

# PRELIMINARY REQUIREMENTS CHECKLIST FOR THE SBA PAYCHECK PROTECTION PROGRAM



March 31, 2020

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 June 30, 2020.

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:

1. Evidence the Applicant (proposed Borrower) was in operation on February 15, 2020 (such as articles of incorporation or organization, certificate of good standing. Partnership agreements, tax filings for sole proprietorships, etc.)
2. Evidence the Applicant (proposed Borrower) had employees for who the APPLICANT (proposed Borrower) paid salaries (such as copies of IRS W-2 forms issued to employees, IRS or state tax filings, etc.
3. For independent contractors, payments reported on Form 1099-B.
4. The number of full-time equivalent employees as of February 15, 2020.
5. Evidence of Payroll Costs (defined below) incurred during the 1-year period before the date on which the loan is made except that:
  - a) For seasonal employees, the average total monthly payments for payroll shall be for the 12-week period beginning February 15, 2020, or at the election of eligible recipient, March 1, 2019, and ending June 30, 2019; or
  - b) For an otherwise eligible Borrower that was not in business during the period beginning on February 15, 2019 and ending on June 30, 2019, the sum of the average total monthly payments by the applicant for Payroll Costs incurred during the period beginning on January 1, 2020 and ending on February 29, 2020.
6. If the Applicant (proposed Borrower) has an outstanding amount of a SBA Disaster Relief loan that was made during the period beginning on January 31, 2020 and ending on the date on which covered loans are made and which Applicant desires the loan to be refinanced under the covered loan, the date and amount of such loan.

Evidence of the computation of “Payroll Costs” which is defined as:

- a. the sum of payments of any compensation with respect to employees that is a—
  - A. salary, wage, commission, or similar compensation;
  - B. payment of cash tip or equivalent;
  - C. payment for vacation, parental, family, medical, or sick leave;
  - D. allowance for dismissal or separation;
  - E. payment required for the provisions of group health care benefits, including insurance premiums;
  - F. payment of any retirement benefit; or
  - G. payment of State or local tax assessed on the compensation of employees; and
- b. The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, 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; and

Payroll Costs shall not include:

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

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