



CenterState

PPP Second Draw (PPP2) GETTING STARTED GUIDE

Disclaimer

Paycheck Protection Program (PPP) loans are subject to the requirements of the SBA program and availability of funds. PPP loan origination and loan forgiveness are evolving processes, subject to change as additional guidance is released from the SBA and the U.S. Treasury.

The information provided in this Guide does not, and is not intended to, constitute legal or tax advice. All information is for informational purposes only, is subject to change and may not constitute the most up-to-date information. You should contact your legal advisor or tax professional to obtain advice with respect to any particular legal or tax matter, and you should not act or refrain from acting on the basis of information contained herein. All liability with respect to actions taken or not taken based on the information contained herein is expressly disclaimed.

Before submitting a PPP loan request or forgiveness application, borrowers may wish to obtain professional advice based on their unique situation.

Getting Started

- 1. Documents:** It is helpful to have your documents ready.
- 2. Supported Browsers:** While the PPP Portal works with Microsoft Edge, Safari, Explorer, and Firefox (in that order), our PPP Portal works best using Chrome. You can download it [HERE](#).
- 3. Process:** We will support you through each step - from application through to forgiveness. The availability of PPP funds remains subject to SBA guidance and funding availability, Applications are approved and funded on a first-come, first-served basis. The program runs from January to March 31, 2021.
- 4. Our SouthState SmartBiz Platform** requires a unique email, should you need to file multiple applications under a single email address, please put a “+1”, “+2” or similar after the first part of the email address.

For example: if your email was john.smith@abc.com then you would use john.smith+1@abc.com for your second application and john.smith+2@abc.com for your third. In this manner, all notifications will come to the primary email address of john.smith@abc.com.

Application Support

- 1. Getting a Link:** We will send you a link via email to our SmartBiz PPP origination platform.
- 2. Credentials:** If you previously used the SmartBiz application for PPP origination or forgiveness, then you will simply log in using your existing credentials (or you can reset them in case you forgot). If you are new to the SmartBiz application, no problem - you will register and choose your credentials (shown below).
- 3. Starting and Stopping:** You can start and stop the application process at any time. SmartBiz automatically saves all your work.
- 4. Check with your professionals:** We recommend you work with your certified public accountant, lawyer or advisor for additional guidance and counsel.
- 5. PPP Education:** Webinars, videos and supporting information is available on our website, click Paycheck Protection Program on the home page.
- 6. The U.S. Treasury Website and SBA Website:** For more information, FAQs, guidance for borrowers, and more, visit the [U.S. Treasury Paycheck Protection](#) and [SBA](#) websites.



More Help



Our dedicated ***PPP Care Team*** stands ready to assist you as you begin the application process.

Call us: (833) 595-0609

Hours: Monday – Friday; 8 AM – 8 PM ET

Email:

PPPInfo@CenterStateBank.com

PPPInfo@SouthStateBank.com

Step 1: Eligibility

Your business is eligible if you were operating prior to February 15, 2020, you had employees for whom there was paid salaries/payroll tax/contractors, you experienced a 25% decrease in revenue for one quarter in 2020 compared to 2019, and you meet any one of the following criteria:

- A small business with fewer than 300 employees (includes part-time employees as well)
- Hospitality businesses (NAICS code 72xxxx) with < 300 employees per location, local TV, radio, and news outlets with < 500 employees per location
- A 501(c)(3) or 501(c)(6) entities with fewer than 300 employees
- A faith-based organization with 150 employees or less
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- Legal gaming companies with under 300 employees
- A Tribal business concern that meets the SBA size standard
- Housing cooperatives with 300 employees or less
- A 501(c)(19) Veterans Organization that meets the SBA size standard

Step 1: Eligibility

Unfortunately, there is a long list of ineligible entities some of which, like being a public company, is different than last time. Please check the list below just to confirm you don't fall into these categories.

