

1/12/21 - For clients that are preparing to apply for a PPP “second draw” loan, the SBA published new guidance that will serve to clarify the information that is needed, depending on the business type. We provide this for your convenience and when our portal opens, these documents can be uploaded for our review and for submission to the SBA.

Documentation & Certifications to Demonstrate Eligibility for Second Draw PPP Loan

You must submit the following information to obtain a Second Draw PPP Loan (unless previously submitted in connection with a First Draw PPP Loan).

If loan is **\$150,000 or more**, documentation must be uploaded at the time of the PPP loan request.

If loan is **under \$150,000**, you will need to provide required documentation prior to or at the time you apply for forgiveness (or sooner in the event the SBA requests the documentation).

1. Complete the application form using our online portal (SBA Form 2483-SD with required certifications and documentation).
2. *For Borrowers Not Self-Employed*: Form 941 and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever quarter is used to calculate payroll) or equivalent payroll processor records (unless the borrower is self-employed).
3. *For Partnerships*: IRS Form 1065 K-1s.
4. *For Self-Employed Borrowers with Employees*: Borrower’s 2019 or 2020 IRS Form 1040 Schedule C, Form 941, and state quarterly wage unemployment insurance tax reporting forms from each quarter of 2019 or 2020, or equivalent payroll processor records. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the applicant was in operation on that date.
5. *For Self-Employed Borrowers without Employees*: 2019 or 2020 Form 1040 Schedule C, 2019 or 2020 IRS Form 1099-MISC, document to establish borrower is self-employed (e.g., invoice, bank statement, book of record), and 2020 invoice, bank statement, or book of record to establish that borrower was in operation on or around February 15, 2020.
6. *For All Loans*: Documentation sufficient to establish that borrower experienced a reduction in revenue required to be eligible for the Second Draw PPP Loan. This may include relevant tax forms, including annual tax forms, or (if relevant tax forms are not available) a copy of the applicant’s quarterly income statements or bank statements.

Required Certifications (*This is part of the application form, however, we recommend you review it prior to applying to better determine if you qualify*)

You must also make the following certifications, which largely track to certifications required for obtaining a First Draw PPP Loan (as described in the First Draw IFR).

1. The borrower was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.

2. Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant.

3. The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the PPP rules. The borrower also must certify that it understands that if the funds are knowingly used for unauthorized purposes, the federal government may hold it legally liable (such as for charges of fraud).

4. The borrower understands that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, with not more than 40% of the forgiven amount used for non-payroll costs. If required, the borrower will provide to the lender and/or SBA documentation verifying the number of full-time equivalent employees on the borrower's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.

5. The borrower has not and will not receive another Second Draw PPP Loan.

6. The borrower has not and will not receive a Shuttered Venue Operator grant from SBA.

7. The President, Vice President, executive agency head, or member of Congress, or spouse of such person, does not directly or indirectly hold a controlling interest in the borrower.

8. The borrower is not a publicly traded company.

9. The borrower certifies that the information provided in its application and supporting documents and forms is true and accurate in all material respects.

10. The borrower understands that the lender will confirm the eligible loan amount using required documents submitted and may share the borrower's tax information with SBA.

Additional new certifications:

1. The borrower has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period and has provided (or, for loans greater than \$150,000, will provide before seeking loan forgiveness) documentation substantiating the decline in gross receipts.

2. The borrower received a First Draw PPP Loan and, before the Second Draw PPP Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw PPP Loan only for eligible expenses.

3. No entity created or organized in China or Hong Kong owns or holds, directly or indirectly, 20% or more of the economic interest in the borrower.

4. The borrower is not a registered foreign agent.

5. The borrower is not primarily engaged in political or lobbying activities.