

Documentation requirements

Second Draw PPP Loan

Second Draw Paycheck Protection Program (PPP) Loans

How to calculate revenue reduction and maximum loan amounts including what documentation to provide.

The Form 941 for 2019 and 2020 will cover the majority of the document asks for most common situations. Read below for additional details if the 941 isn't applicable to your business and consult with your Relationship Manager directly.

Payroll cost documents

Payments made to independent contractors and reported on 1099-MISC are not eligible payroll costs. Payments made to employees who reside outside the United States are not eligible payroll costs. If an individual employee is paid more than \$100,000 on an annualized basis, amounts in excess of \$100,000 are not eligible payroll costs.

Nonseasonal businesses

Submit supporting documentation of your eligible average monthly payroll costs for either calendar year 2019 or 2020 to establish maximum loan amount eligibility.

Seasonal businesses¹

Submit supporting documentation of your eligible average monthly payroll costs for any 12-week period between February 15, 2019, and February 15, 2020, to establish maximum loan amount eligibility.

New businesses²

Submit supporting documentation of your eligible average monthly payroll costs for the period from when first in operation in 2019 or 2020 through the end of calendar year 2020 to establish maximum loan amount eligibility.

Supporting documentation for eligible payroll costs³

If the below was not provided with your First Draw Loan, it is required with your Second Draw application

Required for all applicants

- A document detailing applicant's calculation of average monthly payroll and loan amount

Required for applicants with employees

- Full year 2019 or 2020 IRS payroll tax filings (i.e., 940, 941, 943, etc.)
- Full year 2019 or 2020 payroll processor records covering the entire applicable period
- If included in your payroll calculation, full year 2019 or 2020 state quarterly wage unemployment insurance tax forms, or equivalent payroll processor record, covering the entire applicable period
- If included in your payroll calculation, full year health insurance (including costs for group life, disability, vision, and dental expenses)
- If included in your payroll calculation, full year retirement plan expenses

Required for self-employed applicants

- 2019 or 2020 IRS Form 1040 Schedule C or F (Farmers) and 1099-MISC detailing nonemployee compensation received (box 7), IRS Form 1099-K, invoice, bank statement, or book of record establishing you were self-employed; or
- For partnerships, 2019 or 2020 Form 1065 Schedule K-1s

Document to evidence business operations on February 15, 2020

Provide at least one of the following from the period that covered February 15, 2020:

- 1st quarter 2020 payroll tax filing (i.e., 941)
- Payroll statement or processor file
- Bank statement
- Invoice

Documentation requirements

25% revenue reduction

Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019 (with certain exceptions for businesses that were not in operation for all of 2019 as noted below under “New Businesses”). Alternatively, applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019.

In determining whether the applicant experienced at least a 25% reduction in gross receipts:

For loans above \$150,000

The applicant must identify the 2020 quarter meeting this requirement, identify the 2019 reference quarter, and state the gross receipts amounts for both quarters, as well as provide supporting documentation at the time of application.

For loans of \$150,000 and less

The applicant is only required to certify that the applicant has met the 25% gross receipts reduction at the time of application but is not required to provide supporting documentation; however, upon or before seeking loan forgiveness (or upon SBA request) the applicant must provide documentation that identifies the 2020 quarter meeting this requirement, identifies the 2019 reference quarter, states the gross receipts amounts for both quarters, and supports the amounts provided.

Supporting documentation to substantiate 25% revenue reduction

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

- 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.
- 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).
- 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.

New businesses

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

Documentation requirements

First Draw PPP Loan

Paycheck Protection Program

How to calculate maximum loan amounts for First Draw PPP Loans and what documentation to provide – by business type.

The Form 941 for 2019 and 2020 will cover the majority of the document asks for most common situations. Read below for additional details if the 941 isn't applicable to your business and consult with your Relationship Manager directly.

Payroll cost documents

Payments made to independent contractors and reported on 1099-MISC are not eligible payroll costs. Payments made to employees who reside outside the United States are not eligible payroll costs. If an individual employee is paid more than \$100,000 on an annualized basis, amounts in excess of \$100,000 are not eligible payroll costs.

Nonseasonal businesses

Submit supporting documentation of your eligible average monthly payroll costs for either calendar year 2019 or 2020 to establish maximum loan amount eligibility.

Seasonal businesses¹

Submit supporting documentation of your eligible average monthly payroll costs for any 12-week period selected by the applicant between February 15, 2019, and February 15, 2020, to establish maximum loan amount eligibility.

New businesses²

Submit supporting documentation of your eligible average monthly payroll costs for either (1) the period from January 1, 2020, to February 29, 2020; or (2) calendar year 2020 to establish maximum loan amount eligibility.

Supporting documentation for eligible payroll costs

Required for all applicants

- A document detailing applicant's calculation of average monthly payroll and loan amount

Required for applicants with employees

- Full year 2019 or 2020 IRS payroll tax filings (i.e., 940, 941, 943, etc.)**
- Full year 2019 or 2020 payroll processor records covering the entire applicable period
- If included in your payroll calculation, full year 2019 or 2020 state quarterly wage unemployment insurance tax forms, or equivalent payroll processor record, covering the entire applicable period
- If included in your payroll calculation, full year health insurance (including costs for group life, disability, vision and dental expenses)
- If included in your payroll calculation, full year retirement plan expenses

Required for self-employed applicants

- 2019 or 2020 IRS Form 1040 Schedule C or F (Farmers) **and** 1099-MISC detailing nonemployee compensation received (box 7), IRS Form 1099-K, invoice, bank statement, or book of record establishing you were self-employed; or
- For partnerships, 2019 or 2020 Form 1065 Schedule K-1s

Document to evidence business operations on February 15, 2020

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¹A "seasonal business" is a business that either (i) does not operate for more than 7 months in any calendar year; or (ii) during the 2020 calendar year, had gross receipts for any 6 months were not more than 33.33% of the gross receipts of the business for the other 6 months of 2020.

²A "new business" is a business that did not exist during the one-year period preceding February 15, 2020.

³No additional documentation to substantiate payroll costs will be required if the applicant (i) used calendar year 2019 figures to determine its First Draw PPP Loan amount; (ii) used calendar year 2019 figures to determine its Second Draw PPP Loan amount (instead of calendar year 2020); and (iii) the lender for the applicant's Second Draw PPP Loan is the same as the lender that made the applicant's First Draw PPP Loan. In such cases, additional documentation is not required because the lender already has the relevant documentation supporting the borrower's payroll costs. The lender may request additional documentation, however, if on further review the lender concludes that it would be useful in conducting the lender's good-faith review of the borrower's loan amount calculation