-Amended-by-Economic-Aid-Act.pdf>

6. It looks like there are a lot more expenses that are covered for forgiveness. Does this mean that if I spend my PPP funds on ANY of the covered expenses, that my loan will be forgiven?

No. You must still abide by the 60/40 rule ensuring at least 60% of your PPP funds went to covered payroll costs. 40% or less of the funds can be used on eligible non-payroll costs. In addition, you must also abide by all other forgiveness eligibility requirements which includes retaining the employee headcount originally reported in your 1<sup>st</sup> or 2<sup>nd</sup> draw PPP loan application, not reducing employee wages, salary, or hours, or meeting one of the Safe Harbor exemptions.

7. Do I have to provide proof of how I spent my funds and my employee headcount and payroll sustenance at the time I file for forgiveness?

Maybe. If your loan was under \$150,000, and you have already provided proof of the 25% reduction in gross revenue if applying for forgiveness for a 2<sup>nd</sup> draw loan, you do not have to provide documentation proving how you spent your funds or employee headcount and payroll sustenance. You are only required to provide self-certifications attesting to certain statements regarding you appropriately following the rules for the program. However, PeopleFund and the SBA may audit your loan application and request additional proof or documentation for a period of 4 years. Although you are not required to submit that upon filing forgiveness, you must retain the documents relevant to your situation. These documents may include payroll records, 3<sup>rd</sup> party payroll reports, 941s and state and local tax filings, receipts or invoices, or bank statements, as well as other documents that may suffice as proof.

### **Disclosures**

\*PeopleFund has 60 days from the time we receive your application in full to the time we submit to the SBA for review.

\*SBA has 90 days from the time PeopleFund submits your application to provide an official decision.

\*It is possible that the SBA will flag your loan for review. If this happens, PeopleFund or the SBA may reach out to you with a request for more information. You are expected to provide that information within 5 business days.

\*If you received a PPP loan prior to June 5<sup>th</sup>, 2020, you are currently set up with a 2 year payback term inclusive of the 10 month deferral period. If you receive partial or no forgiveness, you may request that PeopleFund extends the payback term to 5 years inclusive of the 10 month deferral period.

\*All loans were automatically granted an extension from 6 months of deferred payments to 10 months of deferred payments. If you receive partial or no forgiveness, your payback term will begin 10 months from the date of your first disbursement.

\*If you receive full forgiveness, the interest accrued during your deferral period will also be forgiven. If you receive partial forgiveness, you will be responsible for partial interest accrual during the deferral period. If you receive no forgiveness, you be responsible for the interest that accrued during the deferral period in full amortized over the life of your loan.

\*Borrowers with loans under \$50,000 are **NOT** subject to forgiveness due to:

- A reduction in employee headcount
- A reduction in employee wages or hours
- The receipt of an Economic Injury Loan Program Advance

\*Borrowers with loans under \$50,000 **ARE** subject to a reduction in forgiveness if:

- The borrower did not spend the funds on eligible expenses
- The borrower did not spend at least 60% of the funds on payroll or payroll-related expenses

\*Borrowers with loans over \$50,000 **MAY** be subject to a reduction in forgiveness if:

- There was a reduction in employee headcount, wages, or hours
- The borrower did not spend at least 60% of the funds on payroll or payroll-related expenses

\*Borrowers with loans under \$150,000 are expected to retain specific payroll and non-payroll documentation to account for expenses paid with PPP funds for a period of at least 4 years. Although the borrower is not required to submit supporting documentation with the PPP forgiveness application (3508S), unless in the case of a 2<sup>nd</sup> draw borrower substantiating a 25% reduction in revenues, PeopleFund or the SBA can request retained documents at any time in the case of an audit or loan review. Failure to provide substantiating documentation may lead to only partial or no forgiveness. Documentation needed will depend on how the loan funds were used and could include payroll reports, bank statements, tax filings, invoices or receipts, among other documents. A full list of acceptable documents can be found on page 3 and 4 of the application instructions here: <https://home.treasury.gov/system/files/136/PPP--Loan-Forgiveness-Application-Instructions--Form-3508S-1192021.pdf>

\*Information entered into the forgiveness application must match the information entered into the borrower's original PPP loan application. If the information is not correct, a PeopleFund team member will reach out to you to correct the document.

### **Application Assistance**

PeopleFund will not be accepting phone calls related to status update requests due to the large volume of applications being processed at this time. If you have a question related to your application or need assistance completing the forgiveness application, please request assistance through our "Contact Us" form. Please ensure you are detailed when submitting your request as we will need to ensure the request makes it to the right team member for assistance: <https://peoplefund.org/contact-us/>. You may also schedule an appointment directly with our Forgiveness manager here: <https://calendly.com/ksobel>.

### **Change Notice and Agreement**

The information within this document is accurate as of this time, but is subject to change at any time as a result of potential legislative changes made to the Paycheck Protection Program.

By submitting your Paycheck Protection Loan forgiveness application to PeopleFund, you agree to and are responsible for reading and understanding all disclosures held herein.