

**PAYCHECK PROTECTION PROGRAM
REVISED CHECKLIST & SAMPLE ANSWERS
TO PPP LOAN APPLICATION QUESTIONS**

**PART 1 – REVISED CHECKLIST FOR
PAYCHECK PROTECTION PROGRAM (“PPP”) APPLICATION FORM**

1. Check loan documents for existing debt.
 - Are there loan covenants against incurrence of additional debt?
 - Are there debt service coverage ratios that must be managed?

2. Documentation Needed
 - (a) PPP Application Form: (copy and paste attached link for current form)
<https://www.sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf>
 - (b) 990 for most recent 3 years
 - (c) Organized documentation of “Payroll Costs” and number of Full Time Equivalent (FTE) employees **who are permanent residents of the USA. Eligible employees must be residents.**
 - (d) Officer’s Certificate (see attached) documenting existence of borrower and that loan properly authorized. Include these attachments:
 - Articles of Incorporation
 - Certificate of Status for Corporation
 - Bylaws of Corporation
 - Resolutions authorizing borrowing

3. Prepare Application, 990s, payroll Information and Officer’s Certificate in an organized package ... **“MAKE IT EASY FOR LENDER TO SAY YES”**

4. Completing Application
 - (a) Fairly short (name, address, EIN etc. are self-explanatory)

(b) ____ Calculation of Average Monthly Payroll

____ “Payroll Costs” for 2019/12 months = Average Monthly Payroll

Average Monthly Payroll = _____

____ “Payroll Costs” include:

- Compensation to employees residing in USA (salary, wages, commissions or similar compensation under \$100,000)
- Cash tips or equivalent (based on employer records of past tips or reasonable, good-faith employer estimate of tips)
- Payment for vacation, parental, family, medical or sick leave
- Allowances for separation or dismissal
- Payments for employee benefits like group health coverage (including insurance premiums) and retirement
- Payment of state and local taxes assessed on compensation

____ “Payroll Costs” for less than full year in 2019, or for highly seasonal operations use an alternative, reasonable calculation.

(c) ____ Calculation of Loan Amount

____ Average Monthly Payroll x 2.5 = Loan Amount

Loan Amount = _____

(d) ____ Calculation of Number of Jobs

____ Count FTE employees for each month of 2019

____ Sum of FTE for all 12 months/12 = Number of Jobs

Number of Jobs/Employees = _____

5. Sample Answers to PPP Application Questions.

(a) If you need help with specific answers for your application, please call Jeff Femrite at 608 692 0310 or send an email at jfemrite@scholznnonprofitlaw.com

(b) _____ Top Box (Page 1 of Application)

- _____ Select entity type (probably 501(c)(3))
- _____ Add legal business name
- _____ Add business address
- _____ Add DBA or trade name if different than Legal Business Name
- _____ Add Tax ID Number (EIN or SSN)
- _____ Add best telephone number to reach primary contact
- _____ Add primary contact
- _____ Add email address of primary contact

(c) _____ Second Box (Page 1 of Application)

- _____ Add "Average Monthly Payroll" from calculations above
- _____ Multiply "Average Monthly Payroll" x 2.5 = \$_____
- _____ Add average of FTE Jobs/Employees from calculations above
- _____ Add purpose of loan (most likely payroll, but it can be used for group health costs, mortgage interest, rent, utilities and interest on other debt)

(d) _____ Applicant Ownership (Page 1 of Application")

- _____ Add "*See attached*" under Owner's name
- _____ On an attached sheet titled "**Attachment to PPP Borrower Application**" write:

"Applicant Ownership - Applicant is a nonstock corporation, organized under the laws of the State of Wisconsin, and recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, Applicant has no owners."

(e) _____ Question (Page 1 of Application)

- _____ Question 1 - If Applicant is not specifically prohibited from federal funding because of previous "bad actions," nor bankrupt, the answer is "NO."
- _____ Question 2 - If Applicant has not had a delinquent loan with federal government in last 7 years, the answer is "NO."