- Publicly traded businesses and entities affiliated with the People's Republic of China or Hong Kong cannot qualify for PPP2.
- Businesses that have closed and have no intention of reopening after receiving a PPP loan
- Lenders or financial services business, including hedge funds and investment firms, unless a Community Development Financial Institution (CDFI) or Minority Depository Institutions (MDI)
- Cannabis or other businesses that traffic in goods or services illegal at the Federal level
- Businesses that have defaulted on SBA or Federal loans
- Lobbying organizations or organizations involved in political activities or public policy
- Any business that is at least 20% owned by someone currently incarcerated, on probation, parole, subject to indictment or convicted of a felony within the last five years
- Registrants under the Foreign Agents Registration Act
- Entities that have received or will receive a grant under the Shuttered Venue Operator Grant program
- If the applicant or the owner of the applicant is the debtor in a bankruptcy proceeding, either at the time it submits the application or at any time before the loan is disbursed, the applicant is ineligible to receive a PPP loan.

Step 1: Eligibility

As a final check, there are some other details that you should be aware of as it pertains to eligibility:

- Borrowers must have utilized the full amount of their initial PPP loan on or before the expected date of their second PPP loan is disbursed.
- Your revenue must have decreased at least 25% in 2020 compared to the same quarter in 2019. For example: Q2 2020 (April, May, June 2020 Revenue) vs Q2 2019 (April, May, June 2019 Revenue) must have decreased 25% year-over-year for at least one quarter at a minimum. Revenue reduction can also be calculated on a full calendar year of 2020 vs 2019.
- For loans above \$150,000, borrower must submit documentation to substantiate the above revenue reduction test (tax forms, financial statements, bank statements). For loans with a principal amount of \$150,000 or less, such documentation does not need to be provided at the time the borrower submits its application for a loan but must be submitted on or before the date the borrower applies for loan forgiveness.



Step 2: Gather Your Information

Get Organized: We suggest gathering the following information electronically in order to efficiently move through the application. Please note, if it is not required to upload this information, some of the below documents will be helpful to have in case you are audited.

- **Cares Act or Payroll Reports:** Many accounting applications and payroll vendors, such as QuickBooks, Paychex, ADP or Gusto, already have pre-created reports. If not, you will need to provide a payroll schedule for the applicable months a template of which is included in the application. This will help determine your loan amount.
- **Tax Documents:** Depending on the type of business you are, we will ask you to upload 2019 tax documents so that the SBA can see the change in your business from 2019 to now. These documents are the 941 or 943 (quarterly payroll report) and your main tax filing such as the 1120 (S and C Corps), 1065 (Partnerships and LLCs), 990 (Non-profits) or 1040 (Sole Proprietors or Independent Contractors).
- **Voided Check:** This will both verify your businesses bank account but will also tell us where to fund the loan.
- **Government Issued Identification:** You will need a photo or color copy of your driver's license (front and back), passport or other current official government issued identification.

In addition, we recommend capturing and storing any state or local notifications restricting your business during 2020. This can be an email, or screenshot of a state or county website.

