



PAYCHECK PROTECTION PROGRAM - SECOND DRAW LOANS

The \$900 billion COVID-19 relief package as part of the Consolidated Appropriations Act, 2021 includes \$284 billion for a second round of the Paycheck Protection Program (PPP) – called a “PPP Second Draw Loan.” The PPP Second Draw Loan is for smaller and harder-hit businesses with a maximum loan amount of \$2 million (for business obtaining a second PPP loan; first-time borrowers have maximum \$10 million loan option). Below is a summary of this program:

ELIGIBLE ENTITIES

- Businesses
- Certain non-profit organizations
- Self-employed/sole proprietors
- Independent contractors
- Farming operations

INELIGIBLE ENTITIES

- Entities listed in 13 C.F.R. 120.110 and subsequent regulations except entities which have otherwise been made eligible by statute or PPP implementation guidance, including nonprofits and religious organizations.
- Entities involved in political and lobbying activities including engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public document, entities affiliated with entities in the People’s Republic of China.
- Registrants under the Foreign Agents Registration Act.
- Entities that receive a grant under the Shuttered Venue Operator Grant Program.

REQUIREMENTS

- Businesses cannot have more than 300 employees. Multiple locations of a business that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.
- The full amount of the first PPP loan has been used or will be used prior to the second draw disbursement.

REQUIREMENTS (cont'd)

- Business has at least a 25% reduction in gross receipts in the first, second, third or fourth quarter of 2020 relative to the same 2019 quarter.
- Applications submitted on or after January 1, 2021 are eligible to utilize the gross receipts from the fourth quarter of 2020.
- Applicable timelines for businesses that were not in operation in Q1, Q2, Q3, and Q4 of 2019 must be provided.
- Waiver of affiliation rules that applied during initial PPP loans will apply to a second loan.
- An eligible business may only receive one PPP Second Draw Loan.
- For loans of not more than \$150,000, the entity may submit a certification attesting that the entity meets the revenue loss requirements on or before the date the entity submits its loan forgiveness application.
- Businesses must certify that current economic uncertainty makes its loan request necessary to support the ongoing operations, as of the date on which the PPP Second Draw Loan application is submitted.

PROGRAM DETAILS

- Businesses may receive a loan amount up to 2.5X the average monthly payroll.
- Businesses in industries assigned to NAICS code 72 (Accommodations and Food Services) may receive 3.5X average monthly payroll costs.
- Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019 through February 15, 2020.

DEADLINE FOR PPP

- SBA will consider applications through March 31, 2021.
- Contact a Banterra Commercial Lender to apply.