



U.S. Small Business
Administration



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Paycheck Protection Program (PPP) Second Draw Overview



This presentation is developed to provide a general overview of PPP loan processes related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). In the event of any inconsistency between this presentation and the Economic Aid Act, the Paycheck Protection Program Flexibility Act of 2020, the CARES Act, PPP IFRs, PPP FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

SBA Paycheck Protection Rollout

Important Dates

- Community Financial Institutions (CFIs) can begin submitting **new First Draw PPP** loan origination requests (*SBA Form 2483 rev. 1/8/21*) through the Platform on **Monday, January 11, 2021**.
- CFIs can begin submitting **Second Draw PPP** loan origination requests (*SBA Form 2483-SD*) through the Platform on **Wednesday, January 13, 2021**.
- Shortly thereafter, all other lending institutions will be notified that they are able to submit loan application information to SBA.

What is a CFI?

Community Financial Institutions include the following organizations:

- Community Development Financial Institutions,
- Minority Depository Institutions,
- Certified Development Companies, and
- Microloan Intermediaries

How do I know if my institution is a CFI?

If “Lender Location Enabled for Origination in Etran” is checked in Institution Settings, your institution is an enabled CFI (see example below).

My institution is not a CFI. What am I enabled to do in the Platform now?

Organization admin users can begin to add users in the Platform and review new and updated materials on the Resource tab in the Platform.



New Feature Alert



There will be a time lapse between when a Lender submits PPP application information to SBA and when SBA provides an SBA loan number back to the Lender due to additional front-end compliance checks.

First Draw Loans & Forgiveness Updates

- Eligible applicants that **did not** receive a PPP loan prior to August 8, 2020, will now have the ability to apply for a PPP First Draw Loan on or before March 31, 2021.
- Eligibility for PPP loans has been revised to include additional types of entities.
- Covered eligible expenses **expanded** and now includes the following: payroll costs, rent, mortgage interest, utilities, **operations expenditures, property damage costs, supplier costs,** and **worker protection expenditures.**
- Certain borrowers may request an increase to their original PPP loan amount.



News Alert



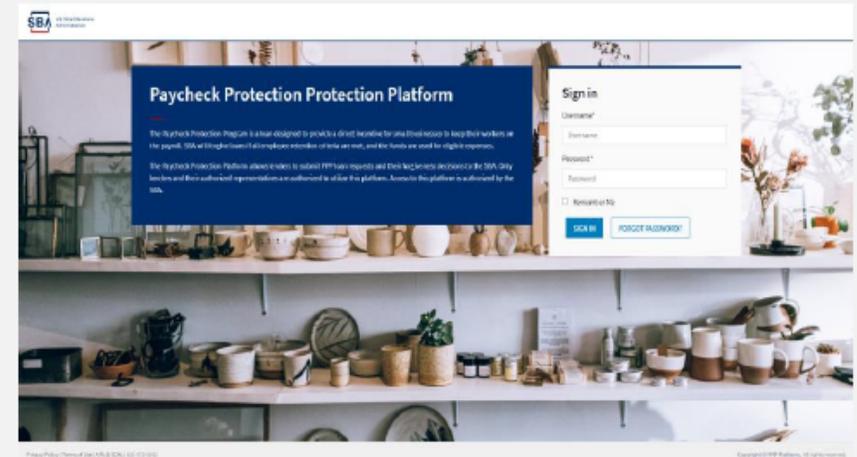
All PPP lenders must register with www.sam.gov no later than 30 days after disbursement of their first PPP loan Help Guide for [Registering on SAM.gov](#).

SBA Paycheck Protection Platform

The SBA Paycheck Protection Program Platform for originating all PPP loans can be accessed at <https://forgiveness.sba.gov>

This is the same Platform that supports the Forgiveness decision process.

- The Platform supports **two methods of submission** for all PPP loan requests:
 1. Lenders **manually** (web-screen method) enter and submit loan requests in the Platform.
 2. Lenders or LSPs providers **connect via API** and submit the lenders loan requests.



