

# Center for Family Owned Business PPP Webinar Series

Tim Fogerty, Managing Director- First Bank

Kate Mayfield, Director- First Bank

January 15, 2021



# Presenters:



Tim Fogerty, Managing Director, Commercial Banking- First Bank



Kate Mayfield, Director, Credit and Underwriting- First Bank

# AGENDA

- Economic Aid Act Updates
- Second Draw Loans- First Bank Process

# Disclaimer

This presentation is furnished for informational use only. It is not intended to be comprehensive, nor does it constitute legal, accounting, tax or other professional advice. We encourage you to consult with your legal, tax and/or accounting professional for specific advice. This presentation is based on information available as of the first date and time of delivery of this presentation. Due to the evolving nature of the regulations and agency guidance addressing the Paycheck Protection Program, all information in this presentation is subject to change without notice.

First Bank recommends a thorough review of the CARES Act, PPP Flexibility Act, Economic Aid Act, and SBA Interim Final Rules, these documents can be found at [First.Bank](https://www.firstbank.com)

# Economic Aid Act: Clarification of Income Taxes Related to PPP Loan Forgiveness



- The provision clarifies that gross income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan.
- This provision also clarifies that deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven, and that the tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness.
- The provision also clarifies that gross income does not include forgiveness of certain loans, EIDL Grants and Grants for Shuttered Venue Operators.
- Effective as of the date of the CARES Act (March 2020) and applies to all PPP and 2nd Draw PPP loans.
- Questions regarding this change should be directed to your tax advisor

# Economic Aid Act: Simplified Forgiveness Forms for PPP Borrowers of \$150,000 and below



- Simplified application for loans under \$150,000 (previously  $\leq$  \$50,000), with requirements & limitations including:
  - Borrower will receive forgiveness if a one page certification is provided to the lender that all funds were used consistent with program guidelines.
  - The certification will include a description of number of employees, estimated loan amount spent on payroll and total loan amount.
  - Records are required to be retained by borrower for up to 4 years.
  - All PPP loans not previously forgiven will be eligible for short form forgiveness.
- Forgiveness application form from the SBA, estimated as due on January 29<sup>th</sup>, with First Bank implementation shortly thereafter.
- If you have already received a First Bank forgiveness form and have not submitted you can request the new form once it is available.
- If First Bank has submitted your forgiveness application to the SBA, you do not need to resubmit.

# Economic Aid Act: Economic Injury Disaster Loan



- SBA will no longer deduct Economic Injury Disaster Loan (EIDL) advances from forgiveness payment.
- If lender has already received a forgiveness payment net of an EIDL advance, SBA will provide a reconciliation payment to lender to be applied to the outstanding loan balance.
- More details are expected from the SBA on the timing of the reconciliation payments.
- First Bank has suspended client payments on post-forgiveness PPP loans with EIDL residual balances.



# Economic Aid Act: Ability for PPP Borrowers to Request an Increase in Loan Amount



- Borrowers who proactively returned all or part of their PPP loan to reapply for the maximum amount applicable so long as forgiveness has not been received.
- Borrowers whose loan calculations have increased due to changes in interim final rules throughout the PPP process can work with Lenders to modify their loan value regardless of whether loan has been fully disbursed.
- **The SBA has not yet given any guidance on application for this provision. Applications are not being taken at this time.**



# Economic Aid Act



PPP First Draw Loans

PPP Second Draw Loans



# Economic Aid Act: First Draw PPP Loan

- Available if you have not received a PPP loan.
- Allows up to 500 employees.
- Expands allowable usage of PPP proceeds.
- Expands eligible borrowing entities.
- Program is expected to open to larger financial institutions on Tuesday, January 19th.
- Program ends March 31, 2021

# Economic Aid Act: Second Draw PPP Loan



- The Paycheck Protection Program (PPP) now allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan with the same general loan terms as their First Draw PPP loan.
- Program is expected to open to larger financial institutions on Tuesday, January 19th.
- Program ends March 31, 2021

# Economic Aid Act: PPP Borrower Eligibility

Who can apply for First Draw or Second Draw PPP loan:

- Business Entities (partnerships, corporations, LLC)
- Sole Proprietors, independent contractors, self employed individuals
- 501 (c)(3)
- 501 (c) (6) (*new*)
- 501 (c)(19)
- Veterans organizations, Tribal businesses, housing cooperatives, destination marketing organizations, and eligible news organizations (*new*)
- Note: a listing of ineligible borrowers can be found in the appendix.

## Second Draw PPP Borrower Loan Eligibility

- Previously received a First Draw PPP loan and will or has used the full amount only for authorized uses. All PPP loan proceeds must be spent prior to disbursement on Second Draw PPP loans.
- Has no more than 300 employees with certain exceptions for NAICS code 72, Food and Accommodation, and eligible news organizations which are allowed 300 employees per location.
- Can demonstrate at least a 25% reduction in gross receipts\* between comparable quarters in 2019 and 2020.
- Second Draw loans are limited to \$2,000,000.
- Total PPP loans (First Draw plus Second Draw limited to \$10,000,000).

