



U.S. Small Business
Administration

PPP Forgiveness Technical Webinar

(not intended to convey policy; official IFRs and Procedural notices will be published in near future)

Date: July 19th, 2021

Agenda

- **Platform Updates**
- **3508 Form changes**
- **Loan Necessity Questionnaire (*Sunset*)**
- **Direct Forgiveness (*Upcoming Launch*)**
- **Guaranteed Purchase (*Go-Live 7/20*)**
- **Demo**
- **Q & A**

Platform Updates

- We continue to see positive momentum with vendors and lenders calling and exercising all the API endpoints. SBA continues to work with industry to accelerate Forgiveness and support borrower engagement.
- The SBA is in the process of optimizing several components of the Forgiveness process; the SBA has recently also release an enhancement payment correction process.
- On 07/15, Forgiveness platform (sandbox) was updated to allow forward progress ahead of the formal announcements
- These changes will be deployed in production on 07/19; available for use on 7/20.

S.No	Category	Update
1	3508 Forms (3508, S and Ez)	<ul style="list-style-type: none">• Two new optional fields to be added - Loan increase amount and Loan increase disbursement date
2	LNQ (Loan necessity questionnaire)	<ul style="list-style-type: none">• Functionality removed
3	Direct Forgiveness to Borrowers	<ul style="list-style-type: none">• SBA proposes to launch a borrower direct PPP Forgiveness option to support the lender community
4	Guaranteed Purchase	<ul style="list-style-type: none">• Will allow Lenders to request payment on the SBA guaranty for PPP loan, for reasons as approved by SBA.



3508 Form Changes

3508 Form Changes

- Applicable for all 3508 Forms (3508, Ez and S)
- Two new optional fields to be added - Loan increase amount and Loan increase disbursement date

Amount of PPP Loan Increase (if applicable): _____ **Date of PPP Loan Increase (if applicable):** _____

- These fields are applicable if Lender increased Loan amount through Etran servicing after initial loan disbursement. This would be applicable to the period (post Dec 27th, 2020) where increases were allowed in certain situations.
- API end point change –
 - POST /api/ppp_loan_forgiveness_requests/
 - GET /api/ppp_loan_forgiveness_requests/

loan_increase	Number	Optional	1000.00	Any Loan increase which lender did on the Loan after initial Loan approval. This amount is already included in PPP Loan amount. If loan_increase is provided, loan_increase_date should also be provided and vice versa
loan_increase_date	String	Optional	2020-12-29	Date on which increased Loan was disbursed by Lender. Lender will be paid interest on Loan increased amount from this date

- Forgiveness Submission UI enhancement

Amount of PPP Loan Increase (if applicable)

Date of PPP Loan Increase (if applicable)



3508 Form Changes

- Interest calculation - Forgiveness interest calculation will now consider different disbursement dates, for original loan and loan increase amount (if applicable).
- <https://ussbaforgiveness.github.io/UseCases/payment.html>

Formula for Interest Calculation (Actual/360)

$$((\text{SBA calculated Forgiveness amount} - \text{Loan increase amount}) * 1/100 * (\text{Payment Date} - \text{Loan Disbursement Date})/360) +$$
$$(\text{Loan increase amount} * 1/100 * (\text{Payment Date} - \text{Loan increase Disbursement Date})/360)$$

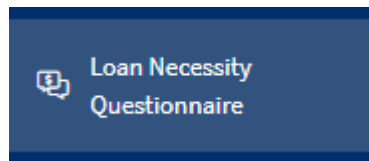
Example (Actual/360)

SBA Number	Forgiveness Amount (determined by SBA)	Loan Disbursement Date	Loan increase amount (if any)	Loan increase disbursement date	Payment Date	Interest Calculated @ 1%	Final forgive amount with interest
X	300,000	05/08/2020	0	N/A	09/30/2020	1208.33	301,208.33
Y	300,000	05/08/2020	9000	06/01/2020	09/30/2020	1202.33	301,202.33

Loan Necessity Questionnaire

Loan Necessity Questionnaire

- **LNQ (Loan necessity questionnaire) functionality has been removed** from the platform.
- PPP lenders will no longer be required to obtain an LNQ from borrowers seeking forgiveness of PPP loans in the amount of \$2 million or more.



Removed from Platform

All Loan Necessity Questionnaires

Direct Forgiveness



Introduction

- SBA proposes to launch PPP Forgiveness with a **Direct Borrower Application** option which should help accelerate Forgiveness process.

