Greenfield Savings Bank

Paycheck Protection Program Application Checklist

Thank you for your interest in applying for a Paycheck Protection Program (CARES Act) loan. Below is a list of all documents required to be submitted to Greenfield Savings Bank as part of the **COMPLETE** loan application. **Note that your application will *NOT* be entered into queue for processing until ALL items are provided.**

Please note that **COMPLETE** applications will be entered into the queue for processing as they are received. The Paycheck Protection Program is federally funded under the CARES Act and funding is limited. Due to the level of interest in the Paycheck Protection Program, Greenfield Savings Bank in no way guarantees that loan applications will be accepted into the program as funding for the program is expected to be depleted quickly.

Important: The borrower should recognize that although the Paycheck Protection Program allows for the applicant to apply for debt relief (provided by the U.S. Small Business Administration as a principal and interest loan payment to Greenfield Savings Bank); the applicant is MAKING AN APPLICATION FOR A COMMERCIAL LOAN and if, for any reason, reimbursement by the U.S. Small Business Administration is denied to Greenfield Savings Bank, the borrower is fully obligated to repay the loan to Greenfield Savings Bank in accordance with loan documents.

It is highly recommended that you speak with your accounting professional about other tax benefits pertaining to the CARES Act prior to application submission.

- **General Information:**
    - Completed Greenfield Savings Bank Commercial Loan Application (See Attached). ***Application must be signed (and scanned if submitting electronically)***
    - Completed SBA Paycheck Protection Program Application Form 2483 (See Attached). ***Application must be initialed and signed (and scanned if submitting electronically)***
    - Use of Proceeds: Detailed allocation (percentage) of anticipated use of all loan proceeds to: *Payroll Costs, Utilities, Mortgage Interest Payments, Rent, Interest incurred on debt (prior to February 15, 2020), Continuation of Group Health care benefits and insurance premiums, refinance of eligible EIDL debt.*

- **Documentation to Qualify Loan Amount:**
    - 2019 Borrower Tax Returns (corporate or personal if business income and expense is reported on Schedule C). *If 2019 tax returns are not yet complete and filed, borrower must provide 2019 Profit and Loss Statement and Balance Sheet for the business operation with detailed breakdown of Payroll expenses, and employee benefits.*
    - 2019 Quarterly IRS Form 941 – Employers Quarterly Federal Tax Return (must provide all four quarters)
    - Copy of Borrower 2019 W-3 Statement
    - Copy of W-2 Statements for all employees earning over $100,000 in wage compensation.
    - Wages by Employee ***as of or around February 15, 2020*** provided by your payroll processor (or internal records if a payroll processor is not used)
    - 2019 Business Profit and Loss Statement with Heath Insurance
    - Detailed Statement signed by the borrower as to any discrepancy in amounts reported in the documents outlined above.

Application for Debt Forgiveness

The borrower will be required to provide the following information in order to apply for forgiveness of debt. Forgiveness of debt is provided by the U.S Small Business Administration to Greenfield Savings Bank as a payment of Principal and accrued interest. ***The following information must be provided for the Eight-Week Period following the date of the loan (the "covered period").***

- Proof of the total number of full-time equivalent employees on payroll for the covered period.
- Proof of the total dollar amount of payroll cost for the covered period
- Proof of mortgage interest paid on loans to the Borrower for the covered period*
- Proof of rent payments made during the covered period*
- Proof of utility payment made during the covered period*

**Note: Not more than 25% of the forgiven amount may be for non-payroll costs.*

Please note that the items requested as part of this application are complete to the best of our knowledge as of this date and time. The SBA and the various parts of the U.S. Government overseeing this program have made changes to the program on a daily basis. As such, applicants should understand that additional information may be required, and that there may be additional items needed to complete your application in addition to those included in this request.

The information contained in this document may be amended by Greenfield Savings Bank at its sole discretion, at any time, without notice.

Frequently Asked Questions

When can I apply?

Small businesses and sole proprietors can apply for loans starting **April 3, 2020.** independent contractors and self-employed individuals can apply starting **April 10, 2020.**

Am I eligible?

You are eligible for a PPP loan if you have 500 or fewer employees whose principal place of residence is in the United States, or are a business that operates in a certain industry and meet the applicable SBA employee-based size standards for that industry, and:
You are:

A. A small business concern as defined in section 3 of the Small Business Act (15 USC 632), and subject to SBA's affiliation rules under 13 CFR 121.301(f) unless specifically waived in the Act;
B. A tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code (IRC), a tax-exempt veterans organization described in section 501(c)(19) of the IRC, Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, or any other business; and

   You were in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.

You are also eligible for a PPP loan if you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual, you were in operation on February 15, 2020. **You must also submit such 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.** 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.

Could I be ineligible even if I meet the eligibility requirements in (a) above?

You are ineligible for a PPP loan if, for example:

A. You are engaged in any activity that is illegal under federal, state, or local law;
B. You are a household employer (individuals who employ household employees such as nannies or housekeepers);
C. An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years; or
D. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government.