\*see appendix for SBA definition of gross receipts

# Second Draw PPP Loans Revenue Reduction Requirement



- A borrower must calculate this revenue reduction by comparing the borrower's quarterly gross receipts\* for one quarter in 2020 with the borrower's gross receipts\* for the corresponding quarter of 2019.
- For example, a borrower with gross receipts\* of \$50,000 in the second quarter of 2019 and gross receipts\* of \$30,000 in the second quarter of 2020 has experienced a revenue reduction of 40 percent between the quarters, and is therefore eligible for a Second Draw PPP loan (assuming all other eligibility criteria are met).
- Borrower must use calendar quarter, not fiscal quarter.

\* see appendix for SBA definition of gross receipts

# Second Draw PPP Loans Revenue Reduction Requirement



- Subsection (c)(1)(iv)(B) of the IFR provides that a borrower that was in operation in all four quarters of 2019 is deemed to have experienced the required revenue reduction if it experienced a reduction in annual receipts of 25 percent or greater in 2020 compared to 2019 and the borrower submits copies of its annual tax forms substantiating the revenue decline.
- This method will be particularly important for small borrowers that may not have quarterly revenue information readily available.



# Second Draw PPP Loans Revenue Reduction Requirement



- PPP loans over \$150,000 are required to provide documentation supporting the 25% revenue decline with the application.
- PPP loans of \$150,000 and below are not required to provide documentation at application but will be required to provide supporting documentation for forgiveness.



# Second Draw PPP Loans: Maximum Loan Amount & Increased Assistance for Accommodation and Food Service Businesses

- For most borrowers, the maximum loan amount of a Second Draw PPP loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- For borrowers in the Accommodation and Food Services sector NAICS 72\* as reported per your tax return, the maximum loan amount for a Second Draw PPP loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- Section 317 of the Economic Aid Act modified this provision for Second Draw PPP loans by reducing the limit on employees per physical location to 300.

\* see Appendix for listing of NAICS 72 codes



# Economic Aid Act: Allowable Uses for Loan Proceeds for First Draw and Second Draw Loans

- Payroll Costs\*
- Mortgage Interest
- Rent
- Utilities
- Worker Protection Costs related to COVID-19\* (*new*)
- Uninsured property damage costs caused by looting or vandalism during 2020\* (*new*)
- Certain Supplier Costs and Expenses for Operation\* (*new*)

\* see appendix for detailed information regarding these allowable costs



# Second Draw PPP Loans: Terms & Conditions

- Generally the same terms, conditions, and requirements as the First Draw PPP loans.
- The SBA guarantee is 100%.
- No collateral required.
- No personal guarantees required.
- Interest Rate: 100 basis points or one percent, calculated on non-compounding, non-adjustable basis.
- Maturity: 5 years
- Principal and interest deferred for 10 months after the end of the selected coverage period up to 24 weeks.



# Second Draw PPP Loans: Full Forgiveness Terms

- Second Draw PPP loans made to eligible borrowers qualify for full loan forgiveness if during the 8-to-24 week covered period following loan disbursement.
- Employee count and compensation levels are maintained in the same manner as required for First Draw PPP loans.
- The loan proceeds are spent on payroll costs and other eligible expenses.
- At least 60% of the loan proceeds are spent on payroll costs.