Considerations

- Lenders would be given an option to select Direct Forgiveness Program for their Borrowers.
- Direct SBA option would be available for borrowers across lenders who have opted in – but not mandatory for borrowers to utilize. The traditional forgiveness processing can be leveraged.
- This process will only be allowed for forgiveness decisions \$150k and below.
- This platform will support only the 3508s form for Borrowers and the electronic signature process.
- The SBA will provide a call-center team and inbox customer service functionality to support borrower's queries. FAQ's and Tool tips to guide borrowers during application submission.
- Once direct Forgiveness is submitted by Borrower, the Lender will be able to provide an approval in their dashboard (or declination) – but this will not support a two-way discussion with the borrower. All declines will be routed back to Borrower and will advise them to contact their lender directly.

Funding will utilize the same payment rails established today – to Lender.

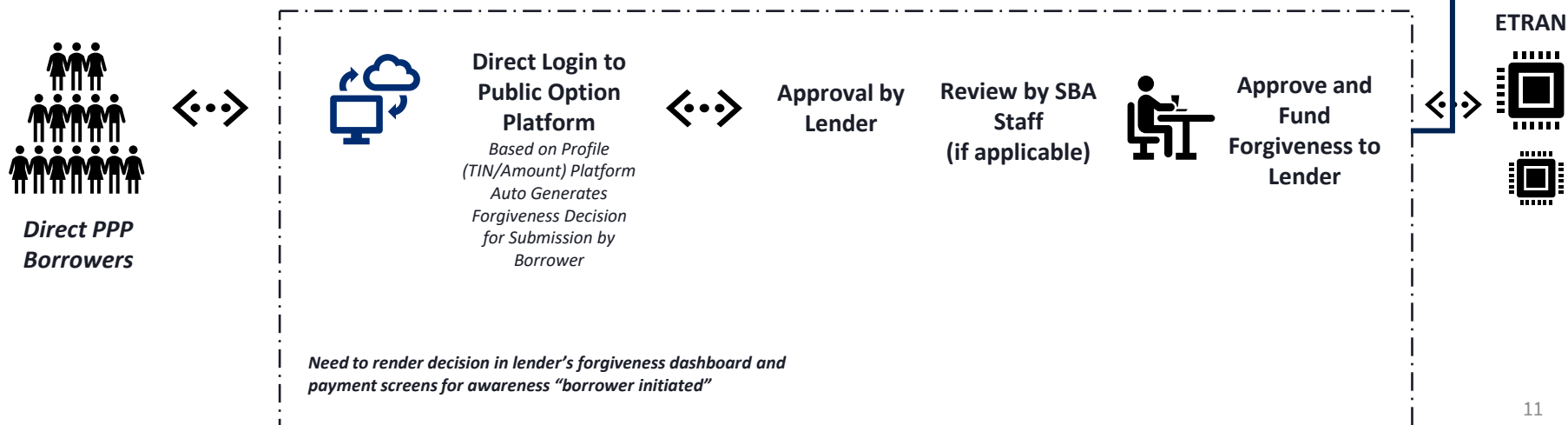


SBA Forgiveness - Process

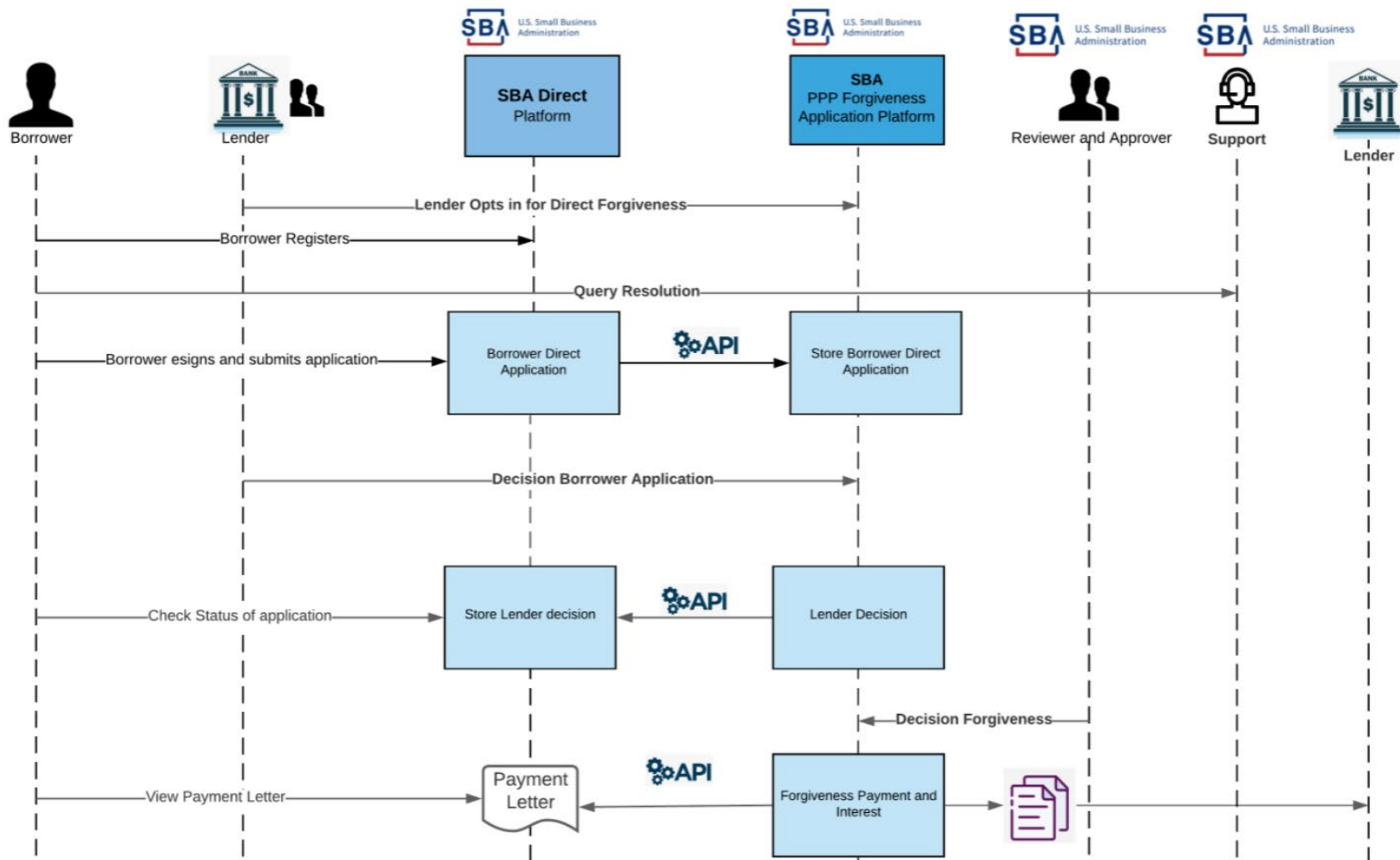
Current Process (will remain)



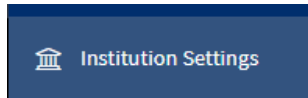
Alternative Process (optional accelerator)



Detail Flow Diagram