- Use of **MS Edge** or **Google Chrome** browsers is recommended for an optimal experience.
- **Complete information on APIs** can be found at <https://ussbappp.github.io/index.html>

PPP Origination – PPP Loan Request Process

Create User Accounts

- Organization Admins select additional members at their institution to sign-up to the Platform and create their accounts.
- Organization Admins enable access to Origination functions in Platform for new users.
- Organization Admins complete Institution Settings.

Submit PPP Loan Origination Requests

- Lenders submit PPP Loan Requests via the Platform.
- CFIs will be enabled to submit First Draw PPP Loan Requests starting January 11, 2021 and
- Second Draw PPP Loan Requests starting January 13, 2021.
- All other lending institutions will be notified shortly thereafter that they are able to submit loan application information to SBA.

Monitor PPP Loan Origination Status

- SBA reviews PPP Loan Requests.
- Lenders monitor PPP Loan Requests and receive SBA Numbers for approved PPP Loans in the Platform.
- Organization Admins view institution's total PPP portfolio for reporting.
- Lenders monitor post-origination and servicing activities in Etran.

Additional Resources



Phone: SBA PPP Lender Hotline – +1 (833) 572-0502

PPP Platform Resources:

Platform users may initially create up to 10 active users for each institution. SBA recommends that no more than two users be Authorizing Officials.



PPP Platform Resources: <https://forgiveness.sba.gov>

Web: www.SBA.gov/ppp



- [SBA PPP Website](#)
- [Treasury PPP Website](#)
- For technical Platform questions: [Platform Inbox](#)
- [SBA Paycheck Protection Platform User Guide 1-10-21](#)

Economic Aid Act Enhancements

Forgiveness Updates

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3)
- **501(c)(6)**
- 501(c)(19) Veterans organization
- Tribal business, and
- **Housing cooperatives, destination marketing organizations, and eligible news organizations.**

Must comply with size standards, eligibility criteria, and certain limitations.

Borrower now has the option to **select** a covered period during which they can use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.

- SBA **will no longer** deduct EIDL advances from forgiveness payment.
- If lender has already received a forgiveness payment net of an EIDL Advance, SBA will provide a reconciliation payment to lender to be applied to the outstanding loan balance.
- Under development: simplified forgiveness application for loans \$150K and under.

PPP Second Draw Loans

Application and Eligibility

Eligible borrowers that previously received a PPP First Draw Loan may apply for a PPP Second Draw Loan of up to \$2 million with the same general loan terms as their PPP First Draw Loan.

- For most borrowers, the maximum loan amount of a PPP Second Draw Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a PPP Second Draw Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- PPP Second Draw Loan applicants must use the new SBA Form 2483-SD Borrower Application.

Second Draw PPP Loan Details

Who can apply for PPP Second Draw

Targeted Eligibility, a borrower is generally eligible for a PPP Second Draw Loan if the borrower:

- Was eligible for and previously received a PPP First Draw Loan;
- Has or will use the full loan amount only for eligible expenses before the PPP Second Draw Loan is disbursed;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Second Draw PPP Loan Details

Application and Eligibility

- Under section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37)), SBA is authorized to guarantee PPP Second Draw Loans (“Second Draw PPP Loans”).
- Borrowers can apply for a Second Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP.
- Follow all PPP program & affiliation rules outlined in the Consolidated First Draw PPP IFR. – **Exceptions: waived for concerns with NAICS code starting with 72, 511110 or 5151 with no more than 300 employees.**
- If Borrower is using 2019 as basis for calculating PPP second draw loan and going to same lender, no need to provide documentation to support requested loan amount since lender already has received such documentation

Lender Responsibilities with First and Second Draw PPP Loans

IFR 35 - 38

- When evaluating an applicant's eligibility lenders will not be required to apply the "credit elsewhere test"
- There will be no up-front guarantee fee payable to SBA by the borrower;
- There will be no lender's annual service fee or on-going guaranty fee payable to SBA;
- Agent fees may not be paid out of the proceeds of a PPP loan.
- A lender is only responsible for paying fees to an agent for services for which the lender directly contracts with the agent.
- The total amount that an agent may collect from the lender for assistance in preparing an application for a PPP loan (including referral to the lender) may not exceed:
 - One (1) percent for loans of not more than \$350,000;
 - 0.50 percent for loans of more than \$350,000 and less than \$2 million; and
 - 0.25 percent for loans of at least \$2 million.