Step 3: Get Started

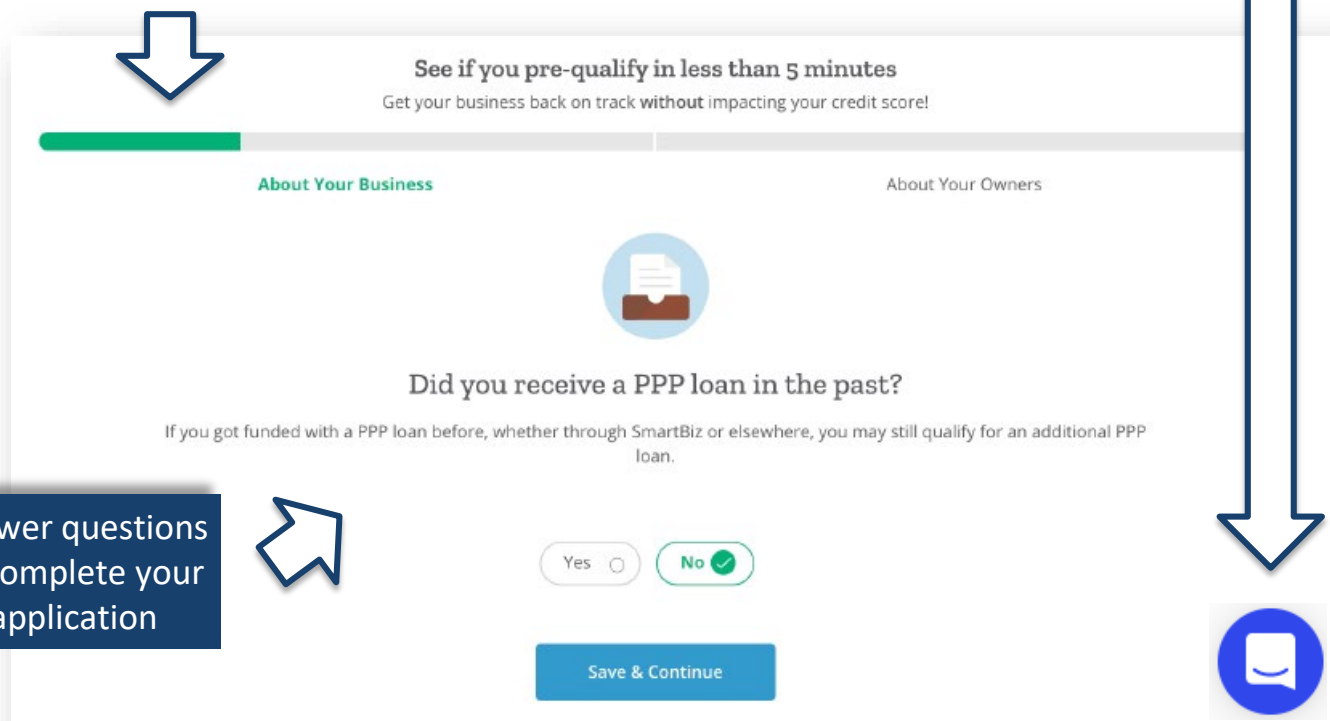
Once You Log in: The SmartBiz application is driven by a wizard (below) that will walk you through each step. There is no need to fill out forms or email in a completed application or documents. The application will tell you what information goes where, what documents are needed and when to upload those documents.

Approximate time to complete your application:

Loans \$150,000 and under: 5 minutes
Loans over \$150,000: 25 minutes

Use chat if you need help completing your application

Track Progress



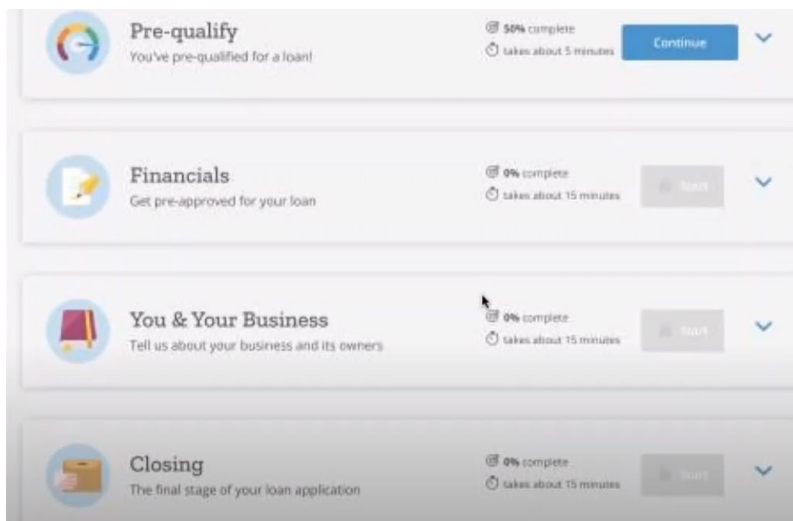
The screenshot shows a wizard interface with a progress bar at the top. The progress bar is partially filled with green, indicating the current step. Below the progress bar, there are two sections: "About Your Business" and "About Your Owners". The "About Your Business" section is currently active. Below these sections, there is a question: "Did you receive a PPP loan in the past?" with a subtext: "If you got funded with a PPP loan before, whether through SmartBiz or elsewhere, you may still qualify for an additional PPP loan." There are two radio button options: "Yes" (unselected) and "No" (selected). Below the radio buttons is a "Save & Continue" button. A chat icon is visible in the bottom right corner of the wizard.

