



## PPP 2 IS COMING SOON!

On January 8, 2021, SBA announced that it will reopen the PPP during the week of January 11, 2021, for new borrowers and existing PPP borrowers that are seeking a Second Draw Loan. Specifically, SBA announced the following schedule:

- On Monday, January 11, SBA opens the PPP for First Draw PPP Loans made by “community financial institutions,” a category of institutions composed of Community Development Financial Institutions, Minority Depository Institutions, Certified Development Companies, and Microloan Intermediaries.
- During the middle of the week of January 11, SBA intends to open the PPP for Second Draw PPP Loans made by community financial institutions as defined above.
- Subsequently, SBA intends to reopen the PPP for First Draw and Second Draw PPP Loans made by institutions that are not included in the technical definition of “community financial institutions.” SBA expects this reopening for all lenders to occur within days of the availability offered to community financial institutions.

Going forward, you will see the terminology “First Draw” and “Second Draw” loans. These simply refer to a borrower’s first or second separate PPP loan. Since this will be your second PPP loan, second draw forms and instructions are for you.

We do not yet know when we will begin submitting new loan applications to the SBA, but new application forms and SBA/Treasury Department program rules are available. (See below links to get the current rules and application forms.)

**If you received your first PPP loan from FNB** – (1) You should have received an e-mail from us Tuesday (1/12) with links to current second draw SBA forms and instructions. **If you did not receive the e-mail, it may be in your spam filter. Please be sure “fnbh.com” is a trusted domain in your system and request another e-mail or download a copy on our website.** (2) Also, please download our “Second Time PPP Application Packet” from our website. We expect you will find this process much quicker and easier than a first-time PPP application, particularly if your loan amount is unchanged.

**If you obtained your first PPP loan elsewhere** – (1) Please use links herein to obtain the SBA second draw application and SBA second draw rules. (2) Also, please download our “Second Time PPP Application Packet” from our website. Understand that FNB will need essentially all of the information required for your initial PPP loan because we did not process your first loan.

**If this is your first PPP loan** – (1) Please use links herein to obtain the SBA first draw application and SBA first draw rules. (2) Also, please download our “First Time PPP Application Packet” from our website.

## SECURE SUBMISSION OF APPLICATION AND RELATED MATERIALS TO BANK

To ***securely*** send your Loan application (and supporting materials as necessary) to the Bank:

1. Follow this [LINK](#) to open our secure e-mail portal.
2. Put [PPP@fnbh.com](mailto:PPP@fnbh.com) into the “recipient e-mail” box. **Please do not e-mail directly without securing.**
3. Attach application and supporting materials as necessary<sup>1</sup>
4. Send

Please e-mail your questions to [PPP@fnbh.com](mailto:PPP@fnbh.com). (You may use the secure portal [LINK](#) if you wish.)

### FEATURES & CHANGES TO BE AWARE OF:

#### Tax

- Borrowers with forgiven debt may deduct qualified expenses paid with program proceeds (overrides prior Treasury/IRS guidance).<sup>2</sup>
- Forgiveness of PPP loans will not count as income.<sup>3</sup>

#### EIDL

- EIDL loans are no longer deducted from payments for PPP forgiveness retroactive to the start of CARES. SBA will make borrowers whole if they already received forgiveness and the EIDL Advance was deducted from that amount. SBA’s process for how this will be done is still forthcoming.

#### PPP Program in General

- The list of permissible uses of PPP funds was expanded to include worker protection costs related to COVID-19, uninsured property damage costs (for looting or vandalism in 2020), and certain supplier costs and expenses for operations<sup>4</sup> While uses of funds has been expanded, many Borrowers will find that payroll costs alone using a 24-week covered period will be sufficient to meet forgiveness requirements. As always, please consult your tax advisor. The rule that at least 60% of proceeds must be spent on payroll costs still applies across the board. (1<sup>st</sup> & 2<sup>nd</sup> Draw Loans)
- The list of eligible entities expanded to include most 501(c)(6)s, destination marketing organizations (DMOs), housing cooperatives, newspapers, broadcasters, and radio stations.
- Prohibits publicly traded companies from receiving PPP funds as well as those entities receiving a Shuttered Venue Operator Grants. (1<sup>st</sup> & 2<sup>nd</sup> Draw Loans)
- The deadline for application to the SBA is now 3/31/21. (1<sup>st</sup> & 2<sup>nd</sup> Draw Loans)

---

<sup>1</sup> See tables at the end of this document for general information submission requirements.