PPP Loan Underwriting

IFR 35 - 38

- Confirm receipt of borrower certifications contained in Paycheck Protection Program Borrower Application Form (SBA Form 2483) issued by the Administration or lender's equivalent form;
- Confirm receipt of information demonstrating that a borrower was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees or had employees for whom the borrower paid salaries and payroll taxes on or around February 15, 2020;
- Confirm the dollar amount of average monthly payroll costs for 2019 or 2020 by reviewing the payroll documentation submitted with the borrower's application; 97 and
- Follow applicable BSA requirements
- The lender does not need to independently verify the borrower's reported information if the borrower submits documentation supporting its request for loan forgiveness and attests that it accurately verified the payments for eligible costs.

Lender Processing Fee

- For PPP loans made on or after December 27, 2020, SBA will pay lenders fees, based on the balance of the financing outstanding at the time of disbursement of the loan, for processing PPP loans in the following amounts:
 - i. For loans of not more than \$50,000, an amount equal to the lesser of fifty (50) percent or \$2,500;
 - ii. Five (5) percent for loans of more than \$50,000 and not more than \$350,000;
 - iii. Three (3) percent for loans of more than \$350,000 and less than \$2,000,000; and
 - iv. One (1) percent for loans of at least \$2,000,000.
- SBA will pay the fee not later than 5 days after the reported disbursement of the PPP loan and, as required by the Economic Aid Act, may not require the fee to be repaid by the lender unless the lender is found guilty of an act of fraud in connection with the PPP loan.

Continuation of Lender Hold Harmless Clause

- Lenders must comply with the applicable lender obligations set forth in SBA's interim final rule(s), but will be held harmless for borrowers' failure to comply with program criteria and will not be subject to any enforcement action or penalty relating to loan origination or forgiveness of the PPP loan if the lender acts in good faith relating to the origination or forgiveness of the PPP loan and satisfies all other applicable Federal, State, local, and other statutory or regulatory requirements

Forms and Guidance

Updated PPP First Draw Borrower and Lender Forms

[SBA Form 2483 – First Draw Borrower Application](#)

[SBA Form 2484 Lender Guaranty Application](#)

New PPP Second Draw Borrower and Lender Forms

[SBA Form 2483-SD Second Draw Borrower Application](#)

[SBA Form 2484-SD – Second Draw Lender Guaranty Application](#)

PPP Lender Agreements (*e.g. for lenders who want to become PPP lenders*)

[Form 3506 – Updated PPP Lender Agreement](#) (for federally insured depository institutions, federally insured credit unions, and Farm Credit System institutions)

[Form 3507 – Updated PPP Lender Agreement](#) (for non-bank and non-insured depository institutions)

New PPP Guidance and Resources

[Accessing Capital for Minority Underserved, Veteran and Women-Owned Business Concerns Guidance](#)

[Interim Final Rule #1 – PPP as Amended by Economic Aid Act](#)

[Interim Final Rule #2 – PPP Second Draw Loans](#)

[Top-Line Overview of First Draw PPP Loans](#)

[Top-Line Overview of Second Draw PPP Loans](#)

[Procedural Notice: 5000-20074 PPP Forms](#) (Modifications to PPP SBA Forms 3506, 3507 and 750 CA)

[Procedural Notice - SBA Procedural Notice on Repeal of EIDL Advance Deduction Requirement](#)

Questions?

