

## Second Draw PPP Loan Guidelines

Second Draw PPP loans are available to business applicants that previously received a PPP loan. The last day to apply for a Second Draw PPP loan is March 31, 2021. Please note that the loan application must also be approved by the U.S. SBA on or before March 31, 2021 for the applicant to receive the loan proceeds.

Maximum Loan Amount: 2.5 times the average monthly payroll costs (from 2019 or 2020) or \$2 Million, whichever is less. Business entities assigned with a NAICS code 72 (typically restaurants & hotels) are permitted to a maximum loan amount of 3.5 times their average monthly payroll costs or \$2 Million, whichever is less.

Loan Term: 5 Years

Eligible Costs for Loan Forgiveness: The loan proceeds must be spent on payroll costs and other eligible expenses such as rent, mortgage interest, utilities, operations expenditures, property damage costs, supplier costs, and worker protection expenditures. At least 60% of the proceeds must be spent on payroll costs to receive full forgiveness.

Covered Period: PPP borrowers can choose between 8 to 24 weeks after the date of disbursement (e.g. A PPP borrower may elect 10 weeks or 20 weeks as the covered period).

Loan Deferral Period: PPP borrowers have 10 months after the end of the covered period to submit a loan forgiveness application without making principal or interest payments

The following groups are eligible for a Second Draw PPP Loan:

1. Businesses with 300 or less employees that are eligible for regular SBA 7(a) loans
2. Businesses that have used or will use the full amount of the First Draw PPP Loan on or before the date the Second Draw PPP Loan disbursement
3. Businesses that can demonstrate at least 25% reduction of gross receipts when comparing any quarter in 2020 from the same quarter in 2019 (or on annual basis in 2020 from 2019)

The following groups are not eligible for a Second Draw PPP Loan:

1. Business Concerns or entities primarily engaged in political or lobbying activities
2. Certain entities organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or with other specified ties to the People's Republic of China or the Special Administrative Region of Hong Kong
3. A person or entity that receives a grant for shuttered venue operators under section 324 of the Economic Aid Act
4. A publicly traded company

Required Documentation to demonstrate a revenue reduction of 25%: Such documentation may include relevant tax forms including annual tax returns, or, if relevant tax forms are unavailable, quarterly financial statements or bank statements. For loans of \$150,000 or less, such documentation is not required at the time of application but must be submitted before the borrower applies for loan forgiveness.

Document List: PPP borrowers must provide payroll records, payroll tax filings, Form 1099-MISC, Schedule C or F, income and expenses from a sole proprietorship, or bank records. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided. Payroll cost documentation will not be required if the applicant will use the same 2019 figures that were submitted to Bank of Hope during the first round.