

Paycheck Protection Program – FAQs Updated for April 2021

1. Have you received a PPP loan prior to August 8, 2020? If the answer is NO:

- You can apply between now and March 31, 2021 for a First Draw loan provided:
 - You were in operation as a small business on February 15, 2020
 - You can attest that current economic uncertainty makes the loan request necessary to support your ongoing operations
 - You agree to use the funds to maintain self-employment income (for sole proprietors with no employees) or to retain workers, maintain payroll and pay other covered expenses as defined in the program rules
- New loans are capped at the lesser of \$10 million or 2.5 months of average eligible expenses, using Schedule F gross income as the basis of calculation for ag producers
- Loans are written for 5 years at 1 percent interest
- See question 6 for more details on:
 - How to apply
 - How to calculate your loan amount
 - How to obtain loan forgiveness

2. Have you obtained a PPP loan and received official SBA loan forgiveness (full or partial)? If the answer is YES:

- Under current SBA rules, you are not eligible to have your original loan amount recalculated.
- Jump to question 7 to see if you are eligible for a Second Draw loan.
- If forgiveness on your First