- **Institution settings** enhancement to include Lender's direct forgiveness opt in preference



☒ Lender has agreed to the Terms of Services provided by the SBA ([linked here](#)) and has opted-in to the Direct Forgiveness Platform.

Direct Forgiveness Contact Phone Number

Direct Forgiveness Contact Email

Optional Fields

Direct Borrower Forgiveness Technology Provider Agreement

This DIRECT BORROWER FORGIVENESS TECHNOLOGY PROVIDER AGREEMENT ("Agreement") is effective on the date that an Authorized Lender Official checks the **Opt-In Selection in the Institutions Settings of the Paycheck Protection Platform** (as defined herein) ("Effective Date") and is by and between the Lender and the U.S. Small Business Administration ("SBA").

1. **PPP Program.** The Lender is a participant in the Paycheck Protection Program ("PPP"), a temporary 7(a) guaranteed loan program authorized under Sections 7(a)(36), 7(a)(37) and 7A of the Small Business Act (15 U.S.C. 636(a)(36), 15 U.S.C. 636(a)(37), and 15 U.S.C. 636m). This Agreement supplements the Lender's SBA Form 750, 750CA, 3506 or 3507, whichever is applicable.

- Covid flag**

Covid flag to be made available in the platform, which can be used by all lenders for second draw loan of <=150K, to determine if revenue reduction document is required or not from borrower.