# PPP Loan Necessity Certification

**31.Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

**Answer:** In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application.

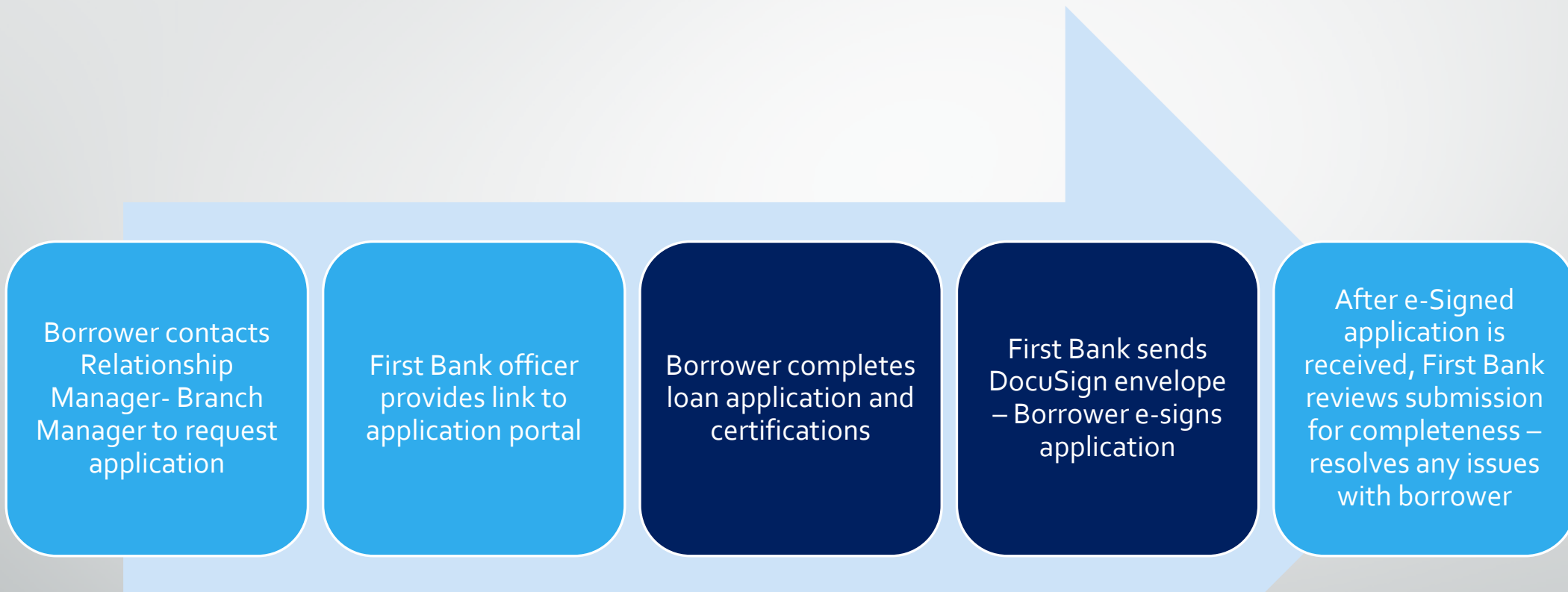
Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business.

For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.



# First Bank PPP Process



Borrower contacts Relationship Manager- Branch Manager to request application

First Bank officer provides link to application portal

Borrower completes loan application and certifications

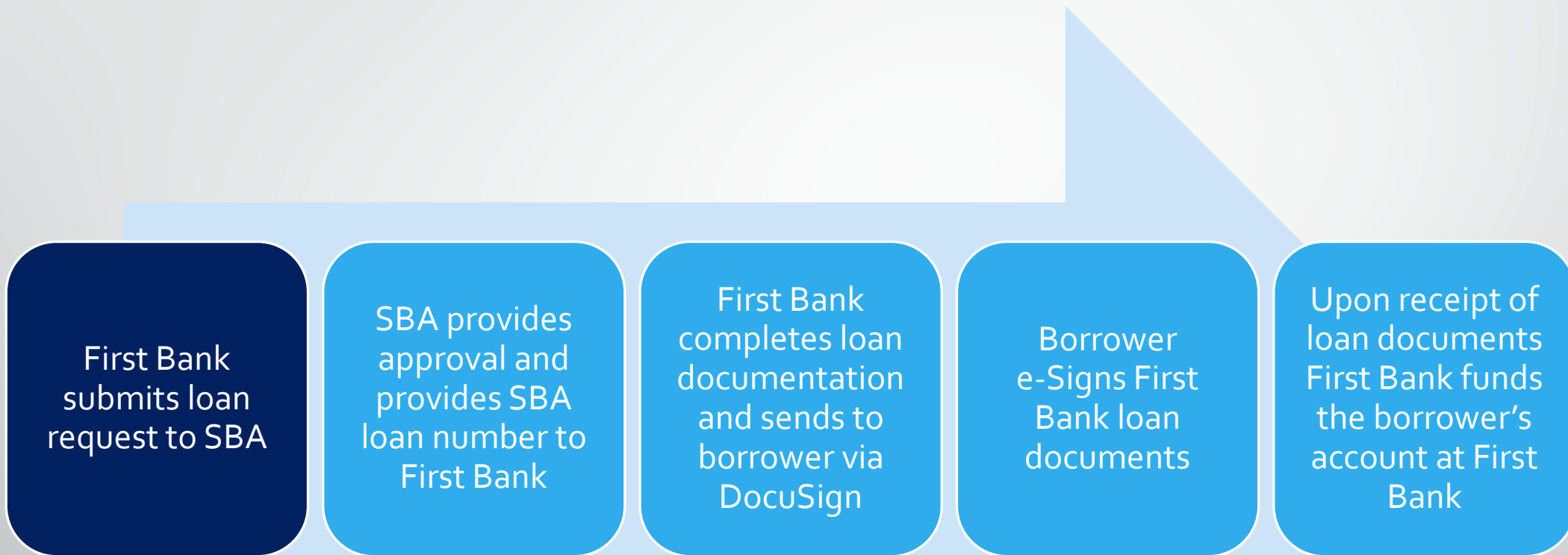
First Bank sends DocuSign envelope – Borrower e-signs application

After e-Signed application is received, First Bank reviews submission for completeness – resolves any issues with borrower