Answer questions to complete your application

Step 4: The Sections

Organized by Section: The application process is broken down into five sections:

- 1. Pre-qualification*:** This section confirms you are eligible to apply for a PPP loan.
- 2. Financials:** This section is where you upload your payroll and financial information (if required).
- 3. Documents:** This section is where you can upload documents about the business or other requested documentation.
- 4. Background Information:** This is where you explain about your business and its owners. We will ask how long you have been in business, how many employees you had and have, and information about the ownership of the borrower.
- 5. Closing:** This is where you make certain certifications and eSign your documentation.



****Non-profit organizations, where an owner does not exist, should enter all zeros into the SSN field during this step in the process. The Bank's internal review team will assess and ensure the application is complete before submission to the SBA.***

Step 4: Upload Documents if Required

Documents: If your application is over \$150,000 you will need to upload a handful of documents that we will discuss later. Documents can be in almost any format except a Zip file, but an Adobe PDF, Word or Excel file work the best. You will be asked to upload the required documents. If you are unclear on certain language, you can click the information item and we will provide a pop-up box with an explanation such as in Example 1 below.

Easy drag & drop to upload documents



1

Pop-out boxes provide in-app

Step 4: Document Intelligence

Documents: We have built a layer of artificial intelligence into the application that will review every document uploaded to make sure the basics are correct (we will also have a human review it). If you get an error like the one in Figure 2 below, it may mean the uploaded document is from the wrong year or the document is not what is required.



Documents for Test Application

Please provide the following documents for Test Application. The majority of required documents are displayed below, but depending on your particular circumstance, your Relationship Manager may reach out to you for a few additional documents.

Business Financials

2019 Tax Documents

Include all pages, including the schedules and statements.

2

Document does not meet requirements. Please upload a new document.
2019_Form_11205_with_k-1_2020-12-30_18_34_57_UTC_b6cf0227.pdf

Hi - this document appears to be incorrect. Please upload the correct document into the application.



You may get a prompt box if you try to upload the wrong document

Step 5: Enter Your Numbers

Calculations: We will help you with your calculations. All you need to do is follow the instructions. We will tell you what numbers we need, what forms to use and where to find those numbers. We will then use this information to calculate your PPP loan amount.

Once the calculations are complete, we will compare the loan amount supported by the calculations to your requested loan amount to ensure that your loan amount is fully supported.

Step 1
Find your **IRS Form 941** from the last 4 quarters. This form is used to report income taxes, social security tax, or Medicare tax withheld from employee's paychecks.
[Show me what this looks like](#)

For Steps 2-4, **do not include** any amounts paid to an employee whose primary residence is outside the United States.

Step 2
Enter the number from **Line 5c, Column 1** from your **most recent quarter**. ?

Step 3
Enter the number from **Line 5c, Column 1** from your **second most recent quarter**. ?

Step 4
Enter the number from **Line 5c, Column 1** from your **third most recent quarter**. ?

