

## BANK OF SOMEWHERE

### PAYCHECK PROTECTION PROGRAM UNDERWRITING CHECKLIST

<b>Borrower/Business Name:</b>		
<b>Purpose:</b>		<b>Loan Amount:</b>
		<b>Application Date:</b>
		<b>Officer:</b>
		<b>Loan Number:</b>
<b>Action Taken:</b> <input type="checkbox"/> Originated <input type="checkbox"/> Approved <input type="checkbox"/> Not Accepted <input type="checkbox"/> Denied <input type="checkbox"/> Withdrawn <input type="checkbox"/> Closed for Incompleteness		

**Check One:**

- Sole Proprietor
- Partnership
- C-Corp
- S-Corp
- LLC
- Independent contractor
- Eligible self-employed individual
- 501(c)(3) nonprofit
- 501(c)(19) veterans organization
- Tribal business (sec. 31(b)(2)(C) of Small Business Act)
- Other

UNDERWRITING	YES	NO	EXCEPTION
1. Did the lender confirm receipt of borrower certifications contained in Paycheck Protection Program Application form issued by the Administration?			
<ul style="list-style-type: none"> <li>• The Applicant has certified to the Lender that (1) it was in operation on February 15, 2020 and had employees for whom the Applicant paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC, (2) current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant, (3) the funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, and (4) the Applicant has not received another Paycheck Protection Program loan.</li> </ul> <p style="margin-left: 20px;">or</p> <ul style="list-style-type: none"> <li>• The Applicant has certified to the Lender that it (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, meets the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.</li> </ul> <p style="margin-left: 20px;">(If the answer is no to either, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>• The Applicant has certified to the Lender that the Applicant is eligible under the Paycheck Protection Program Rule.</li> </ul> <p style="margin-left: 20px;">(If not true, the loan cannot be approved)</p>			



<ul style="list-style-type: none"> <li>The Applicant has represented to the Lender that it is a franchise that is listed in the SBA's Franchise Directory.</li> </ul> <p>(If applicable and no, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>The Applicant has represented to the Lender that neither the Applicant (if an individual) nor any individual owning 20% or more of the equity of the Applicant is subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or is presently incarcerated, or on probation or parole.</li> </ul> <p>(If no, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>The Applicant has represented to the Lender that neither the Applicant (if an individual) nor any individual owning 20% or more of the equity of the Applicant has within the last 5 years, for any felony: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment).</li> </ul> <p>(If no, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>The Applicant has certified to the Lender that neither the Applicant nor any owner (as defined in the Applicant's SBA Form 2483) is 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.</li> </ul> <p>(If no, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>The Applicant has certified to the Lender that neither the Applicant nor any of its owners, nor 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 currently delinquent or has defaulted in the last 7 years and caused a loss to the government.</li> </ul> <p>(If no, the loan cannot be approved)</p>			
<ul style="list-style-type: none"> <li>The Applicant has certified that the principal place of residence for all employees included in the Applicant's payroll calculation is the United States.</li> </ul> <p>(If no, the loan cannot be approved)</p>			
2. Did the lender confirm receipt of information demonstrating that a borrower had employees for whom the borrower paid salaries and payroll taxes on or around February 15, 2020?			
<ul style="list-style-type: none"> <li>Did the borrower submit documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship?</li> </ul>			
3. Did the lender confirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application?			

<ul style="list-style-type: none"> <li>• Did the borrower submit documentation as is necessary to determine the dollar amount of average monthly payroll costs for the preceding calendar year such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship?</li> </ul> <p>(For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.)</p> <ul style="list-style-type: none"> <li>• For individuals with self-employment income who file a Form 1040, Schedule C without employees, the lender must obtain the following documentation with the PPP loan application: <ul style="list-style-type: none"> <li>○ 2019 Form 1040 Schedule C;</li> <li>○ 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes the applicant is self-employed; and</li> <li>○ 2020 invoice, bank statement, or book of record to establish the applicant was in operation on or around February 15, 2020.</li> </ul> </li> <li>• For individuals with self-employment income who file a Form 1040, Schedule C that have employees, the lender must obtain the following documentation with the PPP loan application: <ul style="list-style-type: none"> <li>○ 2019 Form 1040 Schedule C;</li> <li>○ 2019 Form 941 (or other tax forms or equivalent payroll processor records containing similar information);</li> <li>○ State quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable; and</li> <li>○ A payroll statement or similar documentation from the pay period that covered February 15, 2020 to establish the applicant was in operation on February 15, 2020.</li> </ul> </li> </ul> <p>(Even if the applicant has not filed their 2019 return with the IRS, they still have to fill it out to compute the amounts below)</p>			
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<ul style="list-style-type: none"> <li>• Calculated the average monthly payroll cost (aggregate payroll cost from the last twelve months for employees whose principal place of residence is the United States minus any compensation paid to an employee in excess of an annual salary of \$100,000 per year divided by 12).</li> <li>• For individuals with self-employment income who file a Form 1040, Schedule C without employees, use the 2019 IRS Form 1040 Schedule C line 31 net profit amount. If this amount is over \$100,000, just use \$100,000. If this amount is \$0 or less, the applicant is not eligible for a PPP loan. Divide this amount by 12 to get the average monthly net profit amount.</li> <li>• For individuals with self-employment income who file a Form 1040, Schedule C that have employees, calculate 2019 payroll by adding up all the following, as applicable: <ul style="list-style-type: none"> <li>○ 2019 Form 1040 Schedule C line 31 net profit amount. If this amount is over \$100,000, just use \$100,000. If the amount is less than \$0, use \$0.</li> <li style="text-align: center;">+</li> <li>○ 2019 gross wages and tips paid to employees. To calculate this, use the 2019 IRS Form 941 Taxable Medicare wages &amp; tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other excluded fringe benefits, then subtract any amounts paid to any individual employee over \$100,000 annualized and anything paid to any employee whose principal place of residence is outside the US; and</li> <li style="text-align: center;">+</li> <li>○ 2019 employer health insurance contributions (health insurance component of Form 1040 Schedule C line 14), retirement contributions (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 quarterly wage reporting forms).</li> </ul> </li> </ul> <p>Divide the total by 12 to get the average monthly amount.</p>			
4. Did the lender follow applicable BSA requirements?			
<ul style="list-style-type: none"> <li>• Followed existing BSA protocols when making PPP loans to either new or existing customers who are eligible borrowers under the PPP. This includes BSA/AML, CIP, EDD, Beneficial Ownership and other bank internal policies and procedures.</li> </ul>			