PLEASE READ

Subject: Revision to PPP Loan Application

Many of you are currently preparing documentation to submit for the SBA loan made available under the Paycheck Protection Program. We wanted to make you aware of a very important change to the application process regarding tax forms required. Form 941's will not be required!

Late last night, the SBA agreed to amend the PPP loan application to now read as follows:

I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

This language makes clear that lenders can confirm the eligible loan amount using the "required documents" as set forth in the IFR, such as payroll records, bank statements, etc., and that tax documents (such as Forms 941) are **not** required to be provided to lenders to qualify for the loans. And while the application does continue to reference "tax information," it says specifically "any" tax information, indicating that, in fact, no such "tax information" may be provided, but if "any tax information" is provided, the client employer is merely authorizing the SBA to share that information with SBA representatives and the Office of the Inspector General.

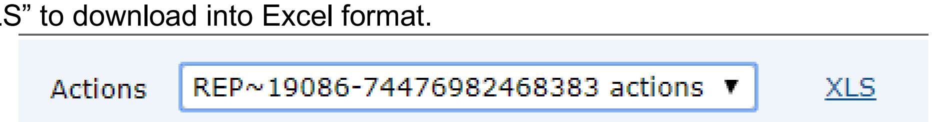
Again, under these rules, *941s* ***are not required to be provided to lenders in order to qualify for the loans*****.**

As a reminder, here are the instructions for populating the required payroll information on the application.

You may contact your CSM to request the required Questco payroll reports, or as a self-service option, you can pull the Payroll Register and Client Allocation Report using the following instructions below.

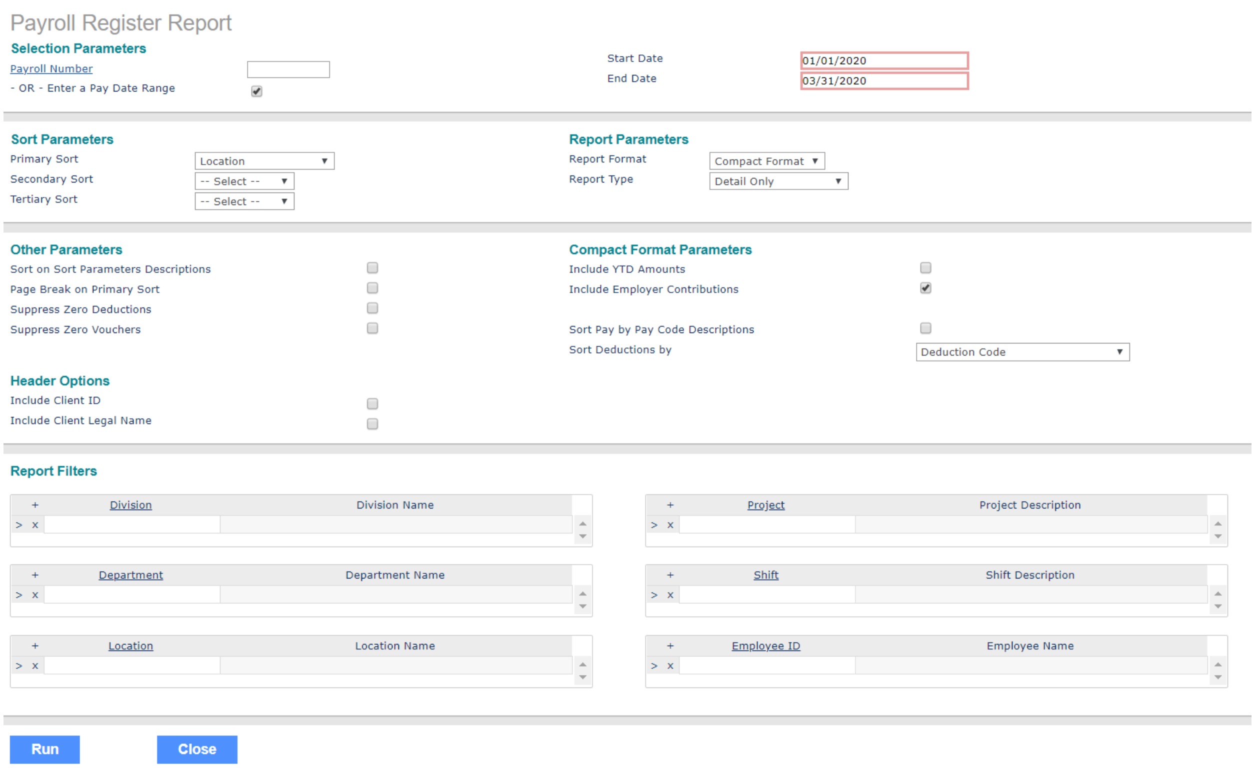
- The *Payroll Register Report* includes all payroll by employee for the time period designated, with employee and employer deductions and costs. There is a grand total at the end of the report for all employer paid expenses. The recommended report format is PDF, but it can also be downloaded into excel. **This report will be used for employer paid benefit contribution totals.**
- The *Client Allocation Report* has a gross wage total by employee with SUTA taxes, Admin Fee and a total. The recommended report format is Excel, but it can also be created as a PDF. **This report will be used for employee gross wages and employer paid taxes and fees.**

The top right-hand corner of the reports has a drop down to choose a format, print or you can click on "XLS" to download into Excel format.



Payroll Register

- Go to Reports/Payroll Register Report.
- Choose the Start Date/End Date as indicated by your financial institution. You can also choose by pay period by clicking on the underlined Payroll Number, which will pop up with your pay period payrolls.
- Under **Compact Format Parameters** make sure that "*Include Employer Contributions*" is checked.
- Run Report.



Ex: This is the last page of the Payroll Register report. This report is where you will find total employer paid benefits (far right column).

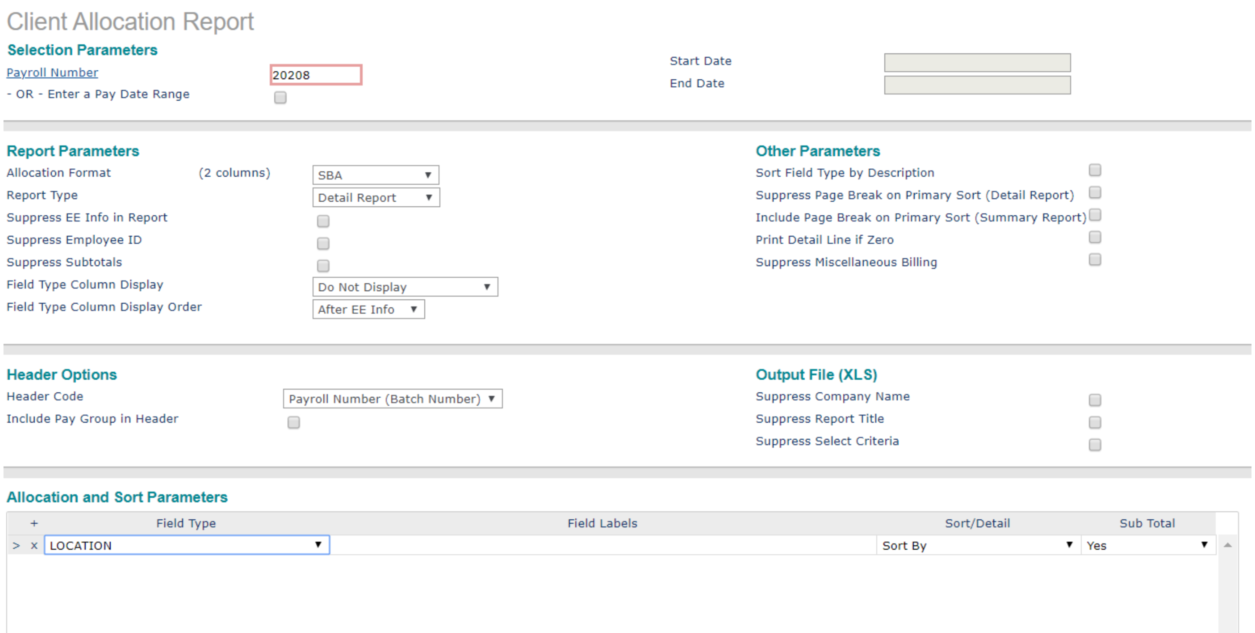
TOTALS FOR ALL EMPLOYEES Net Amt: 380,773.19 DD Amt: 380,436.33 Check Amt: 336.86

Pay Type	Hours/Units	Rate	Pay	Taxes	Tax Amounts	Deductions	EE Ded Amts	ER Contribution
BEREAVEMENT	11.77		236.68	FEDERAL INCOME TAX	61,524.60	ACCIDENT 125	115.44	0.00
REIMB EXPENSE	1.00		616.67	FICA – MEDICARE	7,301.85	BANRUPT	851.08	0.00
OVERTIME	139.35		3,988.94	FICA – OASDI	29,671.69	CHILD SUPPORT	482.52	0.00
PTO	1,075.11		43,550.84			CLIENT 401K POST T	0.00	0.00
REGULAR PAY	14,414.66		466,716.48			CLIENT 401K CATCH	0.00	0.00
SICK	242.62		5,057.38			CLIENT 401K	16,349.90	0.00
TRAINING	24.00		576.92			CRITICAL ILLNESS	87.52	0.00
						CLIENT ROTH	3,338.33	0.00
						CLIENT ROTH CATCH	0.00	0.00
						DENTAL AFTER TAX	144.76	275.53
						DENTAL SECTION 12	1,170.86	753.00
						FSA CHILD/DEPENDE	319.23	0.00
						FSA DENTAL & VISIC	100.77	0.00
						FSA MEDICAL EXPEN	700.97	0.00
						GARNISHMENT FEE	4.62	0.00
						HEALTH SAVINGS AC	1,677.64	0.00
						LIFE AFTER TAX	1,059.75	317.35
						MEDICAL AFTER TAX	2,314.01	2,380.24
						MEDICAL SECTION 1	12,080.98	20,420.33
						HEALTH SAVINGS AC	76.92	0.00
						SHORT–TERM DISAE	160.80	30.08
						SUPPLEMENTAL	1.72	0.00
						SUPPLEMENTAL 125	64.61	0.00
						VISION 125	348.83	196.60
						VISION AFTER TAX	21.32	14.30
Total Pay	15,908.51		520,743.91	**Total Taxes**	98,498.14	**Total Deductions**	41,472.58	24,387.43

Total Employee Count: 227

Client Allocation Report

- Go to Reports/Client Allocation Report.
- Choose the Start Date/End Date (generally January 1, 2019 through December 31, 2019).
- Under **Report Parameters** the “Allocation Format”, choose “SBA”, under the “Report Type” choose *Detail Report*.
- Under **Allocation and Sort Parameters** choose a field type, i.e. Location.
- Run report and choose the XLS format as explained above.



Example: (in Excel Format)

Report Title	Select Criteria	Gross Wage	SBA ER COSTS	EMPLOYEE TOTAL
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,494.24	65.29	1,559.53
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	844.8	30.16	874.96
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	2,153.86	94.13	2,247.99
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,326.95	57.28	1,384.23
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,140.19	40.71	1,180.90
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	7,068.03	308.87	7,376.90
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	271.7	9.7	281.4
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,087.74	39.9	1,127.64
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	868.63	31	899.63
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,060.16	37.85	1,098.01
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	998.01	35.63	1,033.64
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	3,541.66	154.77	3,696.43
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,512.96	61.02	1,573.98
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	885	31.59	916.59
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,206.87	49.35	1,256.22
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,465.75	52.33	1,518.08
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	1,434.73	62.71	1,497.44
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	850.63	30.36	880.99
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	29,211.91	1,192.65	30,404.56
Client Allocation Report	Payroll # 20208 | Pay Date 03/30/2020 Sorted by Location	29,211.91	1,192.65	30,404.56

Combine the totals from the Payroll Register Report employer paid benefit contributions with the total gross wages and SBA employer costs in the Client Allocation Report to get a total payroll cost report. *Note: The SBA ER costs include SUTA and administration fees.*

You can run this report monthly or run for a certain 12-month time period to have estimated annual wages. The Client Allocation Report is needed to determine if an employee makes >$100,000)

NOTE: For any employee with more than $100,000 in annual wages, you will need to reduce the total payroll costs for that employee by the amount in excess of $100,000 before computing the average monthly cost for your company.

Please contact your CSM for any further information or clarification.