

Paycheck Protection Program

Revised Borrower Checklist per the Economic Aid Act

January 27, 2021

v. 1.27.02

*Subject to change with
additional SBA guidance.*

The term "covered loan" means a loan made under the SBA Paycheck Protection Program during the period beginning on February 15, 2020 and ending on March 31, 2021.

For a "covered loan" the Applicant (proposed Borrower) must provide the following materials subject to any additional requirements imposed in forthcoming guidance from the SBA with such material in such form and content as is satisfactory to Commerce and the SBA in their sole discretion:

PPP First Draw Loans (including additional advances to existing PPP First Draw Loans, as needed)

1. Paycheck Protection Program Application (SBA Form 2483) – Completed and signed, including all certifications.
 - a. Addendum A – Common Management or Ownership for Other Businesses Information (only complete if owner of applicant owns other businesses or if other businesses are under common management as applicant, per question 3 of application)
 - b. Addendum B – SBA Economic Injury Disaster Loan Information (only complete if applicant received an SBA EIDL loan between January 31, 2020 and April 3, 2020)
 - i. outstanding amount of an SBA Disaster Relief loan that was made during the period beginning on January 31, 2020 and April 3, 2020;
 - ii. information on the loan purpose; and
 - iii. a statement from the Applicant that if the SBA Disaster Relief loan qualifies, whether that loan is to be refinanced in the PPP loan
 - c. Addendum C – Additional Information Continued from Application (only complete if no individual or entity owns 20% or more of the applicant entity)
 - i. If must complete, please provide enough owners to meet at least 20% of the applicant entities' ownership.
2. Ownership Information not included on FORM 2483. Ownership info must be verified by ALL owners. Question 5 must be verified by owners > 20%. Question 6 and certification statements must be verified on behalf of all owners.
 - a. Entities
 - i. Name
 - ii. SSN
 - iii. Address
 - iv. Ownership percentage
 - v. Phone Number
3. Evidence the Applicant was in operation on February 15, 2020 and paying payroll at that time. This documentation could include, without limitation, any of the following in (a) and (b):
 - a. Articles of incorporation or organization, certificate of good standing, partnership agreements, tax filings for sole proprietorships, etc.; and
 - b. If the entity has employees, a payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the entity was in operation and had employees on that date.
4. Applicant must submit formal documentation sufficient for Commerce to be able to confirm Applicant's reported average monthly payroll costs and evidence the Applicant had employees for who the Applicant paid salaries. This documentation could include, without limitation, any of the following:
 - a. For Payroll Wages
 - i. 2019 or 2020 IRS Form 941 or 944 quarterly payroll tax reports; and
 - ii. 2019 or 2020 Quarterly State Income, Payroll tax and unemployment Insurance filings
 - iii. In lieu of IRS Form 941, applicant may provide IRS Form W-2s and IRS Form W-3 or payroll processor reports, including quarterly and annual tax reports
 - b. For Partnership, Ownership, Self-employed, or Farm and Ranch operations Payroll
 - i. 2019 or 2020 Tax Return with Schedule C, K-1, or F and 1 as applies for your particular entity type; and
 - ii. If applicable, for independent contractor applicants, payments reported on FORM 1099-MISC

- c. If Quarterly tax filings are not available due to applicant utilizing a PEO they may provide the following:
 - i. Equivalent payroll processor records for quarterly payroll tax reports; and
 - ii. Equivalent payroll processor records for Quarterly State Income, Payroll tax and unemployment Insurance filings; and
 - iii. Evidence of any group health insurance contributions (Invoices, Bank account statements)
 - d. For Retirement or Group Health, Life, Disability, Vision, and Dental Insurance Contributions
 - i. Documentation beyond tax documents that substantiate these contributions being made
5. The number of full-time equivalent employees as of date of application
 6. Evidence of payroll costs (defined below) incurred (i) during the 1-year period before the date on which the loan is made, (ii) during the 2019 calendar year, or (iii) during the 2020 calendar year except that:
 - a. For seasonal employers, the average total monthly payments for payroll shall be for any 12-week period selected by the seasonal employer beginning February 15, 2019 and ending February 15, 2020; or
 - b. The SBA has provided detailed loan amount calculations and what documentation to use to substantiate those calculations in two separate pieces of guidance:
 - i. [How to Calculate Maximum Loan Amount for First Draw PPP Loans and What Documentation to Provide – By Business Type](#)
 - ii. [Second Draw Paycheck Protection Program \(PPP\) Loans: How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide](#)
 7. Franchise Agreement (if applicable)
 8. Additional Items
 - a. Requested loan amount must be in \$100 increments

