



EMPLOYEE LIABILITY MANAGEMENT, INC.

Paycheck Protection Program Round Two

The second round of PPP loans is just beginning. Below is some information we gathered from the SBA website:

Below are some notable takeaways of what to expect:

- Program will be open to new borrowers on January 11, and for 2nd draw borrowers on January 13.
- Public companies are ineligible to receive PPP funds
- Maximum loan sizes for this round are \$2 million
- Applicants must have utilized 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 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.
- Payroll can be calculated 3 ways: (1) 2019 calendar year, (2) 2020 calendar year, (3) past 12 months
- 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.
- No additional documentation will be required for second draw loans if the applicant used the full calendar year 2019 for the first draw and the second draw loan lender is the same as the first draw. The lender may require additional documentation.

If you intend on applying for this round of loans please let your payroll provider know if you need any additional reports. It appears that many of the reports that were used for the 1st round will still be applicable to the 2nd round. However, all financial institutions operate a little differently so please reach out to them for specific guidance.

*NAICS Code 72 - Every business is assigned to one NAICS code (North American Industry Classification System) based on their particular industry. This new round allows businesses that fall into NAICS Code 72 to apply for 3.5 times their payroll average vs 2.5 times for all other codes. NAICS Code 72 reads as follows: The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Excluded from this sector are civic and social organizations; amusement and recreation parks; theaters; and other recreation or entertainment facilities providing food and beverage services.

We will pass along more information as it becomes available.

Your Staff @ ELM