# First Bank PPP Process



First Bank submits loan request to SBA

SBA provides approval and provides SBA loan number to First Bank


First Bank completes loan documentation and sends to borrower via DocuSign

Borrower e-Signs First Bank loan documents

Upon receipt of loan documents First Bank funds the borrower's account at First Bank

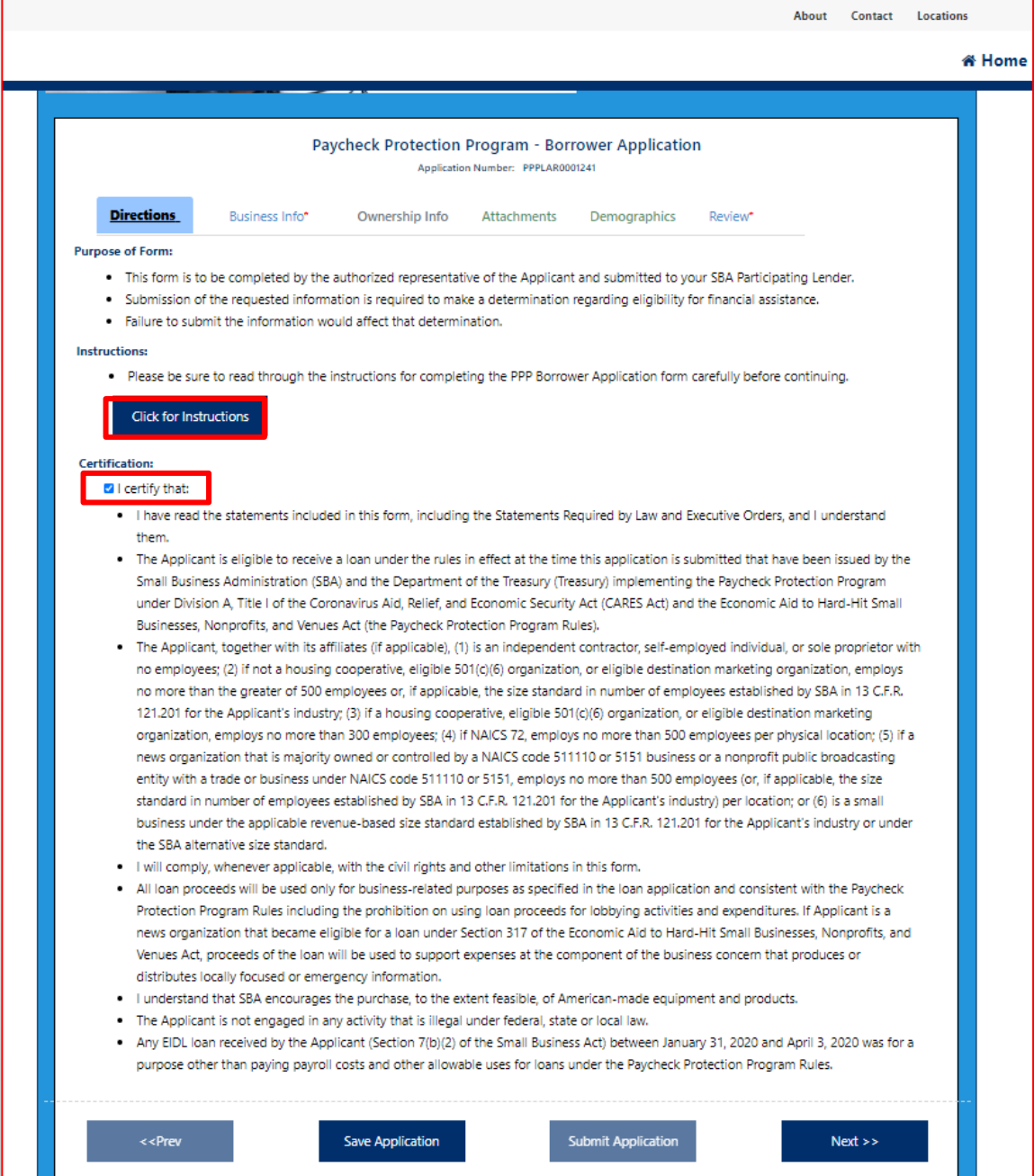
# First Bank Portal Overview

## Overview:

- Once a client enrolls in the portal, they will complete each tab.
- Ability to save and return to the portal at anytime.
- Options to click through for SBA instructions and definitions. (Blue Boxes that indicate click here)
- Asterisks indicate required fields
-  indicates additional information available
- All fields correspond with fields on SBA loan forms

## Tab 1 Directions:

- Review all certifications and check Certify Box.



