

Good afternoon,

PLEASE READ THROUGH THE ENTIRE UPDATE, BELOW.

**Change 1:** Effective today (3/3/2021), please have all applicants **use the applicable NEW application forms, below:**

- Form A: PPP Draw 1 application
- Form B: PPP Draw 2 application
- Form C: PPP Schedule C filers Draw 1
- Form D: PPP Schedule C filers Draw 2

**Change 2:** As part of the update, today, the Small Business Administration issued an interim final rule implementing recent changes to the Paycheck Protection Program. This allows individuals who file an IRS Form 1040, Schedule C to **calculate their maximum loan amount using gross income** (line 1 on the Schedule C). SBA has issued updated forms for borrowers and lenders reflecting these changes and step-by-step loan amount calculations.

Previously, PPP rules defined payroll costs for individuals who file Form 1040, Schedule C as payroll costs (if employees exist) plus net profits, which is net earnings from self-employment. This formula effectively excluded many sole proprietors from obtaining PPP loans, particularly those with very little or negative net profit.

The IFR also stated that **this calculation change will apply only to loans approved after the rule's effective date**. Borrowers that have already had their loans approved cannot increase their PPP loan amount based on the new maximum loan formula.

Additionally, businesses electing to use gross income to calculate their first-draw PPP Loan will only have a safe harbor presumption of making the necessary certification of economic necessity if they reported \$150,000 or less in gross income on their Schedule C being used to apply for a first-draw PPP loan. Borrowers with reported gross income greater than \$150,000 will be subject to additional SBA review.

Finally, the IFR removes a restriction on business at least 20% owned by an individual who was arrested for or convicted of a felony related to financial assistance fraud in the previous five years or any other felony within the previous year from obtaining PPP loans. It also removes a restriction on businesses at least 20% owned by an individual who is delinquent on student loan from receiving PPP loans.

As always, please let me know if you have any questions.

Thank you all,

**Ryan Bergeron**

*Senior Vice President*

NMLS# 1683375

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Good afternoon all,

Couple of quick important updates (as of today's date; see attached):

1. For ALL applicants who were in business for **ALL of 2019 and ALL of 2020**, you may now compare **Gross Annual Receipts** instead of Quarterly (on the Reduction in Gross Receipts section of the application), as long as there is a reduction of 25% or more from year to year. See the Attached Q&A released today from the SBA (see the highlighted areas on pages 2 and 3) for more information. You may also review the attachment in its entirety for additional general guidance on the program.
2. If you were only in business for 3 quarters or less in 2019, you must continue to compare the same quarter in 2019 and 2020.
3. For ONLY those using a Schedule C to support your loan request amount , as a reminder, your Loan amount is figured by dividing line 31, from the Schedule C, by 12 (your Avg Monthly Payroll Expense), then multiplying it by 2.5 (your loan request amount).

We continue to process all requests that have been sent in. If you have not yet submitted, we encourage you to do so as soon as you're able to.

Have a great evening,

**Ryan Bergeron**

*Senior Vice President*

NMLS# 1683375

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**From:** Ryan Bergeron **Sent:** Thursday, January 14, 2021 6:18 PM

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**From:** Ryan Bergeron **Sent:** Monday, January 11, 2021 12:07 PM **To:** Ryan Bergeron

**<**[r.bergeron@towncenterbank.net](mailto:r.bergeron@towncenterbank.net)**>** **Subject:** Payroll Protection Program Round 2 (PPP2): Email 1

Hello everyone,

THIS MESSAGE IS NOT REGARDING LOAN FORGIVENESS

As you may have heard, the SBA will begin allowing banks to submit PPP Round 2 applications sometime later this week (potentially as early as 1/13/2021). For this, there are two separate applications; one for those who received a PPP loan the first time around, and one for those who have NEVER received a PPP loan. Application A (for round 2 applicants) and Application B (for those who've NEVER had a PPP loan) are attached. **Please read through the appropriate application for you, thoroughly, prior to filling it out to ensure you comply with all requirements. Also, please fill the application out completely, otherwise it may not be processed.**

Updated Rules of the Program:

- When calculating your loan amount, do not account for cents. ALWAYS round down when cents are involved (ex: \$24,458.72 = \$24,458.00)
- No more than 300 employees
- ALL Round 2 applicants MUST have a 25% reduction in gross sales/receipts in one quarter from 2020, when compared to the same quarter in 2019
- Loan maximum is \$2,000,000
- At least 60% of loan proceeds MUST be used for payroll expenses. The remaining 40% can be used for interest, business mortgage/rent, utilities, property repairs relating to riot/looting damage
- Loan amount is determined by multiplying your avg. monthly payroll expense by 2.5. ***For Restaurants Only (on for those who have a NAICS code starting with "72"; this code be found on page 1 of your 1120 tax form, upper left hand corner, item "B"), you may use a 3.5 multiplier to figure your loan amount***
- For those requesting \$150,000 or more (Round 2 applicants only), you MUST submit a report showing a 25% decline in one quarter of 2020 when compared to the same quarter of 2019, along with your loan application package. For those with loan requests of less than \$150,000, you must submit a report showing the 25% decline from 2019 to 2020 (same quarter for each year) at the time of applying for forgiveness of your Round 2 PPP loan.
- Any employee who's salary exceeds \$100,000 must be capped at \$100,000 when figuring the loan amount.

**PPP ROUND 2 APPLICANTS (APPLICATION A)**

In order for us to submit your application to the SBA, the following information is required. ***Even if you sent info in with your Round 1 application, you will need to resubmit all info for Round 2.***

Aside from the completed loan application, a list of required documentation is listed below, for each business entity type; **if the required documentation is NOT received with your application, we cannot process your application:**

- a. C-Corp, S-Corp, LLC
  - i. Completed loan application; see attached
  - ii. 2019-2020 941's
  - iii. 2019 & 2020 940 or Payroll Summary Report for 2020
  - iv. Articles of Incorporation/ organization, bylaws/operating agreement
  - v. (for loan requests of \$150k or more) Income/Expense report comparing a chosen quarter in 2019 to the same quarter in 2020
  - vi. Copy of the application signer's driver's license
  
- b. Sole Proprietorship, Independent Contractor, Self Employed Individuals
  - i. (for applicants who are paid via 1099)2019 Schedule C from 2019 personal tax return 1. Loan amount is figured by dividing line 31 (on the Schedule C) by 12, then multiplying it by 2.5
  
  - ii. If available, 2020 payroll summary report
  - iii. If applicable, Articles of Incorporation/ organization, bylaws/operating agreement
  - iv. If available, 2019-2020 941's
  - v. Copy of the application signer's driver's license

#### **PPP ROUND 1 APPLICANTS (APPLICATION B)**

Aside from the completed loan application, a list of required documentation is listed below, for each business entity type; **if the required documentation is NOT received with your application, we cannot process your application:**

- a. C-Corp, S-Corp, LLC
  - i. Completed loan application; see attached
  - ii. 2019-2020 941's
  - iii. 2019 & 2020 940 or Payroll Summary Report for 2020
  - iv. Articles of Incorporation/ organization, bylaws/operating agreement
  - v. Copy of the application signer's driver's license
  
- b. Sole Proprietorship, Independent Contractor, Self Employed Individuals
  - i. (for applicants who are paid via 1099)2019 Schedule C from 2019 personal tax return 1. Loan amount is figured by dividing line 31 (on the Schedule C) by 12, then multiplying it by 2.5
  
  - ii. If available, 2020 payroll summary report
  - iii. If applicable, Articles of Incorporation/ organization, bylaws/operating agreement
  - iv. If available, 2019-2020 941's
  - v. Copy of the application signer's driver's license

Once your loan package is complete, please submit it to [r.bergeron@towncenterbank.net](mailto:r.bergeron@towncenterbank.net) and [d.regan@towncenterbank.net](mailto:d.regan@towncenterbank.net). You may submit your application package as soon as it's ready. Also, please submit any questions you might have via email to the same addresses.

Thank you all! We're glad to help you through this process!

**Ryan Bergeron**

*Senior Vice President*

NMLS# 1683375

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