

# Small Business Administration (SBA) Paycheck Protection Program (PPP) Checklist for the Application Process

## Step 1: Complete your application.

- ✓ Must use SBA Form 2483; version must be 4/20 (check bottom left of form to confirm)
- ✓ All check boxes and initials must be complete
- ✓ Form is signed (e-signature is permitted) by an authorized officer of the applicant (the person who can sign loan documents and has been authorized by the entity to do so)
- ✓ On the SBA Form 2483:
  - If question #3 is YES, provide Addendum A
    - *Addendum A needs to include the owned entity name plus a description of the ownership*
  - If question #4 is YES, provide Addendum B
    - *Addendum B needs to include EIDL loan number, outstanding balance and advance amount, if any*
  - If question #8 is YES, provide franchise number
- ✓ At First Republic, applicant must have at least 50% domestic ownership (ownership by a foreign entity/person may not exceed 50%)
  - Note: In the Spark online application platform, the tax identification is a mandatory field for individuals. For foreign ownership, enter the domestic ownership/primary contact in Spark under individuals.

## Step 2: Provide formation documents.

- ✓ Examples include Articles of Incorporation or Certificate of Formation or LLC-1
- ✓ Add to the Documents tab in Spark
- ✓ Sole proprietors provide DBA registration, if available

## Step 3: Provide support for average monthly payroll calculation.

**TIP:** If you work with a payroll provider (like Gusto, ADP or JustWorks) please reach out and request their payroll report for the last 12 months specific to the SBA's PPP program.

- ✓ For information on this figure, please refer to the SBA PPP Interim Final Rule, specifically the guidance and examples on pages 8-11.
- ✓ For further information on this figure for sole proprietors, please refer to the Additional SBA PPP Rules, specifically the guidance and examples on pages 6-10.
- ✓ Example documents include:

### **ENTITY applicants need to provide:**

- Payroll report for the Payroll Calculation Period (12 months):
  - *Detailing each employee and their gross pay (aggregate gross wages on payroll report should match the aggregated gross wages on tax forms)*
  - *Reflecting the \$100,000 cap on wages.*
  - *Detailing any added amounts such as state/local taxes, vacation, severance pay, group health benefits, and/or retirement benefits*
- Entity applicants:
  - *Do not include IRS Form 1099 income for independent contracts as such independent contracts are able to apply on their own*
  - *Do not include any amounts for rent, utilities or other expenses as loan amount is solely based on payroll*
  - *Schedule K-1s for active owners only (such reports must reflect payment self-employment tax to qualify)*
  - *If the client states that they are a partnership and they file a form K-1 Form 1065, the partnership itself applies for an SBA PPP loan and you use Box 14A of form K-1 to show the income of the partners.*
- Acceptable documentation: Reports prepared by third party payroll provider (e.g. ADP, Gusto) or manually prepared report by client. If reports are manually prepared by client, please also include IRS Forms 941 for the Payroll Calculation Period (4 Quarters).

### **SOLE PROPRIETOR OR INDEPENDENT CONTRACTOR applicants need to provide:**

- 2019 filed or draft schedule C tax return with box 31 complete. Take figure in box 31 and divide by 12 to determine average monthly payroll.

**SOLE PROPRIETOR OR INDEPENDENT CONTRACTOR applicants need to provide (continued):**

- Sole proprietor that have employees:
  - *May include 2019 gross wages paid to employees computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c - column 1) plus pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; however, applicant must subtract amounts paid to individual employees in excess of \$100,000.*
  - *May include 2019 employer health insurance contributions (Schedule C line 14), retirement contributions (Schedule C line 19), and state and local taxes assessed on employee compensation. These amounts apply only to employees and not the owner.*

**Step 4: Provide support for average number of employees on payroll during the Payroll Calculation Period, or trailing 12 months prior to the application date.**

- ✓ Example documents include:
  - Payroll processor records that show the breakdown of the average employees employed during the designated period **OR**
  - Form 941 for 4 quarters in 2019 or 4 quarters ending 3/31/2020

**Step 5: Provide support for having employees and payroll costs on February 15, 2020.**

- ✓ Example documents include:

**Entities:**

- Payroll processor records for the pay period covering February 15, 2020 OR
- Tax filings covering pay period covering February 15, 2020 OR
- Account statements demonstrating payroll for the pay period covering February 15, 2020

**Sole proprietors or independent contractors:**

- Proof that the business was operating on February 15, 2020 such as account statement showing earnings or expenses, and, if the sole proprietor had employees, a payroll statement or similar documentation from the pay period that covered February 15, 2020.

NOTE: Examples of supporting documents include payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

## **Important Disclosures**

First Republic is providing this application checklist for convenience purposes only. Applicant is responsible for filling out the application and calculating its payroll costs and for providing true and correct information to First Republic. First Republic is not acting as Applicant's advisor in determining whether Applicant qualifies for a loan, whether the documents suggested in this checklist are correct for Applicant, whether the information Applicant provides is correct, or otherwise. That is Applicant's responsibility. First Republic and the Small Business Administration (SBA) are relying on Applicant, as the borrower, to determine whether Applicant qualifies and whether the calculations and information provided is accurate and complete. While the headings and lists within this checklist are based on the applicable Paycheck Protection Program (PPP) regulations, such headings and lists are provided for convenience purposes only. Applicant is solely responsible for its use of this checklist and ensuring that it complies with the PPP rules and regulations.