Evidence of the computation of "Payroll Costs" which is defined as:

- the sum of payments of any compensation to employees (whose principal place of residence is the United States) in the form of:
 - o salary, wages, commissions, or similar compensation;
 - o cash tips or the equivalent (based on employer records of past tips or, in the absence of such

records, a reasonable, good-faith employer estimate of such tips);

- o payment for vacation, parental, family, medical, or sick leave;
- o allowance for separation or dismissal;
- o payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums, and retirement;
- o payment of state and local taxes assessed on compensation of employees; and
- o and for an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period.

Payroll Costs shall not include:

- the compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;
- taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period;
- any compensation of an employee whose principal place of residence is outside of the United States;
- qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-127);
- qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116-127).

PPP Second Draw Loans

Documentation as listed above, plus:

1. Documentation showing a revenue reduction of 25% or greater in 2020 relative to 2019
 - a. Quarterly gross receipts that demonstrate a revenue reduction of 25% or greater in 2020 relative to 2019 (corresponding quarter) for loan amounts of \$150,000 or greater
 - i. Quarterly financial statements for the entity. If the financial statements are not audited, the applicant must sign and date the first page of the financial statement and initial all other pages, attesting to their accuracy. If the financial statements do not specifically identify the line item(s) that constitute gross receipts, the applicant must annotate which line item(s) constitute gross receipts; or

- ii. Quarterly or monthly bank statements for the entity showing deposits from the relevant quarters. The applicant must annotate, if it is not clear, which deposits listed on the bank statement constitute gross receipts (e.g., payments for purchases of goods and services) and which do not (e.g., capital infusions); or
 - iii. Annual IRS income tax filings of the entity (required if using an annual reference period). If the entity has not yet filed a tax return for 2020, the applicant must fill out the return forms, compute the relevant gross receipts value, and sign and date the return, attesting that the values that enter into the gross receipts' computation are the same values that will be filed on the entity's tax return.
- b. For loans with a principal amount of \$150,000 or less, documentation demonstrating a revenue reduction of 25% or greater is not required at the time the borrower submits its application for a loan but must be submitted on or before the date the borrower applies for loan forgiveness.
 - c. For loans with a principal amount of \$150,000 or more, the applicant must provide documentation substantiating the reduction in gross receipts with its Second Draw Borrower Application.
- amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker.
 - All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts.

For a **nonprofit 501(c)(3) organization, a 501(c)(19) veterans organization, an eligible nonprofit news organization, an eligible 501(c)(6) organization, or an eligible destination marketing organization**, gross receipts means gross

receipts within the meaning of section 6033 of the Internal Revenue Code of 1986, which is the gross amount received by the organization during its annual accounting period from all sources without reduction for any costs or expenses including, for example, cost of goods or assets sold, cost of operations, or expenses of earning, raising, or collecting such amounts. Thus "gross receipts" includes, but is not limited to:

- the gross amount received as contributions, gifts, grants, and similar amounts without reduction for the expenses of raising and collecting such amounts,
- the gross amount received as dues or assessments from members or affiliated organizations without reduction for expenses attributable to the receipt of such amounts,
- gross sales or receipts from business activities (including business activities unrelated to the purpose for which the organization qualifies for exemption, the net income or loss from which may be required to be reported on Form 990-T),
- the gross amount received from the sale of assets without reduction for cost or other basis and expenses of sale, and
- the gross amount received as investment income, such as interest, dividends, rents, and royalties

NOTICE: The documentation/materials required of an Applicant (proposed Borrower) for a loan to be made under SBA PAYCHECK PROTECTION PROGRAM as stated in this document is PRELIMINARY. Changes may be made in the documentation/materials required. In addition, Applicants will be required to submit additional documentation/material if required by the SBA.

Gross Receipts

For the purpose of determining eligibility, "gross receipts" include the following:

For a **for-profit business**, gross receipts generally are all revenue in whatever form received or accrued (in accordance with the entity's accounting method, i.e., accrual or cash) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances but excluding net capital gains and losses. These terms carry the definitions used and reported on IRS tax return forms.

Gross receipts do not include the following:

- taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers (this does not include taxes levied on the concern or its employees);
- proceeds from transactions between a concern and its domestic or foreign affiliates; and