The Paycheck Protection Program (PPP) provides forgivable loans of up to $10 million (1st Draw Loan) or $2 million (2nd Draw Loan) to eligible entities through banks and credit unions. The current application deadline for PPP loans is May 31, 2021, with an additional 30 days past the new deadline for the Small Business Administration to process applications.

For information beyond what is provided below, please see regulations for 1st Draw Loans and 2nd Draw Loans, or contact your nearest SBA District Office.

**NOTE:** The SBA is no longer accepting new PPP loans. For more information, please visit the SBA’s PPP website.

### WHO QUALIFIES?

<table>
<thead>
<tr>
<th>Category</th>
<th>1st Draw Size Limit</th>
<th>2nd Draw Size Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed individuals, independent</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>contractors, and sole proprietors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Businesses</td>
<td>500 Employees, <a href="https://www.sba.gov">SBA Size Standard</a> or Alternative Size Standard</td>
<td>300 Employees</td>
</tr>
<tr>
<td>501(c)(3) Nonprofits</td>
<td>500 Employees or <a href="https://www.sba.gov">SBA Size Standard</a>†</td>
<td>300 Employees</td>
</tr>
<tr>
<td>501(c)(6) Nonprofits that meet specified lobbying</td>
<td>300 Employees*</td>
<td>300 Employees</td>
</tr>
<tr>
<td>restrictions†</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501(c)(19) Nonprofits</td>
<td>500 Employees or <a href="https://www.sba.gov">SBA Size Standard</a>†</td>
<td>300 Employees</td>
</tr>
<tr>
<td>501(c) or Quasigovernmental DMOs that meet</td>
<td>300 Employees*</td>
<td>300 Employees</td>
</tr>
<tr>
<td>specified lobbying restrictions†</td>
<td></td>
<td></td>
</tr>
<tr>
<td>News Organizations</td>
<td>500 Employees or <a href="https://www.sba.gov">SBA Size Standard</a>†</td>
<td>300 Employees</td>
</tr>
<tr>
<td>Other Nonprofits† that meet specified lobbying</td>
<td>300 Employees*</td>
<td>300 Employees</td>
</tr>
<tr>
<td>restrictions†</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Nonprofit organizations that exceed the applicable employee size limit are eligible if they do not exceed the applicable size limit per physical location of the organization.

<table>
<thead>
<tr>
<th>Additional Conditions</th>
<th>1st Draw Loans</th>
<th>2nd Draw Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Was fully operational on February 15, 2020</td>
<td>Received a 1st Draw Loan and will exhaust it by time the 2nd Draw Loan is issued</td>
</tr>
<tr>
<td></td>
<td>Must self-certify that current economic conditions necessitate the loan.</td>
<td>Used all of 1st Draw Loan on eligible expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Experienced at least a 25 percent revenue drop in a quarter in 2020, compared to the same quarter in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Must self-certify that current economic conditions necessitate the loan.</td>
</tr>
</tbody>
</table>

For more information, please see SBA regulations for 1st Draw Loans and 2nd Draw Loans.

**NOTE:** Professional sports leagues, publicly-traded companies, political organizations are ineligible for either a 1st or 2nd Draw Loan. Borrowers owned by an entity with significant operations in China are ineligible for a 2nd Draw Loan.
PAYCHECK PROTECTION PROGRAM

DEFINITION OF ELIGIBLE DESTINATION MARKETING ORGANIZATIONS (DMOS)

Under the law, eligible DMOs are defined as any entity that meets ALL of the following criteria:

- Is either:
  - A tax-exempt organization described under 501(c) of the tax code and exempt from tax under 501(a); or
  - Part of a state, county, or local government (or an instrumentality of such entities);
- Engages in marketing and promoting communities and facilities to businesses and leisure travelers; AND
- Meets specified lobbying restrictions.²

CALCULATING EMPLOYEE SIZE

To determine whether you meet the applicable employee size limit, you must count all part-time, full-time, and other basis employees you have (combined) on average over (1) the last 12 months prior to the date of loan application or (2) the time period used to calculate aggregate payroll costs.

SPECIAL ALLOWANCE FOR FOOD AND LODGING BUSINESSES

Food, lodging and news organizations (according to NAICS Codes 72, 511110, or 5151) with multiple locations, that have more employees than allowed under the applicable size limit (300 or 500 employees) but less than the applicable limit at each physical location, can apply for a separate loan per physical location meeting the applicable employee size limit—provided each location uses a separate Employer Identification Number (EIN).