Lookup Disbursed PPP Loans

Lender Name	Borrower Name (Loan Name)	Business Name (Principal Name/Business Name)	SBA Number	EIN/SSN	Loan Amount	EIDL Advance Amount	PPP Loan Draw	Funding Date	Disbursement Date	Covid Flag	Hold Details
EtranDemoBank	Postman Cloud		3217684906	*****4906	\$ 150,000.00	\$ 0.00	Second Draw	2021-04-01	2021-04-01	pass	N/A

- GET /api/ppp_loan_validations/

covid_flag string pass

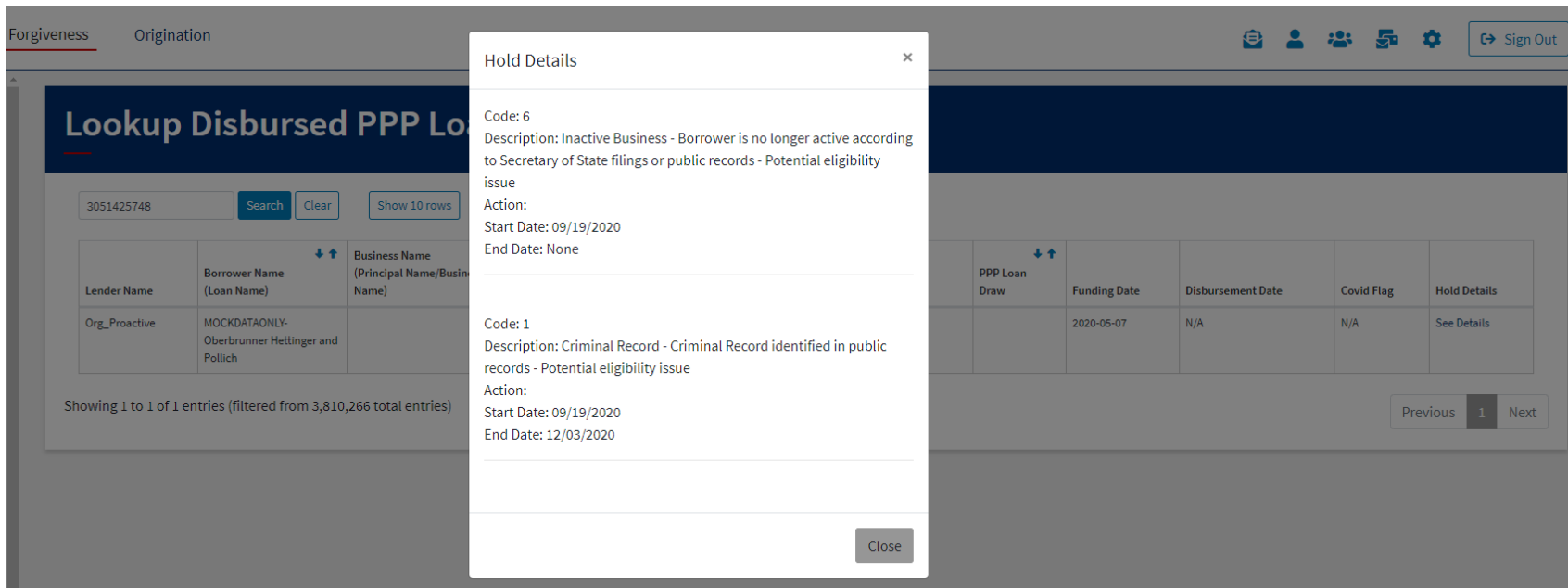
Flag which determines whether revenue reduction document is required from Borrower for 2nd draw Loans of <=150K. Valid values - fail means document is required, pass means document is not required, null means covid score is not applicable

S.No	Scenario	Expected Covid Flag Value	Interpretation of covid flag
1	First draw Loan of any loan amount	Null	Lender can Ignore covid flag value
2	Second draw loan <=150K	Pass or Fail	Pass - No revenue reduction required from borrower Fail – Revenue reduction document required from borrower
3	Second draw loan > 150K	Null	Lender can Ignore covid flag value

- **Hold code details** - SBA authorized hold codes and their details will be made available on the fully disbursed loans. This will allow lender to include documentation in support of hold clearing upon Forgiveness submission. The platform should only reflect those that don't have an end date (meaning they are still active)

○ GET /api/ppp_loan_validations/

Parameter Name	Data Type	Sample Value	Description
hold_details	String	"Code":1,"Description":"Criminal Record","StartDate":"09/19/2020","EndDate":null,"LenderDescription":"Criminal Record - Criminal Record identified in public records - Potential eligibility issue (Lender Can Certify)"	Details of all SBA authorized holds which are on a Loan



The screenshot shows the 'Forgiveness Origination' interface. A modal window titled 'Hold Details' is open, displaying information for two different hold codes.

