



Paycheck Protection Program (PPP) – Details for Second Time PPP Borrowers

This is the [official guidance for second time borrowers](#)

Refer to this document *if you are a second-time borrower*. There is separate guidance for borrowers seeking their first PPP loan.

Who is eligible?

Eligibility requirements for Second Draw PPP Loans are narrower than for First Draw Loans. A Second Draw PPP Loan may only be made to an eligible borrower that

- Has received a First Draw PPP Loan **and** has used (or will use) the full amount of the First Draw PPP Loan before the expected date on which the Second Draw PPP Loan is disbursed
 - o The “full amount” includes the amount of any increase on such First Draw PPP Loan
- Spent the full amount of its First Draw PPP Loan on eligible expenses
- Has 300 or fewer employees
- Revenue reduction of 25% or greater in 2020 relative to 2019
 - o This is calculated by comparing quarterly gross receipts for one quarter in 2020 with the corresponding quarter in 2019
- Is not permanently closed

*** Please refer to pages 6-8 for further details on revenue reduction, pages 11-12 for ineligible entities. ***

What forms must you submit to apply?

- SBA Form 2483 -- [PPP Application Form](#)*
- payroll records
 - o **no additional documentation will be required if** borrower used *2019 calendar year figures* to determine its First Draw PPP loan and/or *if the lender is the same*
- payroll tax filings
- Form 1099-MISC
- Schedule C or F
- income and expenses from a sole proprietorship or bank records

*or your lender’s equivalent form

*** We strongly recommend you work with an accountant to calculate your payroll, taxes, and other required expenses information. ***

*** Please refer to pages 15-16 for documentation requirements. ***

Max Loan Amount

Up to 2.5x your business’s average monthly payroll costs up to \$2 million. Hotels and food services businesses (NAICS codes starting with 72) can borrow up to 3.5x.



Interest Rate and Term

1%, fixed over 5 year term

Collateral

None

What qualifies as “covered costs” (how can PPP loans be used)?

- Payroll costs – 60% of the loan must be used for payroll costs
- Group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums
- Mortgage interest payments (but not mortgage prepayments or principal payments)
- Rent
- Utility
- Interest payments incurred before February 15, 2020
- Refinance of an SBA EIDL made after January 1, 2020
- Covered operations expenditures
 - o payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records, and expenses
- Covered property damage costs (costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation)
- Covered supplier costs expenditures for the supply of goods that—
 - o (A) are essential to the operations of the borrower at the time at which the expenditure is made (e.g. PPE purchases); and
 - o (B) is made pursuant to a contract, order, or purchase order
- Covered worker protection costs –
 - o (A) operating or capital expenditures to facilitate the compliance with HHS, CDC, OSHA or State/local government requirements
 - o (B) such expenditures may include -- the purchase, maintenance, or renovation of (I) a drive-through window facility; (II) an indoor, outdoor, or combined air or air pressure ventilation or filtration system; (III) a physical barrier such as a sneeze guard; (IV) an expansion of 51 additional indoor, outdoor, or combined business space; (V) an onsite or offsite health screening capability; or (VI) other assets relating to the compliance with the requirements or guidance described in subparagraph (A)

What qualifies as “payroll costs”?

- Salary, wages, commissions, or similar compensation (note: student worker wages can also be counted)
- Cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips)
- Payment for vacation, parental, family, medical, or sick leave



- Allowance for separation or dismissal
- Payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance, including insurance premiums, and retirement
- Payment of state and local taxes assessed on compensation of employees
- For an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.

*** Please visit pages 11-12 for these calculations ***

Loan Forgiveness Rules

- To receive full loan forgiveness, a borrower must use at least 60 percent of the PPP loan for payroll costs, and not more than 40 percent of the loan forgiveness for nonpayroll costs.
- Payroll costs that are qualified wages taken into account in determining the Employer Retention Credit are not eligible for loan forgiveness
- The “loan forgiveness covered period” is the period beginning on the date the lender disburses the PPP loan and ending on any date selected by the borrower that occurs during the period
 - o (i) beginning on the date that is 8 weeks after the date of disbursement and
 - o (ii) ending on the date that is 24 weeks after the date of disbursement

When Does Principal need to be Repaid?

If you submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness covered period, you will not have to make any payments of principal or interest on your loan before the date on which SBA remits the loan forgiveness amount on your loan to your lender (or notifies your lender that no loan forgiveness is allowed).