

- **Alternative Covered Period:** The Period, if elected, that begins on the first day of the pay period after the borrower receives loan funds. Applicable only to Payroll Costs and available only to businesses that regularly pay employees on either a weekly or bi-weekly basis.
- **Baseline Period:** (see Look-Back Period)
- **Covered Period:** Either the 8-week or the 24-week period beginning on the loan disbursement date and ending no later than December 31st, 2020.
- **Employees:** Staff paid via payroll for whom the borrower files payroll tax forms. These can be either full-time or part-time employees
- **Employer-Paid:** Costs paid by the employer for fringe expenses (specifically excludes amounts withheld from Gross Pay and paid to a third party on behalf of the employee)
- **EZ Form:** Loan Forgiveness Application Form 3508EZ, a shorter forgiveness application form available to borrowers who meet one of three specific criteria
 - Self-employed individuals with no staff
 - Borrowers who did not reduce salary or hourly wage of any person earning less than a \$100,000 annualized wage by more than 25% **and** did not reduce the number of employees or average number of paid hours between January 1, 2020 and the end of their chosen Covered Period
 - Borrowers who did not reduce salary or hourly wage of any person earning less than a \$100,000 annualized wage by more than 25% **and** the borrower was unable to return to operate at pre-pandemic business levels (pre-February 15, 2020) due to compliance with government requirements for reduced business activity due to COVID-19
- **FTE Exception:** Employees who are excluded from the FTE and Salary Reduction Factors because they meet specific and documented criteria for exemption qualification
- **FTE Reduction Factor:** Any reduction in staff, based on an average 40-hour Full Time Equivalent work week, as compared to the borrower's chosen look-back period
- **FTE Reduction Quotient:** The number used to multiply the difference between the Forgiveness Amount and the Salary Reduction Factor, expressed as the inverse of the reduction
- **FTE:** 40-hour work week basis used to determine the number of Full Time Equivalent staff
- **Government requirements for reduced business activity:** Statements made by the Centers for Disease Control and Prevention (CDC), Dept of Health and Human Services (HHS) or the Occupational Safety and Health Administration (OSHA) that local jurisdictions relied upon in writing to issue similar orders which restricted commerce
- **Gross Pay:** Wages, salaries, commissions, vacation, sick pay, separation or similar compensation before employee tax and benefit deductions.
- **Inability to Return to Pre-February 15, 2020 Levels of Business Activity:** A borrower's inability to operate at pre-pandemic business levels due to compliance with government requirements or guidance issued between March 1st and December 31st, 2020. Note that this is not the same as a business that experienced a reduction in business activity, but rather means that the business was prevented from returning from that reduction due to documented federal requirements for sanitation, social distancing, etc.
- **Incurred:** Expenses that occurred during the loan Covered Period, whether paid during the Covered Period or not (example: hours worked but not yet paid)

- **Interest:** Amount paid in excess of principal for the use of money borrowed
- **Lease:** Amount paid for business equipment leases documented by an agreement that was in place prior to February 15, 2020
- **Loan Origination Date:** Date funds are disbursed to borrower.
- **Look-Back Period:** The various comparison periods used in calculating either Salary or FTE Reduction Factors
- **Medical:** Amounts paid by employers for employee health plans (health, dental or vision)
- **Mortgage:** Amount paid for principal (allowed use of PPP funds but not forgivable) and interest (allowed and forgivable) when a business owns the real estate in which the business is conducted, so long as the mortgage was in place prior to February 15, 2020
- **Non-Payroll Costs:** Mortgage interest, rent, lease expenses, and utilities
- **Owner's Compensation:** Amounts paid to Owners, Owner-Employees, Partners and Self-employed individuals
- **Paid:** Cash disbursed in the loan Covered Period (which may or may not have been incurred during the Covered Period)
- **Pay Cycle Frequency:** A borrower's weekly, bi-weekly (every two weeks), semi-monthly (two times per month, generally the 15th and last day of the month) or monthly payroll cycle
- **Payroll Costs:** Gross pay up to an annualized maximum of \$100,000 per US employee, plus the employer's cost of providing employee healthcare and retirement benefits, plus the cost of employer-paid state and local payroll taxes (but excluding federal employer tax costs and FFCRA paid leaves), plus allowable owner's compensation
- **Rent:** Amount paid for office and business space documented by a rental agreement that was in place prior to February 15, 2020
- **Retirement:** Amounts paid by the employer to fund employee retirement plans
- **Safe Harbors:** Various provisions in the PPP Loan or Loan Forgiveness applications that reduce or eliminate legal or regulatory liability of the borrower if prescribed conditions are met
 - Borrower's good faith certification as to eligibility for PPP loans if that borrower has a loan amount of less than \$2 million
 - Granted to those who repaid borrowed amounts in full prior to May 17, 2020 indicating they were ineligible to participate in the PPP
 - Granted to those borrowers who can document exemption from a variety of FTE and Salary reduction factors due to specific circumstances beyond their control
- **Salary Reduction Factor:** Any Salary or Hourly Wage reduction amount exceeding 25% of any single employee in the Covered Period as compared to the January 1 – March 31st, 2020 pay period, calculated by employee at a weekly rate, then multiplied by the number of weeks in the selected Covered Period
- **Standard Form:** Loan Forgiveness Application Form 3508
- **State and Local Taxes:** Employment taxes required to be paid by the employer and directly related to employee compensation
- **Transportation:** Costs of fuel for company-owned vehicles
- **Utilities:** Water, Gas, Electric, Internet connectivity, Telephone and Transportation costs