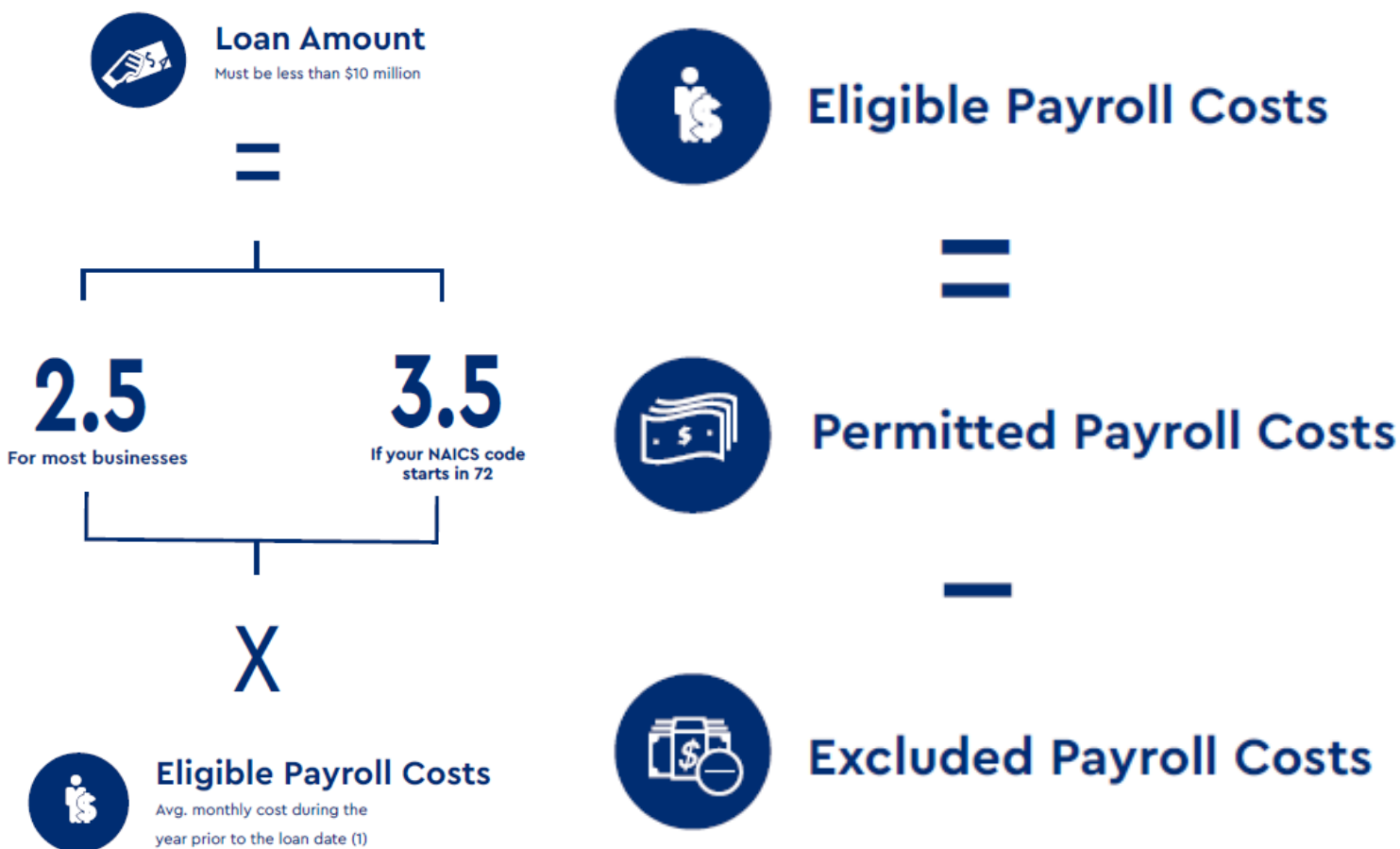
Step 5
Enter the number from **Line 5c, Column 1** from your **fourth most recent quarter**. ?

Annualized Gross Wages

We will tell you what documents to use and where to find the information.

