

Required Documents

For your **Paycheck Protection Program** Application



ApplyForRelief.com

by 11 Capital Finance, LLC

This document is intended to be a guide to help applicants understand the documents that are required to obtain a **SBA 7(a) Paycheck Protection Program** loan. Below you will see a complete list of the documents needed for underwriting approval both on the front end, as well as the likely requested documents throughout the process.

***Please note:** On all Fillable PDF files, we recommend saving your completed applications in the following way to avoid any issues with your Fillable document saving your completed fields:

- **Select File > Print > Select "Printer" Drop Down > Print as PDF**

Please contact your Loan Processor at Apply For Relief for further assistance as needed.

1. Driver's License(s)

- a. Required for every member of the borrowing entity who have any ownership % (Per the Operating Agreement if an LLC or LLP) or shares (Per the Bylaws/Shares ledger if Corporation) in the company.
- b. Must be a Scanned or Clear Photo which cannot be partially cut off. These will be returned as asked to be re-taken, delaying the process.

2. Completed SBA Form 2483 (PPP Loan Application)

- a. This is a 2-page, fillable PDF that was provided to you within the intro e-mail. You are able to type right onto this application without the need to print, hand-fill, and sign

3. IRS Form 940 and 941 [Most recent of each] **[See section B below if Self-Employed]**

- i. We recommend you check with your accountant to get a copy of these. Or you can go to: <https://www.irs.gov/pub/irs-pdf/f940.pdf>
 - ii. If your organization uses a Professional Employer Organization (PEO), you can supply other supporting documents.
- b. IF SOLE PROPRIETOR, INDEPENDENT CONTRACTOR, OR SELF-EMPLOYED, PROVIDE:**
- i. 1099-MISC received in 2019 or the 2019 individual tax return 1040 proving schedule C income in lieu of 940/941 Tax Forms for 1099 or self employed applicants.
 - ii. Regardless of whether you have filed a 2019 tax return with the IRS, you must provide the 2019 Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that 7 establishes you are self-employed.

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- iii. You must also provide an invoice from 2020, a bank statement, or book of record to establish you were in operation on or around February 15, 2020.
- iv. To expedite the process, we recommend having proof of healthcare and retirement benefit costs ready as well
- v. **See Example for how to calculate your 'payroll' if self-employed on page 3.**

4. Payroll Expense verification documents to include:

- a. **Payroll Summary Report** for Q1 2020 **AND** for 2019, each to include:
 - i. Gross wages for each employee, including officer(s) if paid W-2 wages.
 - 1. **DO NOT INCLUDE** Salaries to employees or owners that exceed \$100,000.
 - 2. **DO NOT INCLUDE** Any compensation of an employee whose principal place of residence is outside of the United States.
 - ii. Vacation Pay & Paid Time Off for each employee & family medical leave pay for each employee if not included in gross wages paid
 - iii. State and local taxes assessed on an employee's compensation (i.e. SUTA)
 - iv. If a Payroll Summary Report is not available, then you may provide Employee Pay Stubs as of February 15, 2020 (or corresponding period) with the corresponding bank statement, and Breakdown of payroll benefits (vacation, allowance for dismissal, group healthcare benefits, retirement benefits, etc.)
 - v. **For seasonal businesses**, use a 12-week period between Feb. 15, 2019, or March 1, 2019
- b. **Group health care benefits:** Documentation showing total costs paid for all health care benefits, including insurance premiums paid by the organization under a group health plan
 - i. Include all employees and company owners
 - ii. Do not include employee withholdings for their portion of contributions to the plan
 - iii. Reporting period to match the compensation period included in Item 2 Retirement Plan costs paid by the company to its employees [**not** to include employee paycheck deferrals]
- c. **Retirement plan benefits:** Documentation showing the sum of all retirement plan funding costs paid by the organization
 - i. Include funding for all employees and the company owners
 - ii. Do not include employee withholdings for their portion of contributions to the plan
 - iii. Reporting period to match the compensation period included in Item 2 Copy of 1099s [if Independent Contractor(s)]
- d. **Certification that all employees live within the United States.** If any do not, provide a detailed list with corresponding salaries for those employees who live outside the United States

