



## Paycheck Protection Program Forgiveness

- Borrower must complete the SBA form 3508 and submit the form to NWFCU. The information on form 3508 MUST match the information on the 2483 you signed when receiving your funds.
- The 8 week period starts on the loan disbursement date and lasts for 56 days
- An Alternative Payroll Period can be used. The eight week period starts on the first payroll date following the disbursement of the PPP Loan
  - The eight week payroll period did not change but the start date has a little more flexibility
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  - Must enter Business Name, Address, TIN, Phone Number, Contact Name and email address as found on the 2483 when you received your funds
  - Must enter SBA Loan Number and NWFCU Loan Number
  - Enter Loan amount and Disbursement Date
  - Enter the number of employees at the time of application and the number of employees at the time of forgiveness
  - If an EIDL Advance was received, the borrower must enter the amount and the application Number.
  - Enter the frequency of the payroll.
  - Enter the dates of the payroll period which typically would be the date of the disbursement through the 56 day period.
  - If using an alternate payroll period, it can be the date of the first payroll after the disbursement then the 56 day period. (This actually could extend the period 2-4 weeks longer than from the disbursement date depending on the payroll frequency.)
  - Check the box if the PPP Borrower and its affiliates total PPP Loans total \$2 million or more.
- Documentation Required
  - Bank account statements showing payroll expenditures or a third party payroll report.
  - Tax forms for the covered period, typically an IRS Form 941.
  - State Quarterly wage reporting forms.
  - Payment receipts, cancelled checks, or account statements on any amount spent on health insurance or retirement contributions.
- FTE Documentation
  - Payroll Tax Reports – IRS Form 941
  - State quarterly tax reports

- Non-Payroll Expenses that can be included
  - Mortgage interest on Business Building
  - Rent or lease payment on Business Building
  - Utilities – electricity, gas, internet and telephone landline
- Non-Payroll Documentation Required
  - Business Mortgage Interest Payments Lender amortization schedule, receipts, cancelled checks verifying payments during the covered period.
  - Business rent or Lease Payments Copy of lease agreement, receipts or cancelled checks showing the payments during the covered period.
  - Business Utility Payments Copies of invoices or bills during the covered period and proof of payment cancelled checks or receipts.
- Documents that Borrower must keep but does not have to submit
  - Documentation supporting the cash compensation amounts of each individual employee.
  - Documentation on the cash compensation of any employees who made \$100,000 or more during the 2019 payroll period.
  - Documentation of job offers, refusals, firings, voluntary resignations, and request by employee of a reduced work schedule.
  - Documentation supporting the FTE Safe Harbor
- FTE Reduction Exceptions
  - (1) any positions for which the Borrower made a good faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee.
  - (2) any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.
- FTE Reduction Safe Harbor
  - A safe harbor under applicable law and regulation exempts certain borrowers from the loan forgiveness reduction based on FTE employee levels. Specifically, the Borrower is exempt from the reduction in loan forgiveness based on FTE employees described above if both of the following conditions are met: (1) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (2) the Borrower then restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.

SBA Form 3508

<https://www.sba.gov/sites/default/files/2020-05/3245-0407%20SBA%20Form%203508%20PPP%20Forgiveness%20Application.pdf>