____ Question 3 – If Applicant has common management with another organization, answer “YES,” and list the other organization on the **“Attachment to PPP Borrower Application.”** Answer should be something like this:

“Applicant and _____, a _____ [corporation/limited liability company] share [a common board of directors/management]”

or

“Applicant is the [sole shareholder/managing member] of _____, a _____ [corporation/limited liability company], and is therefore deemed to control _____.”

____ Question 4 – Unless Applicant received EIDL loan between January 31, 2020 and April 3, 2020, the answer is “No.”

____ Question 5 – Unless Applicant, or owner of Applicant is criminal, the answer is “NO.” **This answer also needs to be “initialed.”** If answer is “YES,” Applicant is not eligible for PPP.

____ Question 6 – Unless Applicant, or owner of Applicant is criminal or alleged to be criminal, the answer is “NO.” **This answer also needs to be “initialed.”** If answer is “YES,” Applicant is not eligible for PPP.

____ Question 7 – Applicant should have based its FTE calculations on USA based employees, so the answer is “YES.”

____ Question 7 – If Applicant is not a franchise, the answer is “No”

(f) ____ Certifications (Page 2 of Application)

____ If Applicant was operating and had employees on February 15, 2020, then Applicant should “initial” this certification.

____ If Applicant needs loan to support ongoing operations, then Applicant should “initial” this certification.

____ If Applicant intends to use proceeds for authorized purposes, like “Payroll Costs,” group health costs, mortgage interest, rent,

utilities and interest on other debt, then Applicant should “initial” this certification.

___ If Applicant agrees to provide lender with documentation verifying its use of loan proceeds for “Payroll Costs,” and other authorized business expenses, then Applicant should “initial” this certification. ***(This is certification to provide follow-up info for loan forgiveness).***

___ If Applicant understands that loan forgiveness is based on use of loan proceeds (75%/25% in eight (8) weeks), then Applicant should “initial” this certification.

___ If Applicant is receiving only one (1) PPP loan, then Applicant should “initial” this certification.

___ If Applicant has been truthful, then Applicant should “initial” this certification.

___ If Applicant understands that lender will share Applicant’s info with SBA, then Applicant should “initial” this certification.

PART 2 - AFTER LOAN FUNDING

1. ___ Keep track of use of loan proceeds (you will need documentation when apply for loan forgiveness)

___ At least 75% of loan proceeds have to go to “Payroll Costs”

___ Up to 25% of loan proceeds can go to other eligible costs

2. ___ To be forgivable, loan proceeds must be used in 8 weeks after loan funding

PART 3 - OFFICER’S CERTIFICATE (See Attached)

1. ___ Use attached Officer’s Certificate to insure lender knows Applicant is legit and loan is properly authorized

___ Fill in blanks with:

___ In caption paragraph

___ Name of Corporation

- _____ Name 1 and title of person signing the Officer's Certificate (usually Secretary, but does not have to be)
 - _____ Section 4 - date of the Resolutions authorizing loan
 - _____ Section 5 - Name 2 and title of person who will be signing loan documents (usually the Executive Director or President, but another officer can be authorized)
 - _____ Section 5 Signature Block -Name 2 and title of person signing, and then provide a specimen signature
 - _____ Section 6 - Name 2 and title (same as in Section 5)
 - _____ Signature Block - Name 1 and title (same as in caption paragraph)
2. _____ Annex A - Attach Corporation's Articles of Incorporation. If Articles are unavailable, copies can be ordered online from WDFI at:

<https://www.wdfi.org/apps/oos/?CategoryID=1,11>
 3. _____ Annex B - Attach a Certificate of Status for Corporation. Certificates of Status can be ordered online from WDFI at:

<https://www.wdfi.org/apps/oos/?CategoryID=1,11>
 4. _____ Annex C - Attach Corporation's Bylaws. If no Bylaws, language in Section 3 should be adjusted to say *"the Corporation has no Bylaws, and is operated and governed under Wisconsin Statutes."*
 5. _____ Annex D - If Corporation has already adopted Resolutions authorizing borrowing, attach those Resolutions as Annex D. If Corporation has not adopted Resolutions, have Board of Directors adopt Resolutions attached as Annex D