The screenshot shows the 'Paycheck Protection Program - Borrower Application' form. At the top right, there are links for 'About', 'Contact', and 'Locations', and a 'Home' button with a house icon. The application number is 'PPPLAR0001241'. The form has several tabs: 'Directions' (highlighted in blue), 'Business Info\*', 'Ownership Info', 'Attachments', 'Demographics', and 'Review\*'. Under 'Purpose of Form:', there are three bullet points explaining the form's purpose. Under 'Instructions:', there is one bullet point and a red-bordered button labeled 'Click for Instructions'. Under 'Certification:', there is a checked checkbox 'I certify that:' followed by a list of certification statements. At the bottom, there are four buttons: '<< Prev', 'Save Application', 'Submit Application', and 'Next >>'.

Paycheck Protection Program - Borrower Application  
Application Number: PPPLAR0001241

**Directions** Business Info\* Ownership Info Attachments Demographics Review\*

**Purpose of Form:**

- This form is to be completed by the authorized representative of the Applicant and submitted to your SBA Participating Lender.
- Submission of the requested information is required to make a determination regarding eligibility for financial assistance.
- Failure to submit the information would affect that determination.

**Instructions:**

- Please be sure to read through the instructions for completing the PPP Borrower Application form carefully before continuing.

**Click for Instructions**

**Certification:**

I certify that:


- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) and the Department of the Treasury (Treasury) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Paycheck Protection Program Rules).
- The Applicant, together with its affiliates (if applicable), (1) is an independent contractor, self-employed individual, or sole proprietor with no employees; (2) if not a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant's industry; (3) if a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than 300 employees; (4) if NAICS 72, employs no more than 500 employees per physical location; (5) if a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS code 511110 or 5151, employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant's industry) per location; or (6) is a small business under the applicable revenue-based size standard established by SBA in 13 C.F.R. 121.201 for the Applicant's industry or under the SBA alternative size standard.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rules including the prohibition on using loan proceeds for lobbying activities and expenditures. If Applicant is a news organization that became eligible for a loan under Section 317 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, proceeds of the loan will be used to support expenses at the component of the business concern that produces or distributes locally focused or emergency information.
- I understand that SBA encourages the purchase, to the extent feasible, of American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any EIDL loan received by the Applicant (Section 7(b)(2) of the Small Business Act) between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses for loans under the Paycheck Protection Program Rules.

<< Prev Save Application Submit Application Next >>

# First Bank Portal Overview

## Tab 2 Business Info:

### 1) General Business Info:

- Complete all required fields
- NAICS codes available by clicking 

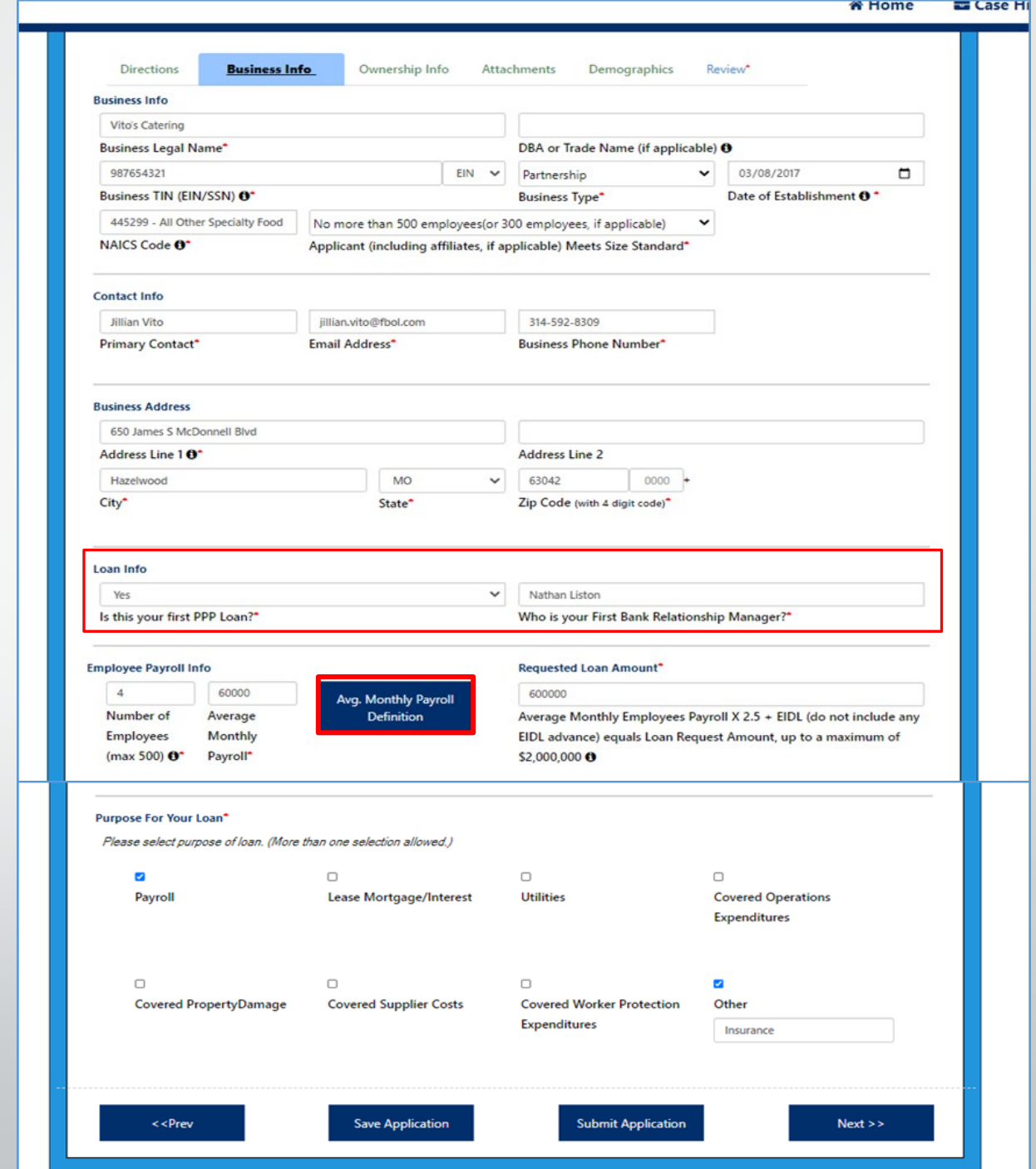
### 2) Loan Info (red box)