Step 5: The Calculations

The size of your loan: Your loan is calculated based on the size of your eligible payroll. For most businesses, the loan amount equals 2.5 times your eligible monthly payroll. If you have a business with NAICS code of “72” which includes restaurants, bars, hotels, motels, inns, caterers, campgrounds, food kiosks and similar, you may be eligible for 3.5 times your payroll amount.



Step 5: Summary: Qualifying Payroll Expenses

Payroll can be calculated in three ways: 1) 2019 calendar year; 2) 2020 calendar year; or, 3) the past 12 months. Below are examples of expenses that qualify for payroll expenses.

- Salaries and Wages (even if paid through a PEO)
- Tips
- Bonuses, commissions, & incentives
- Hazard pay
- Vacation pay
- Parental and family leave (not FFCRA wages)
- Sick leave
- Group Medical benefits paid by employer (not the employee's portion)
- Retirement benefits (e.g., 401K match, SIMPLE IRA) paid by employer

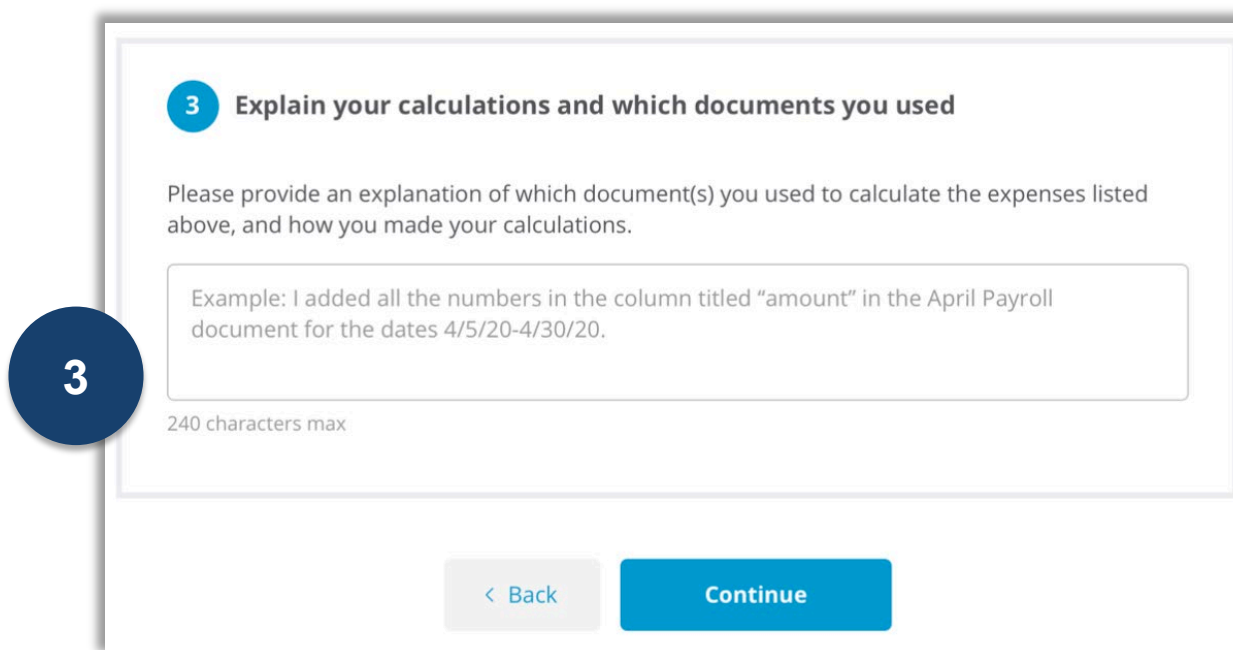
Step 5: Summary: Non-Qualifying Payroll Expenses

Below are examples of expenses that DO NOT qualify for payroll expenses.