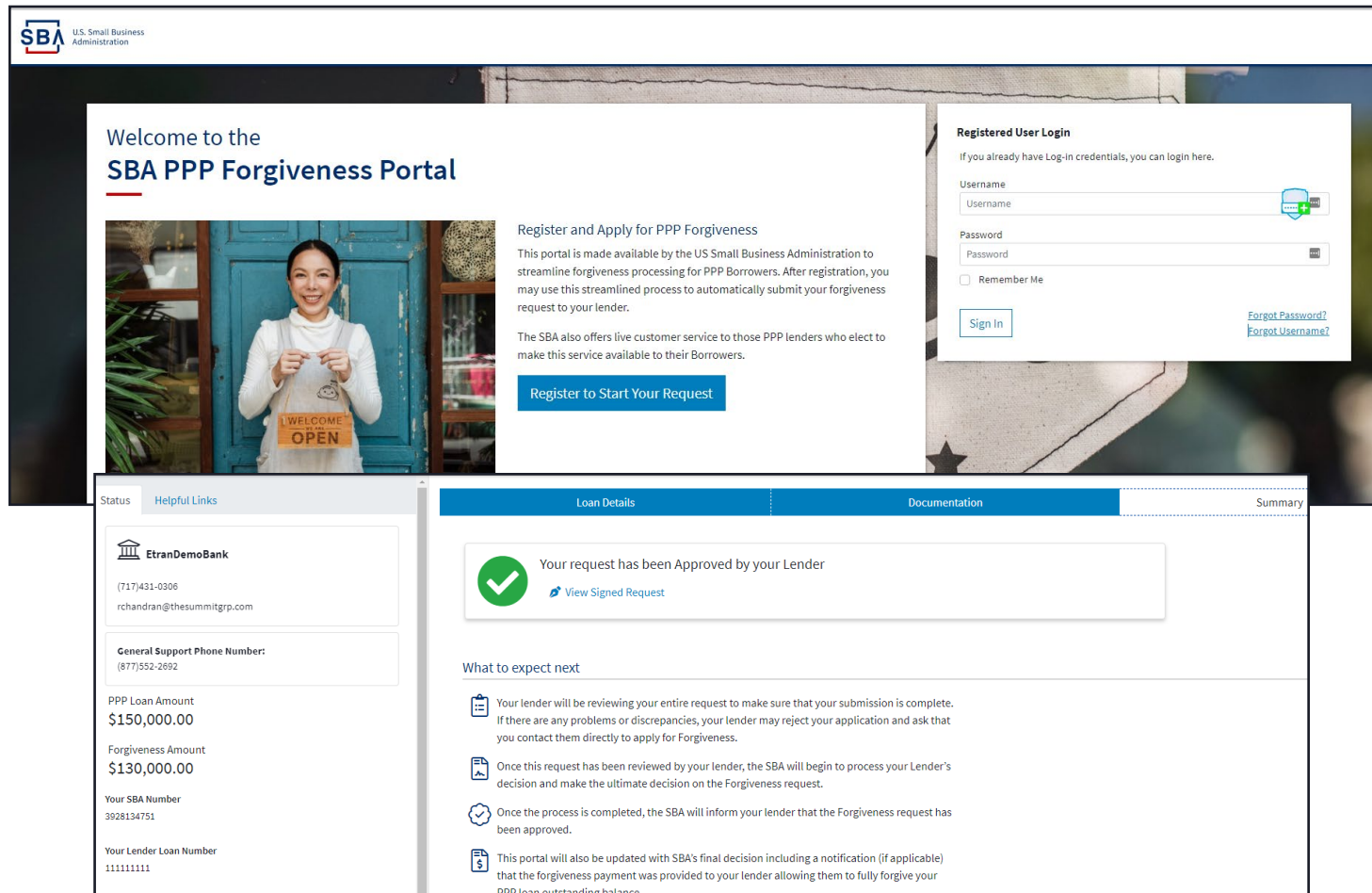
Hold Details Modal:

- Code: 6**
Description: Inactive Business - Borrower is no longer active according to Secretary of State filings or public records - Potential eligibility issue
Action:
Start Date: 09/19/2020
End Date: None
- Code: 1**
Description: Criminal Record - Criminal Record identified in public records - Potential eligibility issue
Action:
Start Date: 09/19/2020
End Date: 12/03/2020

Background Interface:

- Section: **Lookup Disbursed PPP Loans**
- Search input: 3051425748
- Buttons: Search, Clear, Show 10 rows
- Table with columns: Lender Name, Borrower Name (Loan Name), Business Name (Principal Name/Business Name)
- Table data: Org_Proactive, MOCKDATAONLY-Oberbrunner Hettinger and Pollich
- Footer: Showing 1 to 1 of 1 entries (filtered from 3,810,266 total entries)
- Table with columns: PPP Loan Draw, Funding Date, Disbursement Date, Covid Flag, Hold Details
- Table data: 2020-05-07, N/A, N/A, See Details
- Navigation: Previous, 1, Next
- Buttons: Close

- New website for Direct Forgiveness
<https://directforgiveness.sba.gov>



Welcome to the SBA PPP Forgiveness Portal

Register and Apply for PPP Forgiveness

This portal is made available by the US Small Business Administration to streamline forgiveness processing for PPP Borrowers. After registration, you may use this streamlined process to automatically submit your forgiveness request to your lender.

The SBA also offers live customer service to those PPP lenders who elect to make this service available to their Borrowers.

[Register to Start Your Request](#)

Registered User Login

If you already have Log-in credentials, you can login here.

Username

Password

☐ Remember Me

[Sign In](#) [Forgot Password?](#) [Forgot Username?](#)

Status [Helpful Links](#)

EtranDemoBank
 (717)431-0306
 rchandran@thesummitgrp.com

General Support Phone Number:
 (877)552-2692

PPP Loan Amount
\$150,000.00

Forgiveness Amount
\$130,000.00

Your SBA Number
 3928134751

Your Lender Loan Number
 111111111

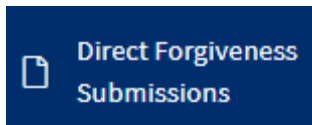
Loan Details **Documentation** **Summary**

Your request has been Approved by your Lender
[View Signed Request](#)

What to expect next

- Your lender will be reviewing your entire request to make sure that your submission is complete. If there are any problems or discrepancies, your lender may reject your application and ask that you contact them directly to apply for Forgiveness.
- Once this request has been reviewed by your lender, the SBA will begin to process your Lender's decision and make the ultimate decision on the Forgiveness request.
- Once the process is completed, the SBA will inform your lender that the Forgiveness request has been approved.
- This portal will also be updated with SBA's final decision including a notification (if applicable) that the forgiveness payment was provided to your lender allowing them to fully forgive your PPP loan outstanding balance.

- Lender will be able to review and decision direct forgiveness submissions



Direct Forgiveness Submissions

Filter by Status

Pending
Search
Clear
Show 10 rows
Export
Approve Selected

	name	Borrower Name	Created	Updated	Source	SBA Number	Status
Pending	noBank	Postman Cloud	July 15, 2021 09:30 AM	July 15, 2021 09:34 AM	DIRECT	4831958660	Pending
Failed Validation	noBank	Postman Cloud	July 15, 2021 11:33 AM	July 15, 2021 11:33 AM	DIRECT	4831958662	Pending
All	EtranDemoBank	Postman Cloud	July 15, 2021 02:53 PM	July 15, 2021 02:53 PM	DIRECT	4831958682	Pending
Approved							
Rejected							
Borrower Correction							

- New end point to view direct forgiveness requests

GET /api/direct_forgiveness_requests/

Note: This API will also return Etran loan slug which will ensure that your existing Forgiveness API interface with SBA can continue to be used for status, decision and payment tracking, without any changes at your end.

Parameter Name	Data Type	Sample Value	Description
etran_loan_slug	String	d9dbd558-7c34-451f-b929-d1828dabe20e	This field indicates the slug of the Forgiveness once Lender approves direct forgiveness request. This slug can be used by API users to track status of SBA's action on Forgiveness and can be used to make Get Forgiveness Request Details using UUID - GET /api/ppp_loan_forgiveness_requests/{slug}/

- Lender will be able track approved direct forgiveness submissions

All Forgiveness Submissions

Filter by Status Filter by Created From To Source

Lender Name	Borrower Name	SBA Number	Status	Source	Created
EtranDemoBank	Postman Cloud	3010339941	Pending Validation	DIRECT	07/07/2021

Showing 1 to 1 of 1 entries (filtered from 596,424 total entries)

Previous **1** Next

- End point – GET /api/ppp_loan_forgiveness_requests/

New field added

Parameter Name	Data Type	Sample Value	Description
source	Number	1	If the Forgiveness was initiated by Lender, it's value by 1 else if it was initiated by borrower (direct forgiveness) its value will be 2