LOAN AMOUNT

MAXIMUM LOAN AMOUNT

In general: For 1st and 2nd Draw Loans, the maximum loan amount is based on 2.5x average monthly payroll costs (over the previous 12 months, 2020, or 2019).⁶

- Up to $10 million for 1st Draw Loans
- Up to $2 million for 2nd Draw Loans

For food and lodging businesses (as defined under NAICS Code 72) seeking a 2nd Draw Loan: The maximum loan amount is based on 3.5x average monthly payroll costs, up to $2 million.

NOTE: The aggregate limit for all affiliates within a corporate group is $20 million for 1st Draw Loans and $4 million for 2nd Draw Loans, regardless of any exemption to affiliation rules.

PAYROLL COSTS

Payroll costs include wages, commission, payment of cash tips or equivalent, severance, retirement benefits, state or local payroll taxes, paid leave, group health benefits (including group life, disability, vision, and dental insurance). It does not include any cash compensation paid to an employee in excess of $100,000, or any compensation claimed under the Employee Retention Tax Credit.
PAYCHECK PROTECTION PROGRAM

FEATURES

**Covered Period.** The loan can be used to cover expenses over any period between eight weeks and 24 weeks after the loan is issued, at the discretion of the borrower.

**Loan Forgiveness:** Tax free loan forgiveness is available for any amount used on eligible expenses during the covered period. (see Loan Forgiveness section)

**Loan fees, certain credit requirements and collateral are waived:** Borrowers do not have to pay any loan fees, prove they cannot find credit elsewhere, provide collateral or a personal guarantee or pay a penalty for prepayment.

**Tax Deductibility of Covered Expenses:** You can deduct any expense paid for with PPP funds if it is normally a tax-deductible expense.

**EIDL Refinancing:** A 1st Draw Loan can be used to refinance an Economic Injury Disaster Loan (EIDL).

LOAN APPLICATION PROCESS

To apply for a loan, you must contact a participating lender and submit an application, along with any supporting documentation needed to demonstrate eligibility, which may include payroll records, payroll tax filings, income tax filings or bank records.

If you fail to provide requested documents within 20 days of loan approval, the loan will be cancelled.

For more information on how to apply, please visit the SBA’s website here.

*NOTE: Business partners must apply on a consolidated bases at the partnership level, rather than individually as self-employed individuals.*

LOAN FORGIVENESS

Tax free loan forgiveness is provided for amounts used to cover eligible expenses during the covered period (8-24 weeks). Details on the application process for loan forgiveness can be found here.

**Timeline:** Borrowers can apply for loan forgiveness anytime between the end of the covered period and the maturity date of the loan. Loan forgiveness requests must be approved or denied by the lender and SBA within 150 days.

**Eligible Expenses:** Eligible expenses include payroll costs, mortgage debt interest, rent, utilities, supplies and inventory, software and cloud-based services, uninsured damages from public disturbances in 2020 and measures to meet COVID-19 health and safety guidelines.

**60/40 Requirement:** To be eligible for loan forgiveness, at least 60% of loan proceeds must be used on payroll expenses, limiting nonpayroll costs to 40% of the loan. Any amount of nonpayroll costs exceeding the 40% limit will not be forgiven.
**PAYCHECK PROTECTION PROGRAM**

**Loan Forgiveness Penalty:** The loan forgiveness amount is reduced by the percentage of employment and the amount of wages that is reduced over the covered period, compared to the “applicable period.” However, the penalty doesn’t apply if the borrower makes a good-faith effort to rehire employees, but is unable to due to any reason, including if the borrower is unable to fully restore operations due to ongoing health and safety restrictions.

To be eligible for the penalty exemption, a borrower must document:

1. an inability to rehire individuals who were employees of the borrower on February 15, 2020, and
2. an inability to hire similarly qualified individuals for unfilled positions on or before the end of the covered period.

Borrowers are required to inform the applicable state unemployment insurance office of any employees rejecting a rehire offer within 30 days of the employee’s rejection of the offer. The documents that borrowers should maintain to show compliance with this exemption include (if applicable): the written offer to rehire an individual, a written record of the offer’s rejection, and a written record of efforts to hire a similarly qualified individual. For more information, please see SBA’s Loan Forgiveness FAQ or contact your nearest SBA District Office.

**Loan Repayment:** Any amount not forgiven must be paid back within five years, with an interest rate of 1%. Borrowers don’t have to make payments on the loan for the first 10 months after the end of the covered period. However, interest accrues during this deferment period.