- 1099 contract workers (since they can file for PPP on their own)
- Employees that are paid by another company
- Social security taxes
- Medicare taxes

Step 6: Explain The Documents or Details

Since every business and situation is different, we provide opportunities throughout the application (like Figure 3) to explain what documents you are using, where our Reviewers can find the data and any special circumstances you might be facing. The clearer you are in your explanations, the faster we can process your application.



3 Explain your calculations and which documents you used

Please provide an explanation of which document(s) you used to calculate the expenses listed above, and how you made your calculations.

Example: I added all the numbers in the column titled "amount" in the April Payroll document for the dates 4/5/20-4/30/20.

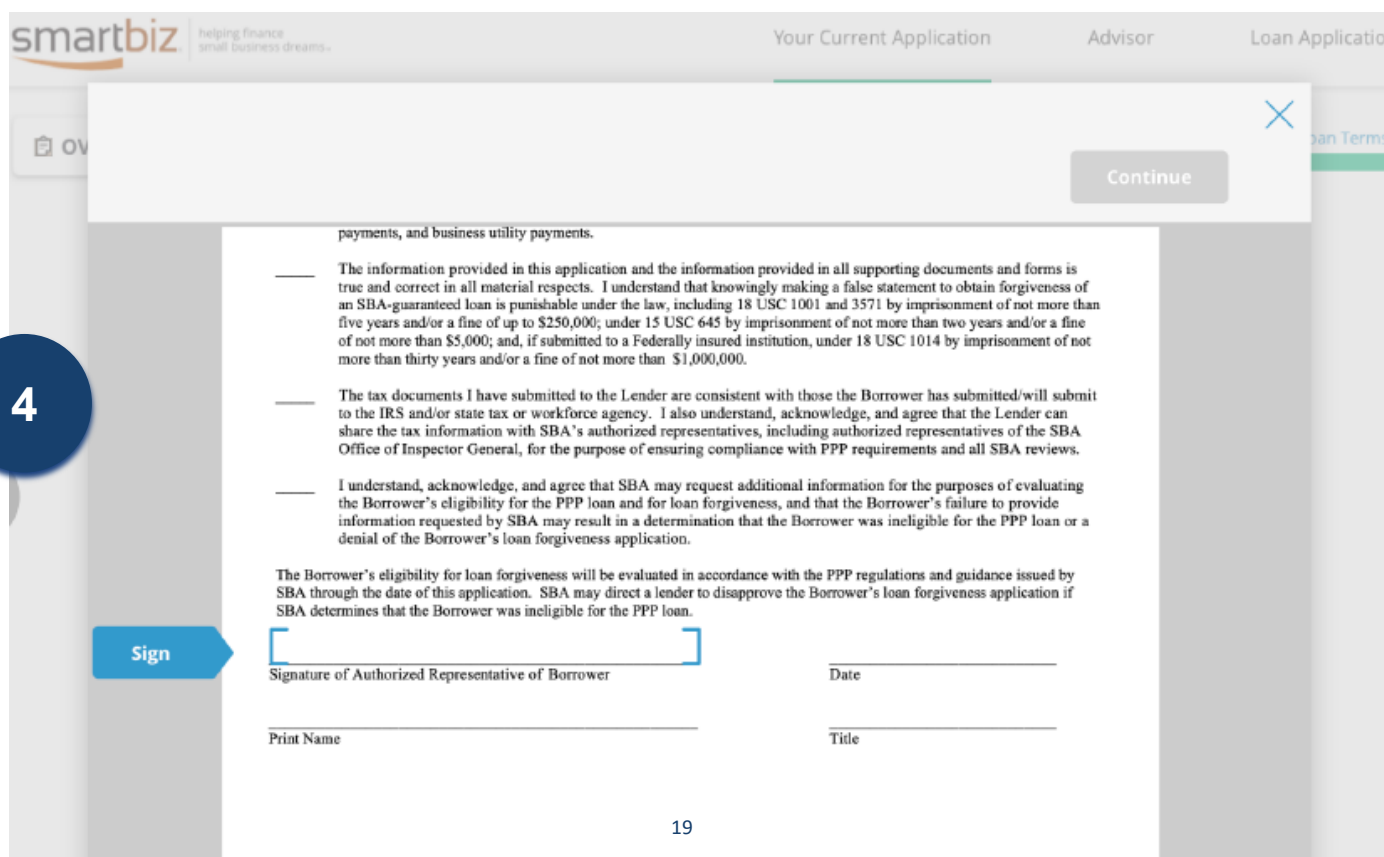
240 characters max

< Back Continue

Step 7: Additional Information & eSign

After The Application is Submitted: After submission, our team conducts an array of checks and validations on your application to ensure your business qualifies. If we need additional information or cannot support your full requested loan amount, we will return the application to you with our notes and send you an email to the address within the file. Once your application is complete and approved, we will transmit it to the SBA for approval. The SBA approval process normally takes three to five days.

Once approved, we will generate your loan documents and email you that they are ready for review and electronic signature. Once you receive the notification, simply log back in, follow the prompts and sign your documents (Figure 4).



The screenshot shows the Smartbiz application interface. At the top, the Smartbiz logo is on the left, and navigation tabs for 'Your Current Application', 'Advisor', and 'Loan Application' are on the right. A 'Continue' button is visible in the top right corner. The main content area displays a document with the following text:

payments, and business utility payments.

— The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

— The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or work/force agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

— I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

Below the text, there is a blue 'Sign' button on the left. To the right, there are two rows of signature fields. The first row has a blue-bordered box for the 'Signature of Authorized Representative of Borrower' and a line for the 'Date'. The second row has a line for the 'Print Name' and a line for the 'Title'.

Step 8: Funding the Loan

