

## **FOR ALL SBA Paycheck Protection Program Applicants New to Sound Community Bank**

--This does not apply to existing deposit or loan product clients of Sound Community Bank—

--The existing client must be the business entity applying for the PPP loan--

**Please be sure to update the Beneficial Ownership section on the Business Info tab of the application. The Beneficial Ownership section must include all beneficial owners (if any) and a control person.**

### **BENEFICIAL OWNERS ARE:**

- NATURAL PERSON(S) WHO DIRECTLY OR INDIRECTLY, OWN 25% OR MORE OF THE EQUITY INTERESTS OF A LEGAL ENTITY CUSTOMER.

### **LEGAL ENTITY CUSTOMERS ARE:**

- A CORPORATION, LLC, OR OTHER ENTITY THAT IS CREATED BY THE FILING OF A PUBLIC DOCUMENT WITH A SECRETARY OF STATE OR SIMILAR OFFICE. INCLUDES LIMITED PARTNERSHIPS, BUSINESS TRUSTS, GENERAL PARTNERSHIPS, AND ANY OTHER ENTITY CREATED BY FILING WITH A STATE ENTITY.
  - DOES NOT INCLUDE SOLE PROPRIETORSHIPS AND UNINCORPORATED ASSOCIATIONS SUCH AS HOAs.

**IDENTIFYING BENEFICIAL OWNERS: There are two types of beneficial owners, but depending on your situation may only one type. See examples at the bottom of the page. Types: 1) owners, and 2) individuals (authorized signers) for the legal entity.**

- **OWNERSHIP PRONG-** IF AN INDIVIDUAL (IF ANY) OWNS OR CONTROLS 25% OR MORE OF AN EQUITY INTEREST IN A LEGAL ENTITY CUSTOMER. MUST BE A NATURAL PERSON.
  - THE NUMBER OF BENEFICIAL OWNERS IDENTIFIED COULD RANGE FROM ZERO TO FOUR.
  - IF NO INDIVIDUAL OWNS AT LEAST 25% OF THE EQUITY INTEREST, THERE IS NO REQUIREMENT TO RECORD SUCH INFORMATION.
- **CONTROL PRONG-** IF A SINGLE INDIVIDUAL HAS SIGNIFICANT RESPONSIBILITY TO CONTROL, MANAGE, OR DIRECT A LEGAL ENTITY CUSTOMER.
  - *UNLIKE OWNERSHIP PRONG, THE CONTROL PRONG REQUIRES ALL LEGAL ENTITIES TO IDENTIFY AT LEAST ONE BENEFICIAL OWNER.*

### **LEGAL ENTITY CUSTOMERS SUBJECT TO ONLY THE CONTROL PRONG:**

- ANY LEGAL ENTITY THAT IS ESTABLISHED AS A NON-PROFIT CORPORATION OR SIMILAR ENTITY AND HAS FILED ITS ORGANIZATIONAL DOCUMENTS WITH THE APPROPRIATE STATE AUTHORITY. THIS INCLUDES:
  - CHARITABLE;
  - NOT-FOR-PROFIT
  - NON-STOCK, AND PUBLIC BENEFIT OR OTHER SIMILAR CORPORATIONS.

Example of the Phil and Bill LLC as the 2 Beneficial Owners:

- Both Phil and Bill listed in the Ownership section and...
- Phil also listed in the Control section as he is the Managing Member.

Example of the Bike-n-Bark Corp. with 5 Beneficial Owners (each at 20%). George Plant is the Pres/CEO.

- No entries in the ownership section as it does not meet the 25% threshold.
- George Plant is listed in the Control section as he is the Pres/CEO.

Example of the Compliance-R-US Co. with 3 equal owners-Randy, Harry, and Heidi (President).

- Ownership section would list Randy, Harry, and Heidi as they exceed the 25% threshold (33.3%) each.
- Heidi is also listed in the Control section as she is the President.