Direct Forgiveness – Life Cycle and Status mapping

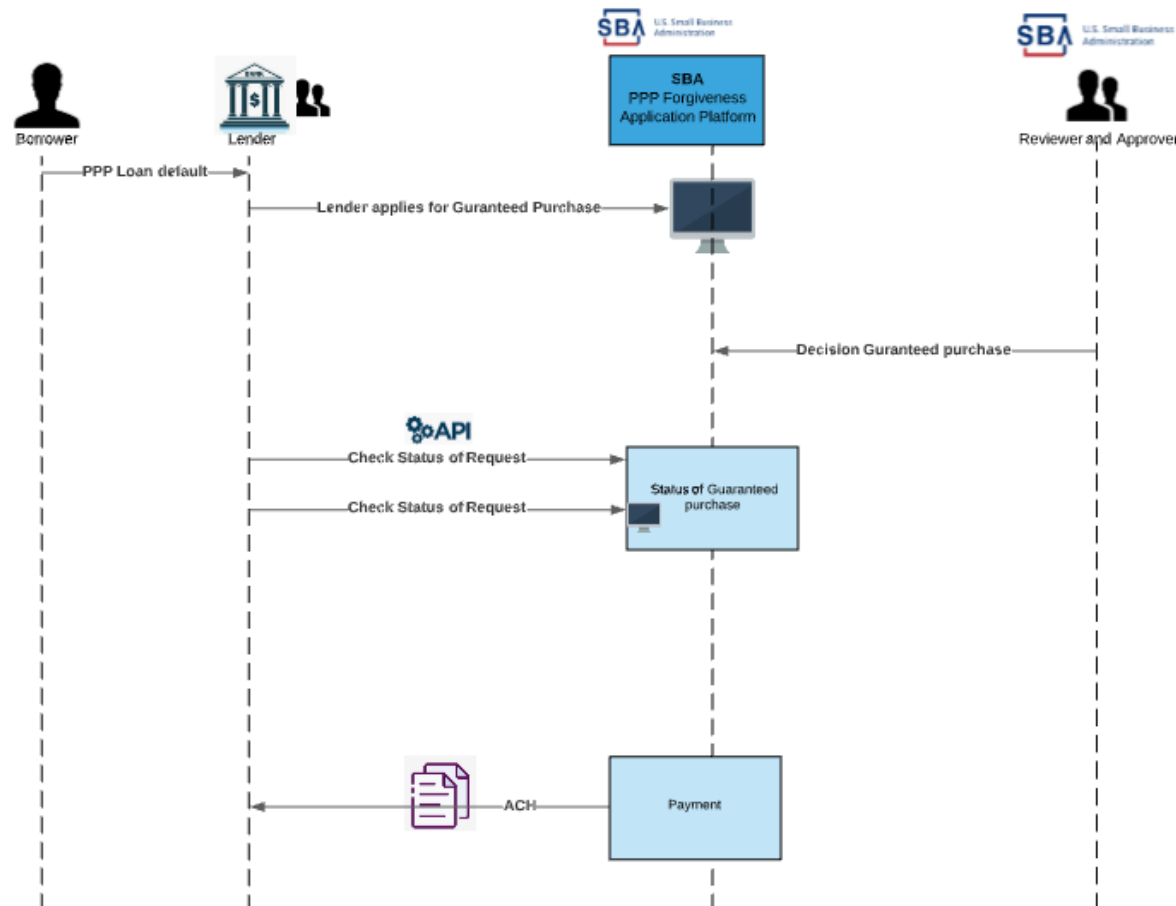
Direct Forgiveness - Life cycle and Status Mapping

SNo	Functionality	Direct Forgiveness Portal - Borrower Facing Status	SBA Forgiveness Portal - Direct Forgiveness Menu - Lender Facing Status or GET /api/direct_forgiveness_requests/	SBA Forgiveness Portal - All Forgiveness Portal - Lender Facing Status
1	Borrower editing direct forgiveness application	Request in Progress	N/A	N/A
2	Borrower submitted direct forgiveness application but have signature pending	E-Signature Pending	N/A	N/A
3	Borrower completed e-signature	E-Signature Processing	N/A	N/A
4	Borrower application pending transmission to SBA portal for Lender to review	Submission pending	N/A	N/A
5	Borrower application transmitted to SBA portal for Lender to review	Submitted to lender	Pending	N/A
6	Lender Approves Direct Forgiveness application	Lender Decision (Accepted)	Approved	Pending Validation
7	Lender declines Direct Forgiveness application	Lender Decision (Rejected)	Rejected	N/A
8	Lender asks borrower to edit and resubmit application	Lender Decision (Correction)	Borrower correction	N/A
9	Lender approval to SBA fails due to change in etran loan data	Submitted to lender	Failed validation	N/A
10	SBA reviewing direct forgiveness application	Lender Decision (Accepted)	Approved	Under Review
11	SBA approves application - full approval	SBA Decision (Fully Approved)	Approved	Fully Approved
12	SBA approves application - Partial approval	SBA Decision (Partially Approved)	Approved	Partially Approved
13	SBA doesnot approve application	SBA Decision (Not Approved)	Approved	Not Approved
14	SBA processes Payment	SBA Decision (Fully Approved) or SBA Decision (Partially Approved)	Approved	Fully Approved or Partially Approved


