

## WHAT YOU SHOULD KNOW ABOUT LOAN FORGIVENESS

### FOR BORROWERS

Paycheck Protection Program (PPP) borrowers may be eligible for loan forgiveness if the funds were used for eligible payroll costs, payments on business mortgage interest payments, rent, or utilities during either the 8 or 24-week period after disbursement. A borrower can apply for forgiveness once it has used all loan proceeds for which the borrower is requesting forgiveness. Borrowers can apply for forgiveness any time up to the maturity date of the loan. If borrowers do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred and borrowers will begin making loan payments.

### HOW TO APPLY FOR LOAN FORGIVENESS

#### 1. Log on to [www.FNBSM.com](http://www.FNBSM.com) and complete the correct form

The 3508EZ and the 3508S are shortened versions of the full 3508 application for borrowers who meet specific requirements. Be sure to review the specific requirements described in the instructions.

- **SBA Form 3508** - Full Application
- **SBA Form 3508S** - Loan Amount less than \$50,000
- **SBA Form 350EZ**- Abbreviated application subject to qualification. **Review the details** to see if you qualify - briefly:
  - (1) you are self employed with no employees - or -
  - (2) You did not reduce wages more than 25% -or-
  - (3) You did not reduce FTE (Full Time Equivalent Employees).

#### 2. Compile your documentation

**Payroll** (provide documentation for all payroll periods that overlapped with the Covered Period or the Alternative Payroll Covered Period):

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
- Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
- State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the borrower included in the forgiveness amount.

**Non-payroll** (for expenses that were incurred or paid during the covered period and showing that obligations or services existed prior to February 15, 2020):

- Business mortgage interest payments: Copy of lender amortization schedule and receipts verifying payments, or lender account statements.
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments.
- Business utility payments: Copies of invoices and receipts, cancelled checks or account statements.

This list of documents required to be submitted is not all-inclusive. Please refer to [www.sba.gov/ppp](http://www.sba.gov/ppp) for a complete list of requirements, instructions and forms or log on to [www.FNBSM.com](http://www.FNBSM.com) and review the application instructions.

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### 3. Submit the forgiveness form and documentation

- Complete your loan forgiveness application off-line (download and print).
- Once you complete the correct form and have aggregated all supporting documentation, then log on to [www.FNBSM.com](http://www.FNBSM.com): follow the PPP link, scroll down to (Apply Now) and click.
- Consult your Banker for additional guidance.

### 4. FNBSM will communicate with you

If SBA undertakes a loan review of your loan, FNBSM will notify you of the review and the SBA loan review decision. You have the right to appeal certain SBA loan review decisions. FNBSM will notify you of the forgiveness amount paid by SBA and the date on which your first payment will be due, if applicable.

#### **Please Note:**

If applicable, SBA will deduct any EIDL advance amount you have received from the forgiveness amount remitted to FNBSM, as required by section 1110(e)(6) of the CARES Act. Borrowers are required to retain certain documents for six years after the date the loan is forgiven or repaid in full.