- Is this First Loan ? Y/N drop down  
This response provides the appropriate fields to the applicant
- Requires Relationship Manager Name

### 3) Payroll Info

- Average Monthly Payroll Definition (red box) provides SBA definition

### 4) Purpose for loan (select all that apply)



Directions **Business Info** Ownership Info Attachments Demographics Review\*

**Business Info**

Vito's Catering  
Business Legal Name\* DBA or Trade Name (if applicable) ⓘ  
987654321 EIN ▼ Partnership ▼ 03/08/2017 ⓘ  
Business TIN (EIN/SSN) ⓘ\* Business Type\* Date of Establishment ⓘ\*  
445299 - All Other Specialty Food No more than 500 employees (or 300 employees, if applicable) ▼  
NAICS Code ⓘ\* Applicant (including affiliates, if applicable) Meets Size Standard\*

**Contact Info**

Jillian Vito jillian.vito@fbol.com 314-592-8309  
Primary Contact\* Email Address\* Business Phone Number\*

**Business Address**

650 James S McDonnell Blvd  
Address Line 1 ⓘ\* Address Line 2  
Hazelwood MO 63042 0000  
City\* State\* Zip Code (with 4 digit code)\*

**Loan Info**

Yes Nathan Liston  
Is this your first PPP Loan?\* Who is your First Bank Relationship Manager?\*

**Employee Payroll Info**

4 60000 Avg. Monthly Payroll Definition  
Number of Average  
Employees Monthly  
(max 500) ⓘ\* Payroll\*

**Requested Loan Amount\***

600000  
Average Monthly Employees Payroll X 2.5 + EIDL (do not include any EIDL advance) equals Loan Request Amount, up to a maximum of \$2,000,000 ⓘ

**Purpose For Your Loan\***

Please select purpose of loan. (More than one selection allowed.)

Payroll  Lease Mortgage/Interest  Utilities  Covered Operations Expenditures

Covered Property Damage  Covered Supplier Costs  Covered Worker Protection Expenditures  Other Insurance

<< Prev Save Application Submit Application Next >>

# First Bank Portal Overview

## Tab 3 Ownership Info :

### Overview:

- Requires information of all owners greater than 20%
- Must document ownership of at least 50%
- Ownership Type: Person or Business
- Applicant Owner button (red box) provides SBA definition of owner

Directions Business Info **Ownership Info** Attachments Demographics Review\*

**Applicant Ownership:**

List all owners of 20% or more of the equity of the Applicant. Total ownership listed must be greater than 50%. Attach a separate sheet if necessary on the attachments tab.

**Applicant Owner Definition**

**Applicant Owner #1's Info:**

Personal	50	Jillian	Vito
Owner Type #1*	Ownership % *	Owner's First Name	Owner's Last Name
Owner	333442222	SSN	
Title *	TIN/SSN*		
123 Main Street			
Address Line 1 *	Address Line 2		
Hazelwood	MO	63042	0000 +
City *	State*	Zip Code(with 4 digit code) *	

# First Bank Portal Overview

## Tab 3 Ownership Questionnaire :

- After completing ownership information, applicants will complete questionnaire
- Applicants select Yes or No for each question

HOME Cas

Ownership Questionnaire:

*Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?*  Yes  No

*Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?*  Yes  No

*Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including a management agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the relationship on a separate sheet identified as addendum A.*  Yes  No

*Did the Applicant receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.*  Yes  No

*Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?*  Yes  No

*Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment)?*  Yes  No

*Is the United States the principal place of residence for all employees included in the Applicant's payroll calculation above?*  Yes  No

*Is the Applicant a franchise?*  Yes  No

*Is the franchise listed in the SBA's Franchise Directory?*  Yes  No

*If yes, enter the SBA Franchise Identifier Code below: (SBA Franchise Code lookup)*



# First Bank Portal Overview

## Tab 4 Attachments:

- Applicants will load attachments in the proper fields
- First Bank will validate the attachments and contact Applicant for additional information
- Requests for additional documentation or clarification of application between First Bank and Applicant will occur through the Portal

Paycheck Protection Program - Borrower Application  
Application Number: PPPLAR0001241

Directions Business Info Ownership Info **Attachments** Demographics Review

Required Documentation:  
The following items must be submitted with your application. Upload files for each requirement using the Upload Files button.

