

Notice about PPP 2nd Draw Loan Program with Bank of Clarke County

January 12th, 2021

Thank you for your interest in applying for the SBA Paycheck Protection Program Second Draw Loan.

On January 7th, 2021 the SBA provided financial institutions with the Interim Final Rule for changes to the Paycheck Protection Program to allow for a Second Draw of PPP loans.

While the SBA will be accepting applications from Certified Financial Institutions for this loan program beginning January 13th, there is no timeframe for traditional banks to begin submission to the SBA. We are working to finalize our PPP Second Draw Loan application process and are hopeful to be able to begin accepting applications soon. When the application process is available for use, we will send an email to potential applicants who have expressed interest with instructions and a link to apply online through the Bank of Clarke County.

We expect to be able to offer at least a two-month window to apply for and fund loans under this new program, as the program is currently set to expire on March 31st, 2021, although we cannot estimate how long the funding will last.

We recommend reviewing the application requirements on the SBA website and the documentation that will be required with professional advisors such as your CPA, Bookkeeper, Payroll Provider and/or Attorney to pre-determine your eligibility and maximum loan amount in advance of any application.

As stated above, a link where you can apply online for the PPP Second Draw Program will be forthcoming once we are ready to begin accepting applications. We do not have a date as to when that will happen at this time.

If you have questions about the program or interest in applying for the PPP Second Draw Loan Program and would like to be emailed a link when available, please email PPP2ndDraw@BankofClarke.com.

Like the first round of PPP loans, this information is subject to change.

Link to the SBA's Interim Final Rule for the new PPP Second Draw Loans:

https://www.sba.gov/document/policy-guidance-ifr-paycheck-protection-program-ppp-second-draw-loans?utm_medium=email&utm_source=govdelivery

Below is a summary from the SBA Interim Final Rule (please refer to the actual SBA.gov website above for the most up-to-date terms, conditions, and requirements):

Paycheck Protection Program Second Draw Loans:

- This second round of PPP creates a loan for smaller businesses with a maximum amount of \$2,000,000.

Eligibility:

- Employ no more than 300 employees.
- Have used or will use (if applicable), the full amount of your first PPP loan.
- For loans you must demonstrate at least a 25% reduction in gross receipts in the 1st, 2nd, 3rd, or 4th quarter of 2020 when compared to same quarter of 2019. You may use the aggregate of all 4 quarters compared to 2019 but would require actual tax filings for both years to be eligible.
- Eligible businesses include the following:
 - Corporations, partnerships, and LLC(s)
 - Non-profit organizations
 - Housing cooperatives
 - Veterans' organizations
 - Tribal Businesses
 - Self Employed
 - Sole Proprietors
 - Independent Contractors
 - Small agricultural cooperatives

Terms of the PPP Program

- Borrowers who wish to apply for a second PPP loan, are not required to have their first PPP loan forgiven to be eligible.
- Borrowers may receive a loan up to 2.5X the average monthly payroll costs in the one year prior to the loan or calendar year.
- Entities in industries assigned to NAICS code 72 (i.e., Hospitality and Food Services), may receive loans of up to 3.5x the average monthly payroll costs.
- Seasonal employers may calculate their maximum loan amount based on 12-week period, beginning February 15th, 2019 through February 15th, 2020.
- Businesses with multiple locations are eligible entities under the initial PPP requirements, if they employ no more than 300 employees.
- An eligible entity may only receive one PPP second draw loan.
- The loan rate is fixed at 1% and shall not exceed 5 years.
- No fees, collateral or guaranties required.
- **For loans over \$150,000**, the borrower must submit documentation adequate to prove a revenue reduction of 25% or more in 2020 relative to 2019. Such documentation may include the following:
 - Relevant tax forms including annual tax forms.
 - If annual tax forms are not available, quarter financial statements or bank statements are required
- **For loans up to \$150,000**, the borrower may submit a certification attesting that the entity meets the revenue loss requirements on or before the date the entity meets the revenue loss requirements on or before the date, the entity submits their loan forgiveness application.
- New and existing PPP borrowers are eligible for loan forgiveness equal to the sum of their payroll costs as well as covered mortgage interest, rent, utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker

protection expenditures incurred during the covered period. The 60/40 costs allocation between payroll and non-payroll expenses to receive full forgiveness will continue to apply.

Additional Eligible Expenses:

- Covered operations expenditures: Payment for any software, cloud computing, and other human resources and accounting needs.
- Covered Property Damage: Costs related to property damage due to public disturbances during 2020 not covered by insurance.
- Covered supplier costs: Expenditures to a supplier under contract, purchase order or order for goods in effect before taking out the loan, essential to operations (this includes perishable goods).
- Covered worker protection expenditures: Personal Protective Equipment (“PPE”), to help comply with Federal health and safety guidelines related to COVID-19 pandemic, during the period between March 1st, 2020, until the end of the national emergency declaration

Thank you,

Bank of Clarke County