



Q&A for New and Existing PPP Loans

A new stimulus bill was signed on December 27, 2020, that includes PPP loan money for small businesses. The funding is available for new PPP loans (in case you never got one) and funding for a second PPP loan (if you already received a PPP loan). There are also new rules for PPP loan forgiveness and tax deduction allowances for the forgiveness amount. Here are some questions and answers to help you understand how the changes will impact your PPP loan(s).

Does the new law include funding for PPP loans?

The law creates a new round of funding for PPP loans for eligible businesses.

I did not apply for a PPP loan. Can I still get one?

PPP loans are available for first-time qualified borrowers.

I already received a PPP loan. Can I get a second one?

PPP loans are also available for businesses that previously received a PPP loan.

How much money can I borrow for a PPP loan?

You can receive a loan of up to 2.5-times your average monthly payroll costs in the year 2020 or 2019.

How do I apply for a new or second-draw PPP loan?

Applications will soon become available online at your bank.

What is the deadline for applying for a PPP loan?

You must apply for a new PPP loan or second-draw (PPP2) by the March 31, 2021 deadline.

What are the eligibility requirements and limitations for a new PPP loan for a first-time borrower?

First-time PPP borrower eligibility is the same as PPP1 (500 employees or fewer and other eligibility requirements).

What are the eligibility requirements and limitations for second-draw PPP loans?

Applicants for second-draw borrowers have the following restrictions:

- You cannot have more than 300 employees
- You are required to have been in business by February 15, 2020
- You must show a 25% gross revenue decline in any 2020 quarter (as compared to the same quarter in 2019)
- You must have already used or will use the full amount of your first PPP loan
- Your Loan maximum is \$2 million, and with all outstanding PPP1 loans, the maximum is \$10 million
- You must wait 90 days between spending first-draw funds and receiving a second-draw

Am I required to prove necessity?

“Necessity” certification is required for all new PPP loans.

I did not apply for the full amount for my first PPP loan. Can I apply now and get the difference?

If you did not accept the full amount that was allowed, you can now request a modification to increase the amount of your loan to the maximum amount.

How can I spend the PPP loan money and still have it forgiven?

The costs eligible for loan forgiveness for new PPP loans include payroll costs; rent; mortgage interest; utilities; operations expenditures; property damage costs; supplier costs; and services; including remote-work software, cloud computing, accounting, and worker protection expenditures.

In order to qualify for PPP loan forgiveness, how much is required to be spent on payroll costs?

You can receive full loan forgiveness if you spend at least 60% of your PPP loan on payroll costs over a time period of your choosing (between 8 weeks and 24 weeks).

I have an existing PPP Loan. Are there new allowances for payroll costs?

Certain group insurance payments (employer paid costs only) can now be included as “payroll costs,” including the following:

- group life
- disability
- vision
- dental insurance

Is there a new allowance for PPP loan forgiveness of amounts of \$150,000 or less?

The PPP loan forgiveness application process has been simplified for loans of \$150,000 or less (a new form will become available soon from SBA).

I received an Economic Injury Disaster Loan (EIDL) advance. Will it be deducted from my PPP loan forgiveness?

If you received an Economic Injury Disaster Loan (EIDL) Advance, you will no longer be required to deduct it from your PPP loan forgiveness amount (SBA forms to be updated soon).

Once my PPP loan is forgiven, will it be counted as income?

The forgiven amount of your PPP loan is not taxable. All eligible payroll costs and all eligible expenses can be deducted.

Disclaimer: These answers are based on our current understanding of the updates made to the Paycheck Protection Program. This information is subject to change by the SBA which is expected to release further information on PPP loans and forgiveness in the coming weeks. Although we make every effort to assure our information is current and accurate, you should not rely solely on this information for your financial decisions. You should always consult with your lawyer(s), accountant(s), financial advisor(s), and other professionals as you deem appropriate.