Copies of payroll tax reports filed with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the entire year of 2019 and first quarter of 2020 (if available) should be presented.

Payroll Tax Reports.pdf (97.6 KB)  
13d ago

Copies of payroll reports for each pay period for the preceding 12 months. Such reports should include gross wages including PTO (which may include vacation, sick, and other PTO). This includes payroll reports through pay period preceding the origination of the subject application.

Payroll Reports by Pay Period.pdf (97.6 KB)  
13d ago

Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the immediately preceding 12 months prior to the date of the SBA loan origination. Copies of the monthly invoices should suffice.

# First Bank Portal Overview

## Tab 5 Demographic Info:

- Borrowers may complete the optional demographic information
- Additional SBA Information regarding Demographic Information collection available in the click for instructions box

**Paycheck Protection Program - Borrower Application**  
Application Number: PPPLAR0001241

[Directions](#)   [Business Info](#)   [Ownership Info](#)   [Attachments](#)   **[Demographics](#)**   [Review\\*](#)

**Voluntary Disclosures (Optional)**  
Disclosure is voluntary and will have no bearing on the loan application decision.

[Click for Instructions](#)

<input type="text"/>	<input type="text"/>	<input type="text"/>
Principal Name	Principal Position	Veteran Status
<input type="text"/>	<input type="text"/>	
Gender	Ethnicity	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
American Indian or Alaska Native	Asian	Black or African-American
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Native Hawaiian or Pacific Islander	White	Not Disclosed

[<<Prev](#)   [Save Application](#)   [Submit Application](#)   [Next >>](#)



# First Bank Portal Overview

## Tab 6: Review

- Applicants will review final application before submitting application.
- click Submit Application Button

Paycheck Protection Program - Borrower Application  
Application Number: PPPLAR0001241

Directions Business Info Ownership Info Attachments Demographics **Review\***

**Business Info**

<b>Business Legal Name:</b> Vito's Catering	<b>Business DBA or Trade Name:</b> Partnership	<b>Business TIN/EIN/SSN:</b> 987654321
<b>Business Type:</b> Partnership	<b>Business Start Date:</b> March 8, 2017	<b>NAICS Code:</b> 445299 - All Other Specialty Food Stores

**Business Address**

<b>Address Line 1:</b> 650 James S McDonnell Blvd	<b>Address Line 2:</b> Hazelwood, MO 63042
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**Contact Info**

**Contact Name:**  
Jillian Vito

**Loan Info**

**Is this your first application?**  
Yes

**Employee Payroll**

**Average Payroll:**  
60000

**Total Employees:**  
4

**Ownership Info:**

**Owner Name:**

**Owner TIN/SSN:**  
333442222

debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?

2) Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?  Yes  No

3) Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including an agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the relationship on a separate sheet identified as addendum A.  Yes  No

4) Did the Applicant receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.  Yes  No

5) Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?  Yes  No

6) Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment)?  Yes  No

7) Is the United States the principal place of residence for all employees included in the Applicant's payroll calculation above?  Yes  No

8) Is the Applicant a franchise?  Yes  No


9) Is the franchise listed in the SBA's Franchise Directory?  Yes  No

<< Prev Save Application **Submit Application** Next >>

# First Bank Portal to SBA Application

## Next Step:

- Applicants will receive a DocuSign envelope to complete the application submission process
- All information entered through the Portal will be loaded into the SBA Borrower Application (Form 2483) for eSignature.
- Applicant must complete the eSignature process in DocuSign in order to complete the application process with First Bank.



**Paycheck Protection Program**  
Borrower Application Form Revised January 8, 2021

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

Check One: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other		DBA or Tradename (if applicable)	Year of Establishment (if applicable)
Business Legal Name		NAICS Code	Applicant (including affiliates, if applicable) Meets Size Standard (check one): <input type="checkbox"/> No more than 500 employees (or 300 employees, if applicable) <input type="checkbox"/> SBA industry size standards <input type="checkbox"/> SBA alternative size standard
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	Email Address
Average Monthly Payroll:	\$	x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:	\$
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures
			<input type="checkbox"/> Covered Operations Expenditures
			<input type="checkbox"/> Other (explain):

**Applicant Ownership**  
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

I acknowledge that the Lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA re

