

## Paycheck Protection Program Loans

Paycheck Protection Program (PPP) loans are potentially forgivable loans to pay your employees during the COVID-19 crisis. Payments are deferred for six months, the interest rate is 1.0%, and the loan is due in two years.

The maximum loan amount is 2.5 times your average monthly payroll costs in 2019 for your W-2 employees. (Payroll per employee is a maximum of \$100,000.) For self-employed individuals the maximum loan amount is 2.5 times 1/12th of your 2019 Schedule C net profit (using a maximum net profit of \$100,000).

The PPP program opened up Apr. 10th for self-employed businesses without W-2 employees. I have linked a [loan application](#) for your convenience and information. You need to contact your commercial loan officer, as that is who you submit this loan request to. If you do not have a commercial loan officer, you need to contact the bank where you have your business account and tell them you are interested in the PPP loan and to whom do you submit your application.

The application form is relatively easy, assembling the required documentation takes some time. The banks would prefer that all the documentation be submitted at one time and electronically if possible.

Each bank determines what documentation they require. Here is a list of potential documentation based on my dealings with two different banks. (It does not hurt to submit extra documentation.) You may want to start gathering up this information while you are waiting for your local bank to tell you where to submit your application and documentation.

- Completed signed application ([SBA Form 2483](#))
- Articles of Incorporation/Organization of the business (if applicable)
- Bylaws/Operating Agreement of the business (if applicable)
- Owner's drivers license
- W-9 Forms for business and owner
- Most recent Mortgage Statement or Rent Statement
- Most recent utility bills (Electric, Gas, Telephone, Internet, Water)
- Copy of most recent tax return
- 2019 Income Statement (if 2019 is not your most recent tax return)
- 2020 Income Statement year to date
- [NAICS Code](#)—this code number is on your tax return (Schedule C on Line B, Form 1065 on Line C, and Form 1120S on Line B)
- Date of business formation

If you have W-2 employees, you may also need copies of all payroll returns filed for 2019 and 2020.

Let us know if you have any questions.

Regards,

Mason, DiMarco & Shaw, P.C.