



Late Wednesday night, the SBA released rules surrounding Second Draw PPP loans which can be found here: <https://home.treasury.gov/system/files/136/PPP-IFR-Second-Draw-Loans.pdf>

We want you to know that Carter CU will again be available to process your PPP loans if you are eligible.

Since it is the responsibility of the borrower to determine eligibility, we encourage you to read the rules published by the SBA. Based on what the SBA has released thus far, here are the highlights of the program.

How do I apply?

Starting today, you can [apply here](#) on Carter CU's website to access a loan application portal that will walk you through the application process and allow you to safely upload any necessary documentation. If you were granted a PPP loan through Carter CU in the first round of PPP, much of your information will already be pre-filled on the application which should make the process more convenient. If you are applying for a PPP loan for the first time with Carter CU, please email our Member Business Services team at SBA@cartercu.org for instructions on how to access the application portal.

Existing Carter Member: <https://cartercu.expressbanking.net/2/#/match>

New to Carter: <https://cartercu.expressbanking.net/2/#/search?cid=111>

Who can apply?

Businesses, some nonprofit organizations, self-employed workers and independent contractors are among those eligible. **Existing PPP borrowers may apply for a second loan, provided they have 300 or fewer employees and can demonstrate they experienced a 25% reduction in gross receipts during a quarter in 2020 compared with the same quarter in 2019.** Any PPP money received in 2020 does not count towards the calculation for "gross receipts." First-time PPP borrowers will be subject to the program's original eligibility rules. Existing PPP borrowers do not have to have their first PPP loan forgiven in order to receive a second draw PPP loan.

What are the forgiveness requirements?

Second Draw PPP Loans are also eligible for loan forgiveness on the same terms and conditions as First Draw PPP Loans. So, for the vast majority of borrowers (those borrowing less than \$150,000), you can apply for forgiveness with a one-page attestation, which should be out in the next few weeks.

Borrowers are required to spend at least 60% of the funds on payroll to receive full forgiveness. The other 40% may be used on eligible costs. These costs include certain mortgage expenses, rent and utility payments. The bill expands forgivable expenses to include expenditures for personal protective equipment and other gear to protect workers; supplier costs; operations expenditures, such as software; and property damage costs due to public disturbances during 2020.

The legislation also clarifies that businesses that received PPP loans may take tax deductions for the expenses covered by forgiven loans.

When will the program reopen?

The SBA will begin accepting applications from community development financial institutions (CDFIs) and financial institutions with assets under \$2 Billion on January 11th. Carter CU meets both criteria, and therefore businesses can get a jump utilizing Carter CU for PPP loans as all other financial institutions are expected to have access January 13. The last day to apply for and receive a PPP Loan is March 31, 2021. As with the First Draw PPP Loans, funds are limited. Congress has approved \$284 billion in new loans. That's less than the \$349 billion first round, which, you may recall, was gone in just under two weeks. Therefore, we advise to apply at your earliest opportunity.

Anything else to know?

The bill provides a simplified forgiveness process for PPP loans under \$150,000. These borrowers will need to complete a one-page certification attesting they complied with program requirements, along with providing other information. This simplified process will apply to 1st draw PPP loans that have yet to be forgiven, as well as 2nd draw PPP loans.

What else is available?

The legislation provides \$15 billion for the SBA to make grants to hard-hit live venue operators, such as theaters and live performing arts organizations. It also provides \$20 billion for advance grants for applicants to the SBA's economic-injury disaster loan program.

The bill extends a provision that pays the principal and interest on behalf of borrowers that have certain SBA loans, such as 7(a) loans, the agency's flagship loan offering. It also provides support for the 7(a) program by increasing the amount of the SBA's guarantee for lenders.

If you believe that you will be eligible and would like Carter CU to assist you, you may contact us at SBA@cartercu.org.