Paycheck Protection Program – Second Draw
A Step-by-Step Guide to Completing and Submitting Your Ministry’s SBA Form 2483-SD Application

The Paycheck Protection Program (PPP) application for a “Second Draw” (SD), identified as SBA Form 2483-SD, is different from the original PPP application in some significant ways. Some features and requirements have been modified, a few have been deleted, and a few features have been added.

To simplify the process of completing and submitting your application, the following steps spell out what needs to be done to be successful in this endeavor.

1. Confirm Your Eligibility to Participate
The PPP-SD program is available to those ministries that participated in the original PPP program either through the ELCA Federal Credit Union or another lender, provided they meet the following criteria:

   • First PPP loan funds have been or will be expended for authorized uses before PPP-SD funds are disbursed
   • No more than 300 employees
   • Can demonstrate at least a 25% reduction in gross receipts between any comparable quarter in 2019 and 2020

Demonstrating a reduction in gross receipts is different for ministries (and other non-profits) from the methods used by for-profit enterprises. Any quarter of 2020 compared with the corresponding quarter of 2019 can be used to support the qualifying 25% or more reduction in receipts. For SBA requirements, please supply a balance sheet and income statement for the subject quarter for both years. Please sign and date the first page and initial subsequent pages. (You’ll want to print and scan the reports showing the qualifying reduction and submit them as supporting documents with your application.)

2. Gather the Necessary Financial Information and Documents
As in the first round of PPP loans, your PPP-SD Loan Request Amount is calculated based on your Average Monthly Payroll (AMP). Your AMP is determined by adding up a calendar year’s worth of a number of types of qualifying expenses, listed below, and dividing that annual total by 12.

The SBA permits you to use either 2019 or 2020 as the basis for your AMP calculation. Obviously, the higher your AMP, the higher your maximum Loan Request Amount will be, so you may want to calculate the costs for both years and choose accordingly.

Please note that each of the expenses you include in your AMP calculation will need to have a supporting document, which you’ll submit to the ELCA Federal Credit Union along with your application.

Here’s a list of the expenses you can include in your AMP calculation, and what you’ll need as your supporting documentation:

A. Annual Gross Wages
   To find the total amount of gross wages paid in the year, add the gross wages amount for each quarter of the year as reported on your quarterly IRS Form 941.
   Documents to gather and submit: the first page of your 941 form for all four quarters of the year you are using for your AMP calculation.

B. Housing Allowance
   If you pay your pastor(s) a housing allowance, that expense is not included in the 941 form summary of wages. It is, however, indicated on the pastor’s W-2 form, typically entered in box 14 as “other” compensation.
   Documents to gather and submit: your pastor’s W-2 for the year used.

C. FICA Offset
   Some congregations provide all or part of what would be the employer’s portion of FICA to their pastors as additional compensation. This is typically (and properly) included in the taxable income reported in the 941 and the W-2, but in some cases may be reported in the W-2 as “other” compensation. In either case, be sure it’s included in your AMP calculation and the amount is substantiated in your supporting documents.

D. Employer-paid State and Local Taxes
   Employers may pay state and local taxes assessed on employee compensation, primarily state unemployment insurance tax.
   Documents to gather and submit: all four state quarterly wage reporting forms for the year used.
E. Health & Retirement Benefits

All employer-paid costs and employee pretax contributions for health and retirement benefits, life insurance, flexible and health savings accounts should be included in your AMP calculations.

**Documents to gather and submit:** Portico invoices will show both employer-paid and employee-elected expenses. As these costs are typically billed in twelve equal amounts, any one month’s Portico invoice, and/or invoices from other benefits providers, can be used.

Please note that auto allowance or reimbursement, phone allowance or reimbursement, utilities, leases, etc., are NOT payroll expenses and cannot be included in this calculation.