Signature of Authorized Representative of Applicant

Print Name

Date

Title

SBA Form 2483 (1/21) 2

# Resources



- US Department of Treasury  
<https://home.treasury.gov/>



- Small Business Association  
<https://www.sba.gov/>



- First Bank's COVID-19 web page  
<https://www.first.bank/>



# Appendix

# Gross Receipts: SBA Definition

- Subsection (c)(2) of the IFR generally defines gross receipts to include all revenue in whatever form received or accrued (in accordance with the entity'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, independent contractor, or self-employed individual "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. Subsection (c)(2) also adapts the methodology for calculating affiliate receipts from 13 C.F.R. 121.104.
- The IFR specifies that any forgiveness amount of a First Draw PPP Loan that a borrower received in calendar year 2020 is excluded from a borrower's gross receipts



# NAICS 72: Accommodation and Food Services



Code	Description	Code	Description
7211	Traveler Accommodation	7223	Special Food Services
721110	Hotels (except Casino Hotels) and Motels	722310	Food Service Contractors
721120	Casino Hotels	722320	Caterers
721191	Bed and Breakfast Inns	722330	Mobile Food Services
721199	All Other Traveler Accommodations	7224	Drinking Places (Alcoholic Beverages)
7212	RV (Recreational Vehicle) Parks and Recreational Camps	722410	Drinking Places (Alcoholic Beverages)
721211	RV Parks and Campgrounds	7225	Restaurants and other Eating Places
721214	Recreational and Vacation Camps (except campgrounds)	722511	Full-Service Restaurants
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camp	722513	Limited-Service Restaurants
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camp	722514	Cafeterias, Grill Buffets, and Buffets
		722515	Snack and Nonalcoholic Beverage Bars

# Economic Aid Act: Payroll Cost

- 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 consisting of group health care coverage (including insurance premiums), 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.
- 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 (\$20,833.33).



# Payroll Cost Calculation

- In general, section 307 of the Economic Aid Act provides that the maximum loan amount for a Second Draw PPP Loan is equal to the lesser of two and half months of the borrower's average monthly payroll costs or \$2 million. Relative to First Draw PPP loans, the Economic Aid Act adjusted the methodology for calculating a borrower's payroll costs. Unlike First Draw PPP Loans, the Economic Aid Act provides that the relevant time period for calculating a borrower's payroll costs for a Second Draw PPP Loan is either **the twelve-month period prior to when the loan is made** or **calendar year 2019**
- The Act also provided tailored methodologies for certain categories of borrowers. These calculations are reflected in subsection (f) of this IFR. Subsection (f) of the IFR uses "calendar year 2020" to refer to "the twelve-month period prior to when the loan is made." Calculating payroll costs based on calendar year 2020 rather than the twelve months preceding the date the loan is made will simplify the calculations and documentation requirements for borrowers because payroll records are more commonly created and retained on a calendar-year basis. Allowing borrowers to calculate payroll costs based on calendar year 2020 is also not expected to result in a significant difference in payroll costs compared to the twelve months preceding the date the loan is made because all Second Draw PPP Loans will be made in the first quarter of 2021. However, the rule notes that Second Draw PPP Loan borrowers who are not self-employed (including sole proprietorships and independent contractors) are also permitted to use the precise 1-year period before the date on which the loan is made to calculate payroll costs if they choose not to use 2019 or 2020 to calculate payroll costs.

# Second Draw PPP Loans: Excluded Entities



The Economic Aid Act also prohibits several additional categories of borrowers from receiving a Second Draw PPP Loan under section 7(a)(37) of the Small Business Act. These categories of prohibited borrowers are listed in subsection (e) of the IFR:

- a business concern or entity primarily engaged in political activities or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or that describes itself as a think tank in any public documents;<sup>21</sup>
- certain entities organized under the laws of the People’s Republic of China or the Special Administrative Region of Hong Kong, or with other specified ties to the People’s Republic of China or the Special Administrative Region of Hong Kong
- any person required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612)
- **a person or entity that receives a grant for shuttered venue operators under section 324 of the Economic Aid Act**
- Entities in which the President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person owns, controls, or holds at least 20 percent of any class of equity;
- a publicly traded company, defined as an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).
- Subsection (e)(g) also prohibits an entity that has permanently closed from receiving a Second Draw PPP Loan because paragraph 7(a)(37)(A)(iv) of the Small Business Act is best understood to describe existing businesses

# Economic Aid Act: Allowable Costs



- Section 308: Specific Group Insurance Payments as Payroll Costs
  - Clarifies that other employer-provided group insurance benefits are included in payroll, including group life, disability, vision, or dental insurance. Effective date retroactive to CARES Act (March 2020)
- Section 304: Additional Eligible Expenses
  - Covered Operations Expenditures: payment for any software, cloud computing, and other human resources and accounting needs.
  - Covered Property Damage Costs: costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
  - Covered Supplier Costs: expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
  - Covered Worker Protection Expenditure: personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.



Thank You