

# PAYCHECK PROTECTION PROGRAM (PPP) SECOND DRAW LOANS OVERVIEW

## »» ELIGIBILITY ««

Small businesses must:

- » Employ not more than 300 employees;
- » Have used or will use the full amount of its first PPP loan prior to the disbursement of a second loan; and
- » Demonstrate at least a 25% reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter. Provides applicable timelines for businesses that were not in operation in Q1, Q2, Q3, and Q4 of 2019. Applications submitted on or after January 1, 2021 are eligible to utilize the gross receipts from the fourth quarter of 2020.

\*Eligible entities include businesses, certain non-profit organizations, housing cooperatives, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural co-operatives.

## »» LOAN AMOUNT ««

- » Borrowers may receive a loan amount of up to 2.5 times (3.5 times for accommodation and food services sector businesses) their average monthly payroll costs in 2019 or the 12 months prior to the loan application.
- » Loan amount will be capped at \$2 million per borrower with a maximum combined loan amount of \$10 million between PPP1 and PPP2.

## »» USE OF LOAN PROCEEDS ««

- » **Covered expenditures for operations.** Payment for any software, cloud computing, and other human resources and accounting needs.
- » **Covered property damage costs.** Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
- » **Covered supplier costs.** Payments to a supplier pursuant to a contract, purchase order, or order for goods that was in effect prior to taking out the loan and was essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
- » **Covered worker protection expenditure.** Investments in personal protective equipment and other adaptive costs to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.

\*Allows loans made under PPP before, on, or after the enactment of this act to be eligible to utilize the expanded forgivable expenses except borrowers that already had their loans forgiven.

## »» LOAN FORGIVENESS ««

Borrowers of a PPP second draw loan are eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. Full forgiveness will still require the same 60/40 allocation between payroll and non-payroll costs that applies to initial PPP loans. The covered period begins on the loan origination date but allows all loan recipients to choose the ending date that is 8 or 24 weeks later.

\*Due to the constantly changing environment this is the most updated information we have at the present time. For more detailed information and updates contact your SBA Office or local SBA approved lender.



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