3. Complete the Average Monthly Payroll and Loan Request Calculations

When you’ve assembled your documents, you can use the following as a template (or download, complete and save the Excel spreadsheet provided at www.elcafcu.org/PPP) for calculating both your Average Monthly Payroll and your Loan Request:

<table>
<thead>
<tr>
<th>Employee name</th>
<th>Gross Wages (Salary &amp; FICA offset)* from 941s** or W-2s</th>
<th>Housing Allowance from W-2s</th>
<th>State &amp; Local Taxes from state and local filing reports</th>
<th>Health and Retirement Benefits from Portico/other invoice(s)</th>
<th>Total Annual Cost</th>
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**“Wages” category capped at $100,000 per individual

** 941s will lump employees together; use combined amount

Total annual cost: Divided by 12 = AMP:       X 2.5 = Loan Request:

The Average Monthly Payroll and Loan Request figures from the calculation then can be transferred into the appropriate boxes on your PPP Form 2483-SD.

4. Complete the Application Form

The 2483-SD application includes detailed instructions for completing various fields, and most entries are self-explanatory. Our experience in reviewing applications leads us to lift up the following:

- The “Primary Contact” is the person who will be contacted by the ELCA Federal Credit Union or the SBA if there’s a question about the application, supporting documents, loan documents, etc.
- The “Email Address” requested is that of the Primary Contact, not the church or ministry. If your church staff is working remotely or the phone is otherwise unattended for lengths of time, you may use the Primary Contact’s phone number as the “Business Phone.”
• The NAICS Code for “Religious Organizations” is 813110. Only organizations in the 72xx categories are eligible for the 3.5 x AMP loan; if you feel a category other than 813110 is appropriate, the full list is available at this site: https://www.naics.com/search/
• The “Applicant Ownership” section can be left blank, as non-applicable to ministries.
• Be sure to respond to all questions, initial your agreement in all certifications, and complete the signature at the end of the application. You can digitally initial and sign, or print, manually initial and sign, and scan as a PDF.

5. Submit Application and Supporting Documents to the ELCA Federal Credit Union
All materials must be submitted through the Credit Union’s secure portal, available at www.elcafcu.org/PPP. Using the portal not only assures that your application and supporting documents are encrypted for safe transmission, but their receipt automatically creates the folder in the Credit Union computer system and provides for ready access for review and submission to the SBA.

Click on “APPLY FOR SECOND PPP DRAW.” As you scroll down the page you’ll find the “Borrower Submission Form” that creates your ministry’s folder. Answer the two questions.

Below the Borrower Submission Form you’ll find five “boxes” labeled for the different types of documents you’ll need to upload. (Kindly notice that you can submit PDFs and text files only – please don’t try to photograph your documents and send image files as the SBA can’t accept them.)

The documents to submit include:

• PPP Borrower Application. Be sure all fields are complete, initials and signatures are retained. Drag your application file into this box.
• ELCA FCU Membership Documents (if you are not already a member). In order for your loan to be disbursed to you, you’ll need to complete your membership and create an account. More information is available on the ELCA FCU PPP website.
• Other Supporting Documents. There are three boxes for these, as each box is limited to 3 megabytes. Scan your documents in black & white whenever possible, as this reduces file sizes considerably. Bundle them as you choose, but it’s helpful if you scan them in the order they’re listed here. The supporting documents you’ll want to upload are:
  1. Your Balance sheet and income statement for the quarter used to establish your eligibility to participate in the program
  2. Your completed Average Monthly Payroll and Loan Request Calculation table or spreadsheet (this “shows your math” in an at-a-glance summary)
  3. At least page one of all four quarterly 941 forms for the year you’re using for your calculations
4. Any W-2 forms necessary to indicate housing allowance or other compensation for you pastor(s)

5. Portico (or other insurance/benefits provider) invoices showing cost of insurance, benefits, HSA/FSA contributions, including those paid by the employer OR as a pre-tax deduction from the employee

When you hit “Submit” it may take a few moments for all the documents to upload. When the upload is complete, you’ll see an acknowledgment that the documents transfer has been successful.

6. **Next Steps**

Once your application and supporting documents have been received, the ELCA Federal Credit Union will assign a reviewer for your application. The reviewer will contact you to let you know that the processing has started; their responsibility is to carefully check for any errors or needs for clarification or additional documentation, which they will request from you directly. When all needs are satisfied, we will also let you know that the review is complete and has been approved for submission to the SBA for its review and action.

When the SBA has made its decision to fund your PPP loan, you will hear from the ELCA Federal Credit Union staff about any outstanding membership application document needs, arrangements for loan closing, and anything else you want to know!