



OBSERVATIONS AND SUGGESTIONS WITH REGARDS TO PPP FORGIVENESS

- Please use the **First National Bank of Michigan** Portal to transmit sensitive information. It is a secure site designed to safeguard your information. If you cannot use the portal, please contact your primary Banker for secure alternatives.
- If your PPP loan was under \$50,000, it is highly recommended that you use the **3508s** form. There is far less chance of problems with the SBA with this form.
- The Covered period **MUST** begin on your disbursement date and must be either 8 weeks or 24 weeks long. There is no covered period field on **3508s** (for loans \$50,000 or under).

Covered Period	Disbursement Date	# of days added	Covered Period
8 week	4/10/2020	55	6/4/2020
24 week	4/10/2020	167	9/24/2020

- **We must use the correct Disbursement date.** Unfortunately, the information sheet provided in the Bank’s portal may not be correct (We are sorry about that). If you are not sure, your Banker can look it up for you. If the funds were directly deposited to your FNBM deposit account, the date it was deposited should be the disbursement date. If you received the funds by check, it should be the date on the check.
- Please make sure to initial all the applicable certifications (**do not just mark them with an “X”**) and to sign the form.
- Keep your application for forgiveness as simple as you can.
 - Use the simplest form you are allowed to use in the following order: **3508s, 3408EZ, or 3508**. But don’t use a form if you do not qualify for it.
 - Most Borrowers have been able to utilize only gross wages using the 24-week period. By limiting it to this, they are able limit the required support information to: 1) IRS form 941 reports for June 30, and September 30; 2) Payroll reports for the covered period showing each employee’s gross wages for that period; 3) Bank statements evidencing the payroll was paid.
 - If you need to utilize other eligible expenses to achieve total Forgiveness, do so, but it is best to stop once you have found enough expenses to qualify for 100% forgiveness.
- Make certain that anyone looking at your information will easily understand where you obtained the numbers reported on your spreadsheet and that the amounts listed on the application reconciles to the support information. It is good to include notes of explanation or summary reconciliation forms.
- There are limitations within the Gross Wages allowed for forgiveness:
 - Owners of 5% or more of the Borrower must have their salaries limited to \$20,833 for a 24-week covered period (for an 8-week covered period it is \$15,385)
 - All other employees are limited to \$100,000 annualized. For a 24-week period that is \$46,154 and for an 8-week period that is \$15,385.
- If you must use expenses other than gross wages, please note:
 - **Health insurance**
 - Must be the Company’s obligation and not a pass-through from employee withholdings. You should provide proof of this.
 - Must have proof of payment of the expenses (cancelled check or Bank statement).
 - May only be medical, dental, and/or eye insurance.
 - Any owner’s portion of these expenses may not be included.

- **Retirement Contributions**
 - Must be the Company's obligation and not a pass-through from employee withholdings. You should provide proof of this.
 - Must have proof of payment of the expenses (cancelled check or Bankstatement).
 - Owners portion of these expenses may not be included.
- **State Unemployment tax obligations**
 - Must be the Borrower's obligation and not a pass-through from employee withholdings. You should provide proof of this.
 - Must have proof of payment of the expenses (cancelled check or Bankstatement).
 - Must provide the quarterly State unemployment tax reports for the covered period (form 1028 in Michigan).
 - Owners portion of these expenses may not be included.
- **Mortgage Interest**
 - This is actually the interest accrued and paid on any secured third-party commercial debt of the Borrower.
 - Must have proof of payment of the expenses (cancelled check or Bankstatement?).
 - Must supply proof of the obligation (copy of the note or Bank statement).
- **Rent**
 - This cannot be rent paid to a related party of the Borrower. If NOT to a third party, the rent is limited to the amount of interest paid on the underlying mortgage on the property.
 - Must have proof of payment of the expenses (cancelled check or Bankstatement).
 - Must supply proof of the obligation (copy of the lease).
- **Utilities**
 - Normally expenses for Gas, Electric, Water, Telephone, and Internet. May be able to include waste removal.
 - Must have proof of payment of the expenses. A copy of the statement showing the last months bill paid will work. (Or, cancelled check or Bank statement?).
 - Must supply proof of the obligation (copy of the bill).

Good Luck! Please do not hesitate to contact your Banker with questions!

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