

# FIRST HOME BANK

## SECOND DRAW PAYCHECK PROTECTION PROGRAM (PPP) BORROWER DOCUMENTATION REQUIREMENTS

### APPLICATION REQUIREMENTS

1. PPP Application: Paycheck Protection Program Application (SBA Form 2483 SD); signed with all addendums completed, initialed certifications, and ownership information for any 20% or more owners. This will be completed electronically in the portal.
2. Business Tax Return: Most recent business federal income tax return, including all K-1s, if applicable.
3. Driver's License: Color copy or photo of front and back of driver license for all owners with 20%+ ownership
4. Payroll Documentation to Support Requested Loan Amount: See attached for Payroll Documentation requirements
5. Documentation to Support Reduction in Gross Receipts: This applies to loans greater than or equal to \$150,000. Loans less than \$150,000 will need to provide supporting this at the time of applying for loan forgiveness. See attached for documentation requirements.
6. Voided Business Check: Copy or photo of voided business check for the business account where loan proceeds will be deposited. The account must be in the name of the borrowing business.
7. Business Entity in Good Standing: We will be confirming the borrowing business is in good standing status with the Office of the Secretary of State where your business is domiciled. If your business is not in good standing, we will not be able to close and fund your loan. You will need to ensure your entity is in good standing
8. Certificate of Authority: This document is also called the borrowing resolution. This provides confirmation of who has the authority to execute loan documents on behalf of the business. This is not required to be completed for a Sole Proprietor or Independent Contractor.
9. Paycheck Protection Program Loan Calculation Workbook: This applies to Applicants who do not utilize a third-party Professional Employer Organization (PEO) for payroll. Please see attached Payroll Documentation requirements for examples of PEOs and examples of PEO provided payroll reports which will waive this requirement.

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## PAYROLL DOCUMENTATION TO SUPPORT REQUESTED LOAN AMOUNT

1. If you utilize a third-party Professional Employer Organization (PEO for payroll):

Professional Employer Organization Payroll Reports: PEOs such as, ADP and Paychex, have prepared special payroll reports to comply with Paycheck Protection Program (PPP) requirements. See attached listing of common PEOs and how to request the specific PPP payroll reports.

**A. Payroll Summary:**

1. Seasonal businesses may provide a report for any 12-week period between February 15, 2019 and February 15, 2020. All other businesses should provide a report for calendar year 2019 or calendar year 2020.

**B. Employees or owners with annualized compensation exceeding \$100,000:**

1. If any of your employees are paid more than \$100,000 (cash compensation) on an annualized basis: 2019 or 2020 payroll statements by employee with line-item detail on cash compensation (salary, wages, commissions or similar compensation)

2. If you do not utilize a third-party Professional Employer Organization (PEO):

**A. Non-seasonal businesses:**

1. Payroll Summary:

a) Annual Payroll Summary for Calendar Year 2019 or Calendar Year 2020

- Gross Pay (salaries, wages, commission, cash tips or equivalent compensation)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for separation or dismissal (severance)
- Federal/State unemployment taxes paid out by the employer (FUTA, SUI)
- Retirement benefits (if applicable)
- Employer's share of health insurance (if applicable); **OR**

b) IRS Form 944 for 2019 or 2020; **OR**

c) IRS Form 941 for all 4 quarters of 2019 or 2020; **AND**

- Internal reports verifying Employer paid Health Benefits & Employer Paid Retirement Benefits will be required in addition to the IRS forms

2. Employees or owners with annualized compensation exceeding \$100,000:

a) If any of your employees are paid more than \$100,000 (cash compensation) on an annualized basis: 2019 or 2020 payroll statements by employee with line-item detail on cash compensation (salary, wages, commissions or similar compensation)

**B. Seasonal businesses**

1. Payroll Summary

a) Payroll Summary for any 12-week period between February 15, 2019 and February 15, 2020 to include the following:

- Gross Pay (salaries, wages, commission, cash tips or equivalent compensation)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for separation or dismissal (severance)
- Federal/State unemployment taxes paid out by the employer (FUTA, SUI)
- Retirement benefits (if applicable)
- Employer's share of health insurance (if applicable);

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2. Employees or owners with annualized compensation exceeding \$100,000:

a) If any of your employees are paid more than \$100,000 (cash compensation) on an annualized basis: 2019 payroll statements by employee with line-item detail on cash compensation (salary, wages, commissions or similar compensation)

## C. Businesses not in business for a full year in 2020

a) Payroll Summary

• Payroll Summary for all of the months the business was operating in 2020. Summary to include the following:

- i. Gross Pay (salaries, wages, commission, cash tips or equivalent compensation)
- ii. Payment for vacation, parental, family, medical, or sick leave
- iii. Allowance for separation or dismissal (severance)
- iv. Federal/State unemployment taxes paid out by the employer (FUTA, SUI)
- v. Retirement benefits (if applicable)
- vi. Employer's share of health insurance (if applicable);

b) Employees or owners with annualized compensation exceeding \$100,000:

• If any of your employees are paid more than \$100,000 (cash compensation) on an annualized basis: 2020 payroll statements by employee with line-item detail on cash compensation (salary, wages, commissions or similar compensation)

## D. Independent contractors

1. 2019 or 2020 1099-MISC
2. 2019 or 2020 1040 with Schedule C (optional)

## E. Sole proprietorships

1. 2019 or 2020 1040 with Schedule C

## SECOND DRAW > \$150,000 ONLY - ADDITIONAL DOCUMENTATION

\*Second draw loans \$150,000 and less are required to prove the 25% reduction in gross receipts at the time of the forgiveness application or at the SBA's request

Demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019.

Documentation proving the reduction in gross receipts may include relevant tax forms, quarterly financial statements, or bank statements.

What reference periods can be used to determine whether the Applicant can demonstrate at least a 25 percent gross receipts reduction in order to qualify for a Second Draw PPP loan?

- For all Applicants, except those satisfying the conditions set forth below, the Applicant must demonstrate that gross receipts in any calendar quarter of 2020 were at least 25 percent lower than the same quarter of 2019. Alternatively,
- Applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019 if they were in business in 2019.
- For entities not in business during the first and second quarters of 2019 but in operation during the third and fourth quarters of 2019, Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25 percent lower than during either the third or fourth quarters of 2019.

- For entities not in business during the first, second, and third quarters of 2019 but in operation during the fourth quarter of 2019, Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25 percent lower than the fourth quarter of 2019.
- For entities not in business during 2019 but in operation on February 15, 2020, Applicants must demonstrate that gross receipts in the second, third, or fourth quarter of 2020 were at least 25 percent lower than the first quarter of 2020.

The following are the primary sets of documentation Applicants can provide to substantiate their certification of a 25 percent gross receipts reduction (only one set is required):

1. 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.
2. 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).
3. 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.