

## PPP SECOND DRAW REQUIRED DOCUMENTATION

These instructions were created to help you determine what documentation you will be required to provide for your second draw PPP loan. The scenarios go from simplest to most complex.

### **Scenario 1: Loans UNDER \$150,000, received 1<sup>st</sup> draw PPP Loan with CVB, and requesting same loan amount**

- If you applied with CVB for round 1, are requesting the same loan amount, and your loan is under \$150,000 a signed application is the only document required.
  - *If your loan changes because your business is a NAICS code 72 and qualifies for a 3.5 multiplier, the signed application will still be the only required document.*

### **Scenario 2: Loans OVER \$150,000, received 1<sup>st</sup> draw PPP Loan with CVB, and requesting same loan amount**

- If you applied with CVB for round 1, are requesting the same loan amount, and your loan is over \$150,000 we will require a signed application and documentation showing your business had at least a 25% decline in revenue in 2020 as compared to 2019, or in at least one quarter of 2020 compared to the same quarter in 2019.
  - This documentation may include financial statements (e.g. Quickbooks P&L Reports), bank account statements showing gross receipts, or tax documents.
  - *If your loan changes because your business is a NAICS code 72 and qualifies for a 3.5 multiplier, the signed application and revenue documentation will still be the only required documents.*

### **Scenario 3: Previous CVB Borrowers changing their loan amount for second draw**

- If you are recalculating your loan amount due to a decision to change the reference time period, please note that the acceptable time period borrowers use to calculate payroll costs for a second draw PPP loan can be either:
  - 2019 calendar year payroll,
  - 2020 calendar year payroll , or
  - A precise one year period before the application date
  - Note, the precise 1 year option is not available to sole proprietors or self-employed individuals.
- For an in-depth guide on how to calculate your loan amount please refer to the form below which was created by the US Treasury for first draw PPP loans. It provides specific instructions for each borrower type. Note, that the guide refers specifically to the 2019 calendar year, but the same methodology applies to a borrowers that choose to use the 2020 calendar year or precise one year period before the application date. Also note that second draw PPP loans are capped at \$2MM.
- <https://home.treasury.gov/system/files/136/How-to-Calculate-Loan-Amounts.pdf>

1. Borrowers requesting loans *under* \$150,000 must submit the following (where relevant):
  - a. C Corps, S Corps, and other business types with employees:

- i. IRS Form 940/941 matching the time period used to calculate payroll,
    - ii. state quarterly wage unemployment insurance tax reporting forms matching the time period used to calculate payroll, or
    - iii. a PEO report matching the selected time period
  - b. Sole Proprietors:
    - i. A Schedule C from their personal tax returns
  - c. Partnerships:
    - i. A Schedule K-1 showing box 14a 'self-employment earnings'
  - d. Evidence of any employer paid retirement and health insurance contributions.
2. Borrowers requesting loans *over* \$150,000 must submit the following (where relevant):
  - a. The same documentation requirements as listed above 1(a - d); and
  - b. Financial Statements, tax returns, bank account statements or other documentation showing at least a 25% decline in revenue in 2020 as compared to 2019, or in at least one quarter of 2020 compared to the same quarter in 2019. For many small businesses this will be a financial statement from quick books or similar accounting software.

#### **Scenario 4: New Borrowers to CVB**

1. Borrowers requesting loans *under* \$150,000 must submit the following (where relevant):
  - a. C Corps, S Corps, and other business types with employees:
    - i. IRS Form 940/941 matching the time period used to calculate payroll,
    - ii. state quarterly wage unemployment insurance tax reporting forms matching the time period used to calculate payroll, or
    - iii. a PEO report matching the selected time period
  - b. Sole Proprietors:
    - i. A Schedule C from their personal tax returns
  - c. Partnerships:
    - i. A Schedule K-1 showing box 14a 'self-employment earnings'
  - d. Evidence of any employer paid retirement and health insurance contributions.
2. Borrowers requesting loans *over* \$150,000 must submit the following (where relevant):
  - a. The same documentation requirements as listed above 1(a - d); and
  - b. Financial Statements, tax returns, bank account statements or other documentation showing at least a 25% decline in revenue in 2020 as compared to 2019, or in at least one quarter of 2020 compared to the same quarter in 2019. For many small businesses this will be a financial statement from quick books or similar accounting software.
3. All new borrowers to CVB, regardless of loan size are also required to submit the following:

- a. Articles of incorporation/Organization for their business
- b. Driver's License and Social Security Numbers for anyone who owns 20% or more of the business
- c. A certificate of good standing for the business from the state it is registered in
- d. A voided check for the account the PPP funds will be deposited into