

Differences between Paycheck Protection Program (PPP) loans 1 & 2

(referred to by the SBA as "Draws")

FIRST DRAW PPP

Eligibility

- 500 or fewer employees
- Did not receive a previous PPP loan or returned the funds
- Were in operation on 2.15.20 and are not permanently closed now

Amount awarded

- 2.5x 2019 or 2020 average monthly payroll costs
- Limited to \$10,000,000



SECOND DRAW PPP

Eligibility

- 300 or fewer employees
- Received a First Draw PPP loan and have used or will use all funds before the second loan is disbursed
- Were in operation on 2.15.20 and are not permanently closed now
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020

Amount awarded

- 2.5x 2019 or 2020 average monthly payroll costs EXCEPT
- 3.5x 2019 or 2020 average monthly payroll costs for borrowers in the Accommodation and Food Services industries (NAICS 72 per the most recent tax return)
- Limited to \$2,000,000



ELIGIBLE USE OF FUNDS

DRAW #1

DRAW #2

Payroll costs, including benefits	✓	✓
Mortgage interest	✓	✓
Rent	✓	✓
Utilities	✓	✓
Worker protection costs related to COVID-19	✓	✓
Uninsured property damage costs caused by looting or vandalism during 2020	✓	✓
Certain supplier costs and expenses for operations	✓	✓

To meet full forgiveness for either draw, you must meet this criteria:



Employee and compensation levels are maintained



Funds are spent on payroll costs and other eligible expenses



At least 60% of funds are spent on payroll costs

Other Notes



Expect longer review times

The SBA is reviewing all applications for this second draw, so the speed of approval will be slightly longer than before.



Loans are tax deductible

There is now full tax deductibility of business expenses on forgiven PPP loans for both draws.