OFFICER'S CERTIFICATE
_____ (Corp Name) _____

The undersigned, **__(Name1)__** is the duly elected, qualified, and acting **__(Title)__** of **__(Corp Name)__** a Wisconsin, nonstock corporation, recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the "Corporation"). I am fully apprised of and familiar with the business and affairs of the Corporation. I have personal knowledge of the matters set forth in this Officer's Certificate and understand the Small Business Administration, certain other federal, state and local governmental or regulatory authorities, and/or certain other lenders may rely on this Officer's Certificate with respect to the Corporation's application to borrow funds under the Paycheck Protection Program, the Economic Injury Disaster Loan Program and/or certain other federal, state or local loan programs established to help businesses impacted by the COVID-19 virus (collectively, the "Government Loan Programs").

With regard to the foregoing, I do hereby certify that:

1. Attached to this Officer's Certificate as **Annex A** is a true and correct copy of the Articles of Incorporation of the Corporation filed with the Wisconsin Department of Financial Institutions, which have not been amended and are in full force and effect on the date of this Officer's Certificate.

2. Attached to this Officer's Certificate as **Annex B** is a true and correct copy of a Certificate of Status for the Corporation provided by the Wisconsin Department of Financial Institutions, which has not been amended and is in full force and effect on the date of this Officer's Certificate.

3. Attached to this Officer's Certificate as **Annex C** is a true and correct copy of the Bylaws of the Corporation, which have not been amended and are in full force and effect on the date of this Officer's Certificate.

4. Attached to this Officer's Certificate as **Annex D** is a true and correct copy of Resolutions adopted on **__(Date)__**, authorizing the Corporation to borrow funds, which Resolutions have not been amended or rescinded and are in full force and effect on the date of this Officer's Certificate.

5. **__(Name2)__** is the duly appointed and acting **__(Title)__** of the Corporation, and the following is the genuine signature of **__(Name2)__**.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	_____	_____

6. ___**(Name2)**___, in his or her capacity as ___**(Title)**___ of the Corporation, is authorized (a) to execute on behalf of the Corporation, any and all documents or instruments associated with or related to obtaining a loan under the Government Loan Programs, and (b) to undertake and complete any and all acts he or she deems reasonably necessary to effectuate or accomplish the foregoing.

IN WITNESS WHEREOF, I have executed this Officer's Certificate as of this ___ day of _____, 2020.

___**(Name 1)**___, ___**(Title)**___

ANNEX A

Articles of Incorporation

[See Attached]

ANNEX B

Certificate of Status

[See Attached]

ANNEX C

Bylaws of Corporation

[See Attached]

ANNEX D

Resolution of Board of Directors

[See Attached]

RESOLUTIONS OF ___(CORP NAME)___

The undersigned, ___(CORP NAME)___ a Wisconsin nonstock corporation, recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the "Corporation"), hereby adopts the following Recitals and Resolutions:

RECITALS

A. The Corporation may borrow funds during the COVID-19 crisis (i) from the Small Business Administration ("SBA") under the Economic Injury Disaster Loan Program ("EIDL Program"), and/or (ii) from a SBA eligible lender under the Paycheck Protection Program ("PPP").

B. The Corporation may borrow additional funds during the COVID-19 crisis under any other loan or grant program sponsored or approved by any federal, state or municipal authority (the "Other Loan Programs," and together with the PPP and the EIDL Program, the "Government Loan Programs").

C. The purpose of borrowing the funds shall be (i) to keep employees on, or return employees to payroll during the COVID-19 crisis, (ii) to pay certain operating costs and/or (iii) for other eligible uses.

RESOLUTIONS

1. Actions taken to date by ___(Corp Name)___ in furtherance of acquiring loans under any Government Loan Programs are hereby ratified and approved.

2. The Corporation is hereby authorized to borrow funds under the Government Loan Programs in amounts and under terms deemed reasonable by the ___(Title)___ of the Corporation.

3. ___(Name)___, as ___(Title)___ of the Corporation is hereby authorized to take any and all actions and execute any and all documents or instruments deemed necessary or desirable to effectuate the purposes of these resolutions.

These Resolutions are approved and effective as of ___(Date)___.

___(CORPANIZATION NAME)___,
a Wisconsin nonstock corporation

By: _____
___(Name)___, ___(Title)___