PPP Loan First Draw Application Calculation and Supporting Documentation

In order to accurately and efficiently process your PPP loan request we ask that you please complete the PPP loan application in its entirety **(all fields)**, initial **(all fields)**, sign, and provide **all documentation** outlined below.

If the application/package is incomplete, we will be unable to process in a timely manner.

Payroll Cost Definitions

Payroll costs **include** compensation to employees (whose principal place of residence is the United States) in the form of:

- Salary, wages, commission, or similar compensation.
- Cash tips or equivalent (based on employer records of past tips or, in the absence of such records, a reasonable good-faith employer estimate of tips).
- Payment for vacation, parental, family, medical, or sick leave.
- Allowance for separation or dismissal.
- Payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums and retirement.
- Payment of state and local tax assessed on compensation of employees.
- For an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.

General Requirements

General PPP Loan Calculation

The following methodology, which is one of the methodologies authorized by the Act, will be most helpful for many applicants.

1. Step 1: Aggregate payroll costs, as defined, from 2019 or 2020 for employees whose principal place of residence is the United State.
2. Step 2: Subtract any compensation paid to an employee in excess of $100,000 on an annualized basis, as prorated for the period which the payments are made or the obligation to make the payments is incurred.
3. Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
4. Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
5. Step 5: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

General Required Documentation

The following documentation must be submitted with your PPP loan application:

- Provide Form 941 for all four quarters or Form 940 **AND**
- State quarterly wage unemployment insurance tax reporting form for each quarter in 2019 or 2020 (whichever year used to calculate loan amount) or equivalent payroll processor records.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

Self-employed who file a Form 1040 Schedule C

Self-employed PPP loan calculation with no employees

If you have **no employees**, the following methodology should be used to calculate your maximum loan amount.

1. Step 1: Find your 2019 or 2020 IRS Form 1040 Schedule C, you may elect to use either line 31, Net Profit amount, or line 7 gross income amount (if you are using 2020 to calculate payroll costs and have not yet file a 2020 return, **fill it out and compute the value**). If the amount is over $100,000, reduce it to $100,000. If both your net profit and gross income are zero or less, you are not eligible for a PPP loan.
2. Step 2: Calculate the average monthly net or gross profit amount (divides the amount from Step 1 by 12).
3. Step 3: Multiply the average monthly net or gross profit amount from Step 2 by 2.5. This amount **Cannot** exceed $20,833.
4. Step 4: Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required Documentation for Self-employed with no employees

The following documentation must be submitted with your PPP loan application:

- 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount.
- 2019 or 2020 (which ever you used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statements, or book of record that establishes you are self-employed.
- If using 2020 to calculate loan amount, this is required regardless of whether you have filed a 2020 tax return with the IRS.

- You must also provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

Self-employed PPP loan calculation with employees

If you **have employees**, the following methodology should be used to calculate you maximum, loan amount.

1. Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:

   a) At you election, either (1) the net profit amount from line 31 of your 2019 or 2020 IRS Form 1040, Schedule C, or (2) your 2019 or 2020 gross income minus employee payroll costs, calculated as your gross income reported on IRS Form 1040, Schedule C, line 7, minus you employee payroll costs reported on lines 14, 19, and 26 of IRS Form 1040, Schedule C (for wither option if you are using 2020 amounts and have not yet files a 2020 return, **fill it out and complete the value**), up to $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 (if this amount is over $100,000, reduce it to $100,000, if this amount is less than zero, set this amount to zero).

   b) 2019 or 2020 gross wages and tips paid to your employees, whose principal place of residence is in the United States, compute using 2019 or 2020 IRS Form 941 Taxable Medicare wages and tips (line 5c-column 1) for each quarter plus any pretax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages and tips, subtract any amounts paid to any individual employee in excess of $100,000 on an annualized basis, as prorated for the period during which the payments are made or obligation to make the payment is incurred and any amounts paid to any employee who principal place of residence is outside the United States and

   c) 2019 or 2020 employer contributions to employee group health, life, disability, vision and dental insurance (portion of IRS form 1040 Schedule C line 14 attributed to those contributions); retirement contributions (IRS 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 and quarterly wage report forms).

1. Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
2. Step 3: Multiply the average monthly amount from Step 2 by 2.5.

3. Step 4: Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required Documentation for Self-employed with employees

The following documentation must be submitted with your PPP loan application:

- 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C, Form 941 for all four quarters or Form 940 **AND**
- State quarterly wage unemployment insurance tax reporting forms for each quarter in 2019 or 2020 (whichever you used to calculate loan amount) or equivalent payroll processing records.
- Evidence of any retirement and health insurance contributions, if applicable.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020, must be provided to establish you were in operation on February 15, 2020.

Seasonal Employers

A borrower is a seasonal employer if:

- The business does not operate for more than 7 months in any calendar year, or during a preceding calendar year.
- Had gross receipts for any 6 months of that year that were not more than 33.33% of the gross receipts for the other 6 months of that year.

