

# Key Takeaways from Navigating PPP 2.0 Panel Conversation

*This summary of general information does not constitute legal, accounting or financial advice. Potential participants in the PPP loan program should consult their legal, financial and accounting advisors, and their PPP lenders, to determine how the PPP rules and regulations apply to their particular situations. The information in this summary may become inaccurate as the PPP rules and regulations evolve. Please check [sba.gov](https://www.sba.gov) and [home.treasury.gov](https://www.home.treasury.gov) for updated, current information.*

**This document contains key takeaways from a panel conversation on January 13th with Rosa Berger, Vice President, South End Financial Center Manager, Fifth Third Bank and Deb Walker, Cherry Bekaert, National Director for Compensation and Benefits.**

## Is PPP open?

The PPP reopened to some lenders on Monday, January 11, 2020 for First Draw Loans (first time loans) and Second Draw loans (second-time loans). Only community financial institutions (CFI), which work with very small and often minority-owned businesses, will currently have access to First and Second Draw PPP Loans. Those same CFIs can accept Second Draw loans starting January 13th. The SBA will likely open the program for additional lenders as early as Tuesday, January 19. Businesses can apply for First Draw Loans or Second Draw Loans until March 31, 2021.

## Can I apply for a PPP loan if I did not apply or get a loan the first time the program opened?

Yes. This would be considered a business's First Draw PPP Loan and the terms of the loan would be similar to when the program first opened from April to August 2020. **The following entities affected by COVID-19 may be eligible for a First Draw PPP Loan:**

- Sole proprietors, independent contractors, and self-employed persons
- Any small business concern that meets SBA's size standards (either the industry size standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with the greater of:
  - 500 employees, or
  - that meets the SBA industry size standard if more than 500
- Any business with a NAICS code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Any business in operation as of February 15, 2020.

*The PPP expanded eligibility to now include 501(c)(6) Organizations; Nonprofit Destination Marketing Organizations; and Other Nonprofits. [Check here and scroll to page 13 for more detail.](#)*

## Can I get a second PPP loan if I got a loan the first time the program opened?

Yes. This would be called a Second Draw PPP Loan. 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.

## Should I apply?

Yes, if a business is eligible, both First Draw or Second Draw PPP loans are great opportunities. These are important financial resources for businesses to survive the current economic uncertainty and continue operations. To be successful in securing PPP, a business must demonstrate need for the loans to continue operations.

## Should I apply through more than one lender?

Technically yes, but this is not encouraged. During the application process, you could be assigned an ETRAN number. Once a lending institution assigns an ETRAN number to your EIN, another institution cannot approve your loan without that first ETRAN number being released. This created complications and logjams for some applicants in 2020. Don't let it happen to you.

## What can I use PPP funds for?

First and Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also now cover an even broader swath of business expenses than was the case when the program first opened. Beyond mortgage interest, rent, and utility payments, the loans may be used for worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

## What do I have to do for the loans to be forgiven?

First Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP Loan;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

## Did the paperwork change for PPP loans to be forgiven?

In order to have a PPP loan forgiven, businesses that borrowed \$150,000 or less will simply need to submit a one-page certification that includes the number of employees the business retained as a result of the loan, an estimate of how much of the loan was spent on payroll and the total loan amount. Borrowers must also attest that the information is accurate and that they complied with loan requirements.

## Are there any special provisions in the Second Draw PPP Loans?

Yes, including:

**Ensuring Access For All:** At least \$25 billion is being set aside for Second Draw PPP Loans to eligible borrowers with a maximum of 10 employees, or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept Second Draw PPP Loan applications from community financial institutions starting on January 13, 2021.

**Accommodation and Food Services Sector:** For NAICS 72, the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million. For most other borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million.

**Prioritizing Need:** Employers with more than 300 workers are excluded from the Second Draw.

## Where can I go to learn more about PPP?

For more information, please see these resources:

[U.S. Small Business Administration – Paycheck Protection Program](#)

### Top-Line Overviews:

- [PPP First Draw Loans](#)
- [PPP Second Draw Loans](#)

[Navigating PPP 2.0 Panel Discussion Video](#)

[U.S. Department of Treasury - The CARES Act Provides Assistance to Small Businesses](#)