5. If an SBA EIDL loan was made between 1/31/2020 and 4/3/2020, a copy of the note is required.

Additional Items that you may be requested to Provide:

1. Articles of Incorporation (Corporations) / Organization (LLCs) of the borrowing entity.

- a. These Articles are provided by the State when you initially filed and formed your company's entity. If you are unable to locate, you'll need to contact the party who assisted you with forming your corporation or LLC (possible LLP, Sole Proprietor, or other). This may have been your attorney, or an online company such as: Legalzoom, Rocketlawyer etc

2. By-Laws/Operating Agreement of the borrowing entity

- a. This is the document that outlines the ownership of the Business's legal entity, which is usually in the form of a % (for LLCs or LLPs). Or via a Shares Ledger with the Bylaws (for S-Corps or C-Corps).
- b. The Bylaws / Operating Agreement must be signed by all members of the entity and clearly show each member's ownership percentage (If LLC or LLP) or shares (if corporation)

3. EIN Document of the borrowing entity

- a. This is the official form that was provided to you by the IRS when you formed the Business entity. It will list the EIN number and be listed as the SS-4 Form in the top right hand corner.
- b. If you have misplaced this document, you can re-obtain this easily by following instructions here: <https://www.irs.gov/businesses/small-businesses-self-employed/lost-or-misplaced-your-ein>

4. Most recent Utility Bills for business

- a. Electric, Gas, Telephone, Internet, Water

6. Profit & Loss statement for business

- a. 2019 & YTD, starting with the most recent completed month and going back 12 months.
 - i. *Example:* If the date your submitting this application package was 4/1/2020, you can provide two statements: (1) 2019 P&L Statement (Jan - Dec 2019) & (2) Jan - Mar 2020

Some examples for Calculating loan amount (If Employer with W2 employees):

[Or refer to **PPP Calculator** Excel Spreadsheet]

Example 1 - No employees make more than \$100,000

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Maximum loan amount is \$25,000

Example 2 - Some employees make more than \$100,000

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000 (\$300,000): \$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

Maximum loan amount is \$250,000

Example 3 - No employees make more than \$100,000, outstanding EIDL loan of \$10,000.

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Add EIDL loan of \$10,000 = \$35,000

Maximum loan amount is \$35,000

Example 4 - Some employees make more than \$100,000, outstanding EIDL loan of \$10,000.

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000 (\$300,000): \$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

Add EIDL loan of \$10,000 = \$260,000

Maximum loan amount is \$260,000

Calculating Your Eligible Loan amount (If Self Employed **WITHOUT** Employees):

- Step 1: Find your 2019 IRS Form **1040 Schedule C line 31** net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.
- Step 2: Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).
- Step 3: Multiply the average monthly net profit amount from Step 2 by 2.5.
- Step 4: **[If you also received an EIDL Loan]** Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Regardless of whether you have filed a 2019 tax return with the IRS, you must provide the 2019 Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that 7 establishes you are self-employed.

Calculating Your Eligible Loan amount (If Self Employed **WITH** Employees):

- Step 1: Compute 2019 payroll by adding the following:
 - Your 2019 Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value), up to \$100,000 annualized, if this amount is over \$100,000, reduce it to \$100,000, if this amount is less than zero, set this amount at zero;
 - 2019 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded
 - from Taxable Medicare wages & tips; subtract any amounts paid to any individual employee in excess of \$100,000 annualized and any amounts paid to any employee whose principal place of residence is outside the United States; and

- 2019 employer health insurance contributions (health insurance component of Form 1040 Schedule C line 14), retirement contributions (Form 1040 Schedule C line 19), and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).
- Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
- Step 3: Multiply the average monthly amount from Step 2 by 2.5.
- Step 4: **[If you also received an EIDL Loan]** Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).