



SIMPLICITY

CREDIT UNION

222 E Upham Street, Marshfield, WI 54449 | simplicity.coop | 844.7.MY.COOP

Important Info on PPP “Second Draw Loans” as of 1/8/2021

We know that the opportunity to take advantage of this program is vital to many of our member businesses. We’re working hard to bring you the most up-to-date information and be prepared to accept applications as soon as they are available from the Small Business Administration.

Because we’re providing this early information, we want you to know that some requirements may change, or we may need to ask for more documentation to satisfy updated requirements when you submit your application.

We’re committed to helping you through this process. As of today (1/8/2021), the application is not yet available, but please watch your emails and check Simplicity.coop for updates.

PPP “Second Draw” Loans

Are available to:

- Companies with fewer than 300 employees who have already used or will use the full amount of money granted to them in their initial round of PPP lending.
- Businesses, some nonprofit organizations, self-employed workers, and independent contractors.
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Businesses that can show at least a 25% reduction in gross receipts in the first, second, or third quarter of 2020 as compared to the same quarter in 2019

New: The PPP program has been updated to now include eligibility for certain housing cooperatives, news organizations, section 501(c)(6) organizations, and Economic Injury Disaster Loan (“EIDL”) recipients.

Forgiveness of loans:

Borrowers are still required to spend at least 60% of the funds on payroll over a covered period of either 8 or 24 weeks to receive full forgiveness.

The other 40% may be used on eligible costs, including certain mortgage expenses, rent, and utility payments.

PPP2: New allowances for additional expenses

Under the renewed program, the list of eligible non-payroll expenses has been expanded to include four new categories, including:





SIMPLICITY

CREDIT UNION

222 E Upham Street, Marshfield, WI 54449 | simplicity.coop | 844.7.MY.COOP

- Costs for personal protective equipment and adaptive investments that help a PPP loan recipient comply with federal and/or health and safety guidelines related to COVID-19;
- Outlays for on software, cloud computing, human resources, and accounting needs;
- Any spending not covered by insurance that is related to property damage due to public disturbances that occurred during 2020;
- Spending to suppliers that covered costs essential to the business operations at the time the outlay occurred. For instance, restaurants' purchases of perishable goods can now qualify.

Here are some of the other notable takeaways:

- Public companies are ineligible to receive PPP funds.
- Maximum loan sizes for this round are \$2 million.
- Applicants must have used the full amount of their initial draw PPP loan on or before the expected date of the second draw PPP loan is disbursed.
- Revenue needs to have decreased by at least 25% in 2020 compared to the same quarter in 2019.
For example, Q2 2020 (April, May, June 2020 Revenue) vs. Q2 2019 (April, May, June 2019 Revenue) must have decreased 25% Year Over Year. 1 Quarter is a minimum. Revenue reduction can also be the full calendar year of 2020 vs. 2019.
- Restaurants, hotels, and other businesses categorized under NAICS code 72 will be eligible to receive 3.5x their average payroll.
 - These businesses will also be able to apply for a separate loan for each location, given each individual location is a separate legal entity
- For loans above \$150,000, applicants must submit documentation to substantiate a revenue reduction of 25% or more (tax forms, financial statements, bank statements).
- Loans under \$150,000 do not require this documentation at the time of application, but they will be required for forgiveness.
- Payroll documentation required in the first draw will be the same for second draw loans.
- Payroll can be calculated in 3 ways: (1) 2019 calendar year, (2) 2020 calendar year, (3) past 12 months.

As you can imagine, the Small Business Administration documentation on this program is complex, and you may have other questions that we haven't covered here.

If you have questions you'd like answered before you apply, we're here to help. Contact us today!

Derek L. Freis, CUDE
Vice President Member Business Lending
Simplicity Credit Union
Phone Main: 715-389-8214
Fax: 715-387-3746
dfreis@simplicity.coop