After successfully completing the process and getting your signed documents back, we will immediately move to board your loan onto our system and fund your loan to the account you designated in the application.

This process will take a several days after you sign the loan documents.

Step 9: Forgiveness

Once you get your PPP loan, we recommend you consider your Covered Period and start organizing your expenses in order to maximize your forgiveness amount.

- 1. The start of Your Covered Period:** Your Covered Period will start on the funding date of your loan.
- 2. 8-Week to 24-Week:** You may choose a covered period that is at least 8 weeks but not more than 24 weeks in length. You should choose a period that allows you to maximize forgiveness.

Document Retention Requirements

The SBA requires Borrowers to retain all records relating to their PPP loan for **six (6) years (or four (4) years for employment records/three (3) years for all other records if your loan is \$150,000 or less) after the date the loan is forgiven or repaid in full.**

Borrowers would be expected to retain in their files:

- Documentation submitted with its PPP loan application;
- Documentation supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan;
- Documentation necessary to support the Borrower's loan forgiveness application; and
- Documentation demonstrating the Borrower's material compliance with PPP requirements.



Tax Treatment

Finally, there have been some important changes regarding the tax treatment associated with PPP loans. You should consult your tax professional to obtain advice with respect to any particular tax matter, but we wanted to make you aware of the following two changes:

- **Deductibility:** According to the law, expenses paid with the proceeds of a forgiven PPP loan may be deductible (overruling IRS Notice 2020-32). Further, for pass-through entities, the amount of the forgiven PPP loan will be treated as tax-exempt income received by the entity. This means that pass-through entity owners will not be indirectly harmed by having to reduce their basis in the pass-through entity as a result of the PPP loan.
- **Tax Credits:** Prior to the recent change in the law, businesses that received PPP loans were ineligible for a refundable payroll tax credit for those employers that retained their employees during 2020 despite the impact of COVID-19. This has changed under the new law and is especially welcome because the employee retention credit has been increased effective Jan. 1, 2021 (from 50% to 70%) and the maximum credit per employee has been increased from \$5,000 for wages paid in 2020 up to a total of \$14,000 for wages paid during the first two quarters of 2021 (\$7,000 maximum credit per quarter). There are requirements and limitations, so please consult your accounting and tax professional for more information.