<sup>2</sup> Per relief bill passed by congress 12/21/20

<sup>3</sup> Ibid

<sup>4</sup> (p49 of 1-6-21 IFR) viii. “covered operations expenditures (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)”;

- The covered period for all first draw loans is extended to March 31, 2021 and is retroactive to the start of CARES. Borrowers may choose the end of their forgiveness covered period between 8 and 24 weeks after the loan origination. (1<sup>st</sup> Draw Loans)
- A simplified forgiveness application may be used for loans of \$150k or less. (Expected to be like SBA 3508S. The SBA is to release its new form by the end of January.) (1<sup>st</sup> & 2<sup>nd</sup> Draw Loans)

## 2<sup>nd</sup> Draw PPP Loans Only

- Maximum loan amount is 2.5 times the average monthly payroll based on the 2019 calendar year or a one year look back, capped at \$2 million. NAICS 72 Businesses (Accommodations and Food Services) can receive 3.5 times average monthly payroll, capped at \$2 million.
- A borrower is generally eligible for a Second Draw PPP Loan if the borrower:
  - Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
  - Has no more than 300 employees; and
  - Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. Alternatively, a Borrower may compare 2020 annual revenues to 2019 annual revenues. (PPP proceeds do not count in the calculation of gross receipts.)

## LINKS TO OFFICIAL SBA / TREASURY DEPARTMENT FORMS & INFORMATION<sup>5</sup>

We recommend sharing the linked SBA/Treasury Department information with your accountant, lawyer or tax professional to help with questions of strategy or interpretation.

**NOTE - TO AVOID LOSS OF DATA:** *Before you type info into a fillable PDF form (like your SBA application), save it to your computer as a PDF.* (Downloading the form from your browser should work as well.) Close your browser tab (to avoid confusion) and open the file you just saved with Adobe Acrobat. Now anything you type in should be retained when you save the PDF.

### First Draw

[Top Line Overview - PPP First Draw Loans](#) (1/8/21)

[SBA Borrower Application - PPP First Draw Loans](#) (1/8/21)

[SBA Rules - PPP in General w Emphasis on 1st Draw](#) (1/6/21)

### Second Draw

[Top Line Overview - PPP Second Draw Loans](#) (1/8/21)

[SBA Borrower Application - PPP Second Draw Loans](#) (1/8/21)

[SBA Rules - PPP Second Draw Loans](#) (1/6/21)

---

<sup>5</sup> The links are to the Treasury Department PPP website. I find it better organized and easier to navigate than the SBA's. The SBA's site may be reached at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

## General

[Treasury Department - Main PPP Resources Page](#)

[SBA Updated General PPP FAQ](#) (last updated 12/9/20)

### GENERAL INFORMATION SUBMISSION REQUIREMENTS

This is a visual aid created by FNB to help you see the general information submission requirements. Please refer to the SBA application and program materials for specifics.

Note that if you apply for the same amount as your original PPP loan, you will already have provided the information to support the loan amount calculation.

1 <sup>st</sup> Time Draw PPP Loans	
Borrower Application (SBA Form 2483)	X
Supporting material to demonstrate monthly payroll calculation (e.g. W-2's, 940's, payroll report Sch C for Sole Proprietorship or single-member LLC if no separate tax return is filed, 1099-MISC for contract employees, etc.)	X
IRS SS-4 or IRS W-9	X
Articles of Incorporation/Articles of Organization	X
Operating Agreement or By-Laws - Executed & Signed OR A signed Affidavit of No Operating Agreement	X
Scanned copy of Driver's License for any owner > 20%	X
FNBH Customer Information Form (if not already an FNBH customer)	X
Franchise Agreement – Executed & Signed (if applicable)	X

Note that if you apply for the same amount as your original PPP loan, you will already have provided the information to support the loan amount calculation.

2 <sup>nd</sup> Draw PPP Loans				
	2 <sup>nd</sup> Draw Loan Amount ≤\$150k AND <b>Avg Monthly payroll amount</b> used to determine 2 <sup>nd</sup> Draw Loan Amount is the same as 1 <sup>st</sup> Draw	2 <sup>nd</sup> Draw Loan Amount ≤ \$150k AND <b>Avg Monthly payroll amount</b> used to determine 2 <sup>nd</sup> Draw Loan Amount is different than 1 <sup>st</sup> Draw <b>-OR-</b> FNB was not the Lender for the 1 <sup>st</sup> Draw	2 <sup>nd</sup> Draw Loan Amount > \$150k AND <b>Avg Monthly payroll amount</b> used to determine 2 <sup>nd</sup> Draw Loan Amount is the same as 1 <sup>st</sup> Draw	2 <sup>nd</sup> Draw Loan Amount > \$150k AND <b>Avg Monthly payroll amount</b> used to determine 2 <sup>nd</sup> Draw Loan Amount is different than 1 <sup>st</sup> Draw <b>-OR-</b> FNB was not the Lender for the 1 <sup>st</sup> Draw
Borrower Application (SBA Form2483-SD)	X	X	X	X
Documentation substantiating a decline in revenue from 2019 to 2020.  Documentation may include relevant tax forms, including annual tax forms, or, if relevant tax forms are not available, quarterly financial statements or bank statements. [2]	[1]	[1]	X	X
Supporting material to demonstrate monthly payroll calculation (e.g. W-2's, 940's, payroll report Sch C for Sole Proprietorship or single-member LLC if no separate tax return is filed, 1099-MISC for contract employees, etc.)		X		X