Guaranteed Purchase Support

Introduction

- System will allow Lenders to request payment on the SBA guaranty for PPP loan, for reasons as approved by SBA.



- Lender will be able to submit eligible SBA loans for Guarantee Purchase

 Guaranteed Purchases

Request a Loan Purchase

Please confirm the accuracy of the data that is prepopulated by the SBA within this workflow. If the information or borrower fields do not match, you must resolve discrepancies with the SBA and ETRAN (the system of record) prior to proceeding. Any changes made within ETRAN will take up to 72 hours to appear within this platform.

Please note: SBA will process the guaranty purchase payment to the same Lender ACH account where SBA remits the forgiveness payments. This is found within your Institution Settings.

Look Up Loan by SBA Number

SBA Number

Search

Cancel

SBA #: **\$217684905**

Lender PPP Loan #: **111111111**

Borrower Name: **Postman Cloud**

Business TIN (EIN/SSN): *******4905**

Borrower Type: **Independent Contractor**

PPP Loan Disbursement Date:

PPP Loan Approval Amount: **\$ 150,000.00**

PPP Loan Amount: **\$ 150,000.00**

PPP Loan Outstanding Balance: **\$ 150,000.00**

PPP Servicing Status: **Delinquent Disbursed**

Is Sample? **False**

Loan Type

PPP

Disbursement Date

mm/dd/yyyy

Principal Amount

\$

Reason

Is 60 days or more past due on scheduled loan payments and the default has not been cured

Is permanently closed and does not plan to submit a forgiveness application

Has filed for Chapter 7 bankruptcy protection

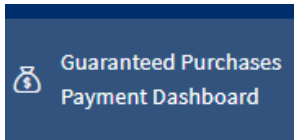
In the case of self-employed individuals, sole proprietors, single-member LLCs, or independent contractors, the owner is deceased

Borrower or any owner of 20% or more of the borrower, has been formally indicted for or convicted of a felony related to the PPP loan and SBA will not charge-off.

Filed appeal with the Office of Hearings and Appeals (OHA) for adjudication more than 60 days ago.

Supporting Documents

- Lender will be able to track status of Guaranteed Purchase



Guaranteed Purchase Payment Dashboard

Filter by GP Payment Date

From To

Lender Name	Borrower Name	SBA Number	Disbursement Date	Loan Amount	GP Principal Amount	SBA Decision Date	Calculated Interest	GP Payment Amount	GP Payment Date	Payment Batch	GP Payment Status	SBA Decision	Notification Letter
EtranDemoBank	Postman Cloud	3187205591	03/14/2021	\$ 108,300.33	\$ 108,300.33		\$ 5,000.00	\$ 113,300.33	07/08/2021	PF107081	Payment Sent		
EtranDemoBank	Postman Cloud	3187205605	03/14/2021	\$ 108,300.33	\$ 95,000.00	07/08/2021	\$ 500.00	\$ 95,500.00	07/08/2021	PF107081	Payment Sent	Fully Approved	

New API end point

- GET /api/purchase_guarantee_status/
- GET /api/purchase_guarantee_status/SBA_Number

Parameter Name	Data Type	Sample Value	Description
sba_number	String	9999114733	The SBA loan number
principal_amount	Number	50000.0	Principal amount of adjustment
interest_amount	Number	95.83	Interest amount of adjustment
payment_amount	Number	100.00	Adjustment amount
status	String	Payment Sent	This value indicates the status of Lender's Guarantee purchase request
created_at	String	2020-07-06T17:17:58.218Z	The created/submission date time of the Guranteed Purchase in UTC
updated_at	String	2020-07-06T17:17:58.218Z	The updated date time of the Guranteed Purchase in UTC
sba_decision	String	Fully Approved	This value will always indicate the status of the SBA Decision only

Demo / Q&A