

SECOND DRAW APPLICANT CHECKLIST

Information Required	Description
Average Monthly Payroll	The monthly average of payroll costs for the selected period. See below for additional details.
Number of Employees	For purposes of reporting Number of Employees, sole proprietors, self-employed individuals, and independent contractors should include themselves as employees (i.e., the minimum number in the box Number of Employees is one). For NAICS 72, eligible news organizations, 501(c)(3) organizations, eligible 501(c)(6) organizations, other eligible 501(c) organizations, eligible destination marketing organizations, or Internet-only news or periodical publishers assigned NAICS code 519130, applicants may not exceed 300 employees per physical location. Applicants may use their average employment over the time period used to calculate their aggregate payroll costs to determine their number of employees. Alternatively, Applicants may elect to use the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application.
PPP First Draw SBA Loan Number	Your relationship manager can provide this number to you.
Reduction in Gross Receipts	The gross receipts for the quarters selected for determining eligibility. See below for additional details.
Purpose of the Loan	<p>The Applicant should select all that apply:</p> <ul style="list-style-type: none"> • Payroll Costs • Rent / Mortgage Interest • Utilities • Covered Operations Expenditures • Covered Property Damage • Covered Supplier Costs • Covered Worker Protection Expenditures <p>See below for additional details.</p>
Applicant Ownership	<p>All owners of 20% or more of the equity of the Applicant. All parties listed below are considered owners of the Applicant, as well as “principals”:</p> <ul style="list-style-type: none"> • For a sole proprietorship, the sole proprietor; • For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm; • For a corporation, all owners of 20% or more of the corporation; • For limited liability companies, all members owning 20% or more of the company; and • Any Trustor (if the Applicant is owned by a trust).
Payroll Costs, Defined	Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave (except those paid leave amounts for which a credit is allowed under FFCRA Sections 7001 and 7003); allowance for separation or dismissal; payment for the provision of employee benefits (including insurance premiums) consisting of group health care coverage, group life, disability, vision, or dental insurance, and retirement benefits; payment of state and local taxes assessed on compensation of employees; and, for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

Fifth Third Bank, National Association and Aprio provide the following content as general guidance offered on an informational basis to assist you and your company in evaluating the SBA programs. Due to the evolving nature of the SBA programs, and the lack of final published regulations, additional changes may affect the validity or timeliness of the content. Every client situation is unique, so Fifth Third Bank and Aprio recommend that you consult legal counsel to determine the best outcome for your company based on your company's specific circumstances. Aprio does not represent any financial institution or serve as an agent for any financial institution, and Aprio is not responsible for the actions of any other third party.



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Calculating Payroll Costs	<p>For purposes of calculating “Average Monthly Payroll,” most Applicants will use the average monthly payroll for 2019 or 2020, excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.</p> <p><i>For seasonal businesses</i>, the Applicant may elect to instead use average total monthly payroll for any twelve-week period selected by the Applicant between February 15, 2019 and February 15, 2020, excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.</p> <p><i>For new businesses without 12 months of payroll costs</i> but that were in operation on February 15, 2020, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, for each employee.</p> <p><i>For farmers and ranchers</i> that operate as a sole proprietorship or as an independent contractor, or who are eligible self-employed individuals and report farm income or expenses on a Schedule F (or any equivalent successor IRS form), payroll costs are computed using eligible payroll costs for employees, if any, plus the lesser of \$100,000 and the difference between gross income and any eligible payroll costs for employees, as reported on a Schedule F. For purposes of calculating the loan amount using gross income (Schedule F filers only), use the sum of gross income (Schedule F, line 9) from both spouses.</p> <p><i>For Applicants that file IRS Form 1040, Schedule C</i>, and elect to calculate the PPP loan amount using net profit, payroll costs are computed using line 31 net profit amount, limited to \$100,000, plus any eligible payroll costs for employees. An Applicant that files an IRS Form 1040, Schedule C, and elects to calculate the PPP loan amount using line 7 gross income cannot use application Form 2483, and instead must use SBA Form 2483-C.</p> <p><i>For Applicants that are partnerships</i>, payroll costs are computed using net earnings from self-employment of individual general partners, as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235, that is not more than \$100,000, plus any eligible payroll costs for employees.</p>



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Documenting Payroll Costs	<p>If the applicant is not self-employed, the applicant's Form 941 (or other tax forms containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever was used to calculate payroll), as applicable, or equivalent payroll processor records, along with evidence of any retirement and employee group health, life, disability, vision and dental insurance contributions, must be provided. A partnership must also include its IRS Form 1065 K-1s.</p> <p>If the applicant is self-employed and has employees, the applicant's 2019 or 2020 (whichever was used to calculate loan amount) IRS Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever was used to calculate loan amount), as applicable, or equivalent payroll processor records, along with evidence of any retirement and employee group health, life, disability, vision and dental insurance contributions, if applicable, must be provided. A payroll statement or similar documentation from the pay period covering February 15, 2020 must be provided to establish the applicant was in operation on February 15, 2020.</p> <p>If the applicant is self-employed and does not have employees, the applicant must provide (a) its 2019 or 2020 (whichever was used to calculate loan amount) Form 1040 Schedule C, (b) a 2019 or 2020 (whichever was used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes that the applicant is self-employed; and (c) a 2020 invoice, bank statement, or book of record to establish that the applicant was in operation on February 15, 2020.</p>

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Gross Receipts, Defined	<p>Gross receipts includes all revenue in whatever form received or accrued (in accordance with the Applicant’s accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Generally, receipts are considered “total income” (or in the case of a sole proprietorship “gross income”) plus “cost of goods sold” and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms. Gross receipts do not include the following: taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees; proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer’s request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts. Gross receipts of an Applicant must be aggregated with gross receipts of its affiliates. For a nonprofit organization, veterans organization, nonprofit news organization, 501(c)(6) organization, and destination marketing organization, gross receipts has the meaning in section 6033 of the Internal Revenue Code of 1986.</p>
Calculating Decline in Gross Receipts	<p>Determining whether the Applicant experienced at least a 25% reduction in gross receipts:</p> <p>For all entities other than those satisfying the conditions set forth below, Applicants must demonstrate that gross receipts in any quarter of 2020 were at least 25% lower than the same quarter of 2019. Alternatively, Applicants may compare annual gross receipts in 2020 with annual gross receipts in 2019; Applicants choosing to use annual gross receipts must enter “Annual” in the 2020 Quarter and Reference Quarter fields and, as required documentation, must submit copies of annual tax forms substantiating the annual gross receipts reduction.</p> <p><i>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% lower than either the third or fourth quarters of 2019.</i></p> <p><i>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% lower than the fourth quarter of 2019.</i></p> <p><i>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% lower than the first quarter of 2020.</i></p>



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Documenting Gross Receipts	<p>Relevant tax forms, such as annual tax forms. If relevant tax forms are not available, a copy of the Applicant’s quarterly income statements or bank statements.</p> <p>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.</p> <p>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.</p> <p>If the Application is submitting bank statements, 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).</p> <p><i>For loans above \$150,000</i>, the Applicant must identify the 2020 quarter meeting this requirement, identify the reference quarter, and state the gross receipts amounts for both quarters, as well as provide supporting documentation at time of application.</p> <p><i>For loans of \$150,000 and below</i>, the Applicant only must certify that the Applicant has met the 25% gross receipts reduction at the time of application; 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 reference quarter, states the gross receipts amounts for both quarters, and supports the amounts provided.</p>
Rent	Lease agreements for real or personal property in force before February 15, 2020.
Mortgage Interest	Mortgage interest on any business mortgage obligation on real or personal property incurred before February 15, 2020.
Utilities	Service for the distribution of electricity, gas, water, telephone, transportation, or internet access for which service began before February 15, 2020.
Covered Operations Expenditures	Any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses.
Covered Property Damage	Property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.
Covered Supplier Costs	Expenditure made by an entity to a supplier of goods for the supply of goods that are essential to the operations of the entity at the time at which the expenditure is made; and is made pursuant to a contract, order, or purchase order in effect at any time before the covered period with respect to the applicable covered loan; or with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan.

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Covered Worker Protection Expenditures	An operating or a capital expenditure that is required to facilitate the adaptation of the business activities of an entity to comply with requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration during the period beginning on March 1, 2020 and ending on the date on which the national emergency declared by the President under the National Emergencies Act (50 U.S.C. 1601 et seq.) with respect to the Coronavirus Disease 2019 (COVID-19) expires related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19 (drive-through windows; air ventilation systems; physical barrier such as sneeze guards; an expansion of additional indoor, outdoor, or combined business space; on/off site health screening capacity; other assets related to compliance with health regulations; respirators; other kinds of protective equipment).