Seasonal Employer PPP Loan Calculation

For seasonal employers, the following methodology should be used to calculate you maximum, loan amount:

1. Step 1: Gross payroll costs for any 12-week period selected by the seasonal employer beginning February 15, 2019 and ending February 15, 2020.
2. Step 2: Subtract any compensation paid to an employee in excess of $100,000 on an annualized basis, as prorated for the period which the payments are made or the obligation to make the payments is incurred.
3. Calculate average monthly payroll costs and divide the amount from step 2 by 3.
4. Step 4: Multiply the average monthly payroll costs rom Step 3 by 2.5.
5. Step 5: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required documentation for Season Employers

The following documentation must be submitted with your PPP loan application:

- Provide Form 941 for all four quarters or Form 940 **AND**
- State quarterly wage unemployment insurance tax reporting form for each quarter in 2019 or 2020 (whichever year used to calculate loan amount) or equivalent payroll processor records.
- Evidence of any retirement and health insurance contributions, if applicable.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

Farmers and Ranchers who file a 1040 Schedule F

Farmers and Ranchers PPP loan calculation with no employees

If you have **no employees**, the following methodology should be used to calculate your maximum loan amount:

1. Step 1: Find you 2019 or 2020 IRS Form 1040 Schedule F line 9 gross income (if you are using 2020 and you have not filed a 2020 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 PPP loan.
2. Step 2: Divide the amount from Step 1 by 12.
3. Step 3: Multiply the average monthly gross income amount from Step 2 by 2.5.
4. Step 4: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required Documentation for Farmers and Ranchers with no employees

The following documentation must be submitted with your PPP loan application:

- 2019 or 2020 (whichever was used to calculate loan amount) Form 1040 Schedule F with you PPP loan application to substantiate the applied-for PPP loan amount.
- 2019 or 2020 (whichever was used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box7), invoice, bank statement, or book of record that establishes you are self-employed.
- You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

Farmers and Ranchers PPP loan calculation with employees

If you **have employees**, the following methodology should be used to calculate you maximum, loan amount:

1. Step 1: Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:

a) The difference between your 2019 or 2020 Form 1040 Schedule F line 9 gross income amount (if using 2020 and you have not yet filed a 2020 return, **file it out and compute the value**), and the sum of Schedule D lines 15, 22, 23, and 37 up to $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. If this amount is over $100,000 reduce it to $100,000. If this amount is less than zero, set the amount to zero.

a) 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States using 2019 or 2020 IRS Form 941 Taxable Medicare wages and tips (line 5c-column 1) from each quarter plus any pre-tax employee contributions from health insurance or other fringe benefits excluded from the Taxable Medicare wages and tips. Subtract any amounts paid to any individual employee in excess of $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 and amount paid to any employee whose principal place of residence is outside the United States **AND**

b) 2019 or 2020 employer contributions from employee group health, life, disability, vision, and dental insurance (portion of IRS Form 1040 Schedule F line 15 attributable to those contributions), employer contributions for employee retirement contributions (Form 1040 Schedule F Line 15) and state and local taxes assessed on employer's compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from State and quarterly wage reporting form).

2. Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
3. Step 3: Multiply the average monthly amount from Step 2 by 2.5.
4. Step 4: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required Documentation for Farmers and Ranchers with employees

The following documentation must be submitted with your PPP loan application:

- 2019 or 2020 (whichever was used to calculate loan amount) Form 1040 Schedule F, Form 941 for all four quarters, or Form 940 **AND**
- State quarterly wage unemployment insurance tax reporting form for each quarter in 2019 or 2020 (whichever year used to calculate loan amount) or equivalent payroll processor records.
- Evidence of any retirement and health insurance contributions, if applicable.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

Partnership filing Form 1065

Partnership PPP Loan Calculation

The following methodology should be used to calculate the maximum amount that a partnership can borrow:

1. Step 1: Compute 2019 or 2020 payroll (using the same year for all items) by adding:
   a) Net earnings from self-employment of individual general partners in 2019 or 2020 as reported on the 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 .09235, that is not more than $100,000 per partner.

   b) 2019 or 2020 gross wages and tips paid to you employees whose principal place of residence is in the United States, if any, which can be computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages and tips (line 5c-column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excludes from Taxable Medicare wages and tips, subtracting any amounts paid to any individual employee in excess of $100,000 and any amounts paid to any employee whose principal place of residence is outside the United States.

   c) 2019 or 2020 employer contributions for employee group health, life, disability, vision, and dental insurance, if any (portion of IRS Form 1065 line 19 attributable to those contributions).

   d) 2019 or 2020 employer contributions to employee retirement plans, if any (IRS Form 1065 line 18) **AND**

   e) 2019 or 2020 employer state and local taxes assessed on employee compensation primarily state unemployment insurance tax (from state quarterly wage reporting forms), if any.
2. Step 2: Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).
3. Step 3: Multiply the average monthly payroll costs from Step 2 by 2.5.
4. Step 4: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. **Do Not** include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

Required Documentation for Partnerships

The following documentation must be submitted with your PPP loan application:

- 2019 or 2020 (whichever was used to calculate the loan amount) IRS Form 1065 (including K-1's) and other relevant supporting documentation if the partnership has employees including:
    - 2019 or 2020 (whichever was used to calculate the loan amount) Form 941 for all four quarters or Form 940 **AND**
    - State and quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records or IRS Wage and Tax Statements)
    - Records of any retirement or health insurance contributions.
- If the partnership has employees, a payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the partnership was in operation and has employees on that date.
- If the partnership did not have employees, an invoice, bank statement, or book of record establishing the partnership was in operation on February 15, 2020 must instead be provided.

The information and guidance provided above is in accordance with the Economic Aid Act provided by the SBA to all financial institutions.