

First Draw PPP Loan Summary Sheet

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) was enacted, which reauthorizes lending under the PPP through March 31, 2021. The Economic Aid Act provided funding of \$806,450,000,000 for First Draw and Second Draw PPP Loans.

Provided below are some details on First Draw PPP loans including eligibility requirements, maximum loan amounts, and documentation requirements.

Eligibility

You are eligible for a First Draw PPP loan if:

- You have not already received a PPP loan;
- You, together with any affiliates (if applicable), are:
 - a small business concern under the applicable revenue-based size standard established by SBA in 13 C.F.R. 121.201 for your industry or under the SBA alternative size standard⁵;
 - an independent contractor, eligible self-employed individual, or sole proprietor;
 - a business concern, a tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code (IRC), a tax-exempt veterans organization described in section 501(c)(19) of the IRC, a Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, and you
 - employ no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201;
 - a housing cooperative, an eligible section 501(c)(6) organization, or an eligible destination marketing organization⁶, that employs no more than 300 employees;
 - a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS 511110 or 5151, that employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for your industry) per location; or
 - another type of entity specifically provided for by PPP rules; and
- You were in operation on February 15, 2020, and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC or you were an eligible self-employed individual, independent contractor, or sole proprietorship with no employees.

Maximum Loan Amount

The maximum loan amount for First Draw PPP Loans is the lesser of \$10 million or an amount that you will calculate using a payroll-based formula authorized by the Act;

- *The following formula will be most useful for many applicants.*
 - Step 1: Aggregate payroll costs from 2019 or 2020 for employees whose principal place of residence is the United States.

- Step 2: Subtract any compensation paid to an employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred.
- Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
- Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).
- Additional methods exist for self-employed individuals, sole-proprietorships, independent contractors, partnerships, seasonal businesses, and farmers and ranchers.

Documents To Be Submitted With Application

- If the borrower has employees:
 - Payroll summary for the selected calendar year (broken down to report the total compensation paid to each employee during the selected calendar year)
 - IRS Form 941s for all 4 quarters of the selected calendar year
 - State tax filings for all 4 quarters of the selected calendar year
 - Evidence of any employer paid retirement and employee group health, life, disability, vision and dental insurance contributions for the selected calendar year
- For partnerships, IRS Form 1065 including K-1s for the selected calendar year
- For independent contractors and sole-proprietorships, Schedule C for selected calendar year