The Administrator, in consultation with the Secretary of the Treasury (the Secretary), determined that household employers are ineligible because they are not businesses. 13 CFR 120.100.

How do I determine if I am ineligible?

Businesses that are not eligible for PPP loans are identified in 13 CFR 120.110 and described further in SBA's Standard Operating Procedure (SOP) 50 10, Subpart B, Chapter 2, except that nonprofit organizations authorized under the Act are eligible. (SOP 50 10 can be found at https://www.sba.gov/document/sop-50-10-5-lender-development-company-loan-programs.)

How much can I borrow?

Under the PPP, the maximum loan amount is the lesser of $10 million or an amount that you will calculate using a payroll-based formula specified in the Act, as explained below.

How do I calculate the maximum amount I can borrow?

The following methodology, which is one of the methodologies contained in the Act, will be most useful for many applicants.

Step 1: Aggregate payroll costs (defined in detail below in f.) from the last twelve months for employees whose principal place of residence is the United States.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of $100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of $100,000 per year.

Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid).

The examples below illustrate this methodology.

Example 1 – No employees make more than $100,000

Annual payroll: $120,000
Average monthly payroll: $10,000
Multiply by 2.5 = $25,000
Maximum loan amount is $25,000

Example 2 – Some employees make more than $100,000

Annual payroll: $1,500,000
Subtract compensation amounts in excess of an annual salary of $100,000: $1,200,000
Average monthly qualifying payroll: $100,000
Multiply by 2.5 = $250,000
Maximum loan amount is $250,000

Example 3 – No employees make more than $100,000, outstanding EIDL loan of $10,000.

Annual payroll: $120,000
Average monthly payroll: $10,000
Multiply by 2.5 = $25,000
Add EIDL loan of $10,000 = $35,000
Maximum loan amount is $35,000

Example 4 – Some employees make more than $100,000, outstanding EIDL loan of $10,000

Annual payroll: $1,500,000
Subtract compensation amounts in excess of an annual salary of $100,000: $1,200,000
Average monthly qualifying payroll: $100,000
Multiply by 2.5 = $250,000
Add EIDL loan of $10,000 = $260,000
Maximum loan amount is $260,000

What qualifies as "payroll costs?"

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; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; 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.

Is there anything that is expressly excluded from the definition of payroll costs?

Yes. The Act expressly excludes the following:

- Any compensation of an employee whose principal place of residence is outside of the United States;
- The compensation of an individual employee in excess of an annual salary of $100,000, prorated as necessary;
- Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).

Do independent contractors count as employees for purposes of PPP loan calculations?

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculation.

Can my PPP loan be forgiven in whole or in part?

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes described below and employee and compensation levels are maintained.

The actual amount of loan forgiveness will depend, in part, on:

- The total amount of payroll costs.
- Payments of interest on mortgage obligations incurred before February 15, 2020.
- Rent payments on leases dated before February 15, 2020.
- Utility payments under service agreements dated before February 15, 2020, over the eight-week period following the date of the loan.

However, not more than 25 percent of the loan forgiveness amount may be attributable to nonpayroll costs.

While the Act provides that borrowers are eligible for forgiveness in an amount equal to the sum of payroll costs and any payments of mortgage interest, rent, and utilities, the Administrator has determined that the non-payroll portion of the forgivable loan amount should be limited to effectuate the core purpose of the statute and ensure finite program resources are devoted primarily to payroll.

The Administrator has determined in consultation with the Secretary that 75 percent is an appropriate percentage in light of the Act's overarching focus on keeping workers paid and employed. Further, the Administrator and the Secretary believe that applying this threshold to loan forgiveness is consistent with the structure of the Act, which provides a loan amount 75 percent of which is equivalent to eight weeks of payroll (8 weeks / 2.5 months = 56 days / 76 days = 74 percent rounded up to 75 percent). Limiting non-payroll costs to 25 percent of the forgiveness amount will align these elements of the program, and will also help to ensure that the finite appropriations available for PPP loan forgiveness are directed toward payroll protection.

How can PPP loans be used?

The proceeds of a PPP loan are to be used for:

- Payroll costs (as defined in the Act and in 2.f.);
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- Mortgage interest payments (but not mortgage prepayments or principal payments);
- Rent payments;
- Utility payments;
- Interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

If you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to $10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

However, at least 75 percent of the PPP loan proceeds shall be used for payroll costs.

For purposes of determining the percentage of use of proceeds for payroll costs, the amount of any EIDL refinanced will be included. For purposes of loan forgiveness, however, the borrower will have to document the proceeds used for payroll costs in order to determine the amount of forgiveness. While the Act provides that PPP loan proceeds may be used for the purposes listed above and for other allowable uses described in section 7(a) of the Small Business Act (15 U.S.C. 636(a)), the Administrator believes that finite appropriations and the structure of the Act warrant a requirement that borrowers use a substantial portion of the loan proceeds for payroll costs, consistent with Congress' overarching goal of keeping workers paid and employed.

For complete detail regarding loan qualification eligibility for the Paycheck Protection Program, please visit: https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf