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**PRELIMINARY LOAN APPLICATION DOCUMENTS
FOR PAYCHECK PROTECTION PROGRAM LOANS UNDER CARES ACT**

The Coronavirus Aid, Relief, Economic Security (CARES) Act was enacted on Friday, March 27, 2020. It creates and modifies federal relief options available for small businesses and non-profits affected by the COVID-19 pandemic.

One such relief option is the newly established Paycheck Protection Program loan (“PPP Loan”). Eligible small businesses, non-profits and sole proprietorships can submit applications for a PPP Loan beginning on Friday, April 3. Businesses will work directly with a lender approved by the Small Business Association (“SBA”) to apply.

SBA delegates the process to determine eligibility for PPP Loans to lenders, who will submit applications on the borrower’s behalf, based on whether a borrower’s business was operational on February 15, 2020, and had employees for whom it paid wages/salaries and payroll taxes (or independent contractors who will receive 1099s).

SBA has not yet issued guidance on what will be used to determine eligibility, and this may vary based on the lender. Businesses should prepare the following documents in preparation for the loan application (*items in bold are of particular importance*):

1. Certified Articles of Incorporation/Organization of each borrowing entity (Kentucky businesses can obtain online on Kentucky’s Secretary of State website);
2. Good-standing certificate of recent date (Kentucky businesses can obtain online on Kentucky’s Secretary of State website);
3. Bylaws/Operating Agreement of each borrowing entity;
4. **Payroll expense verification documents**, which may include:
 - a. IRS Form 940 and 941
 - b. Payroll summary report, if available, or employee pay stubs as of February 15, 2020 with corresponding bank statements and a breakdown of payroll benefits
 - c. 1099s (for independent contractors)
 - d. Certification that all employees live within the United States
 - e. Payroll records from a third-party payroll provider, if applicable
5. **Trailing 12-month Profit and Loss Statement;**
6. Most recent mortgage or rent statement;
7. Most recent utility bills; and
8. Most recent tax returns.

For additional information on the CARES Act, Paycheck Protection Program Loan eligibility, and other issues affecting businesses and individuals related to the COVID-19 pandemic, contact English, Lucas, Priest & Owsley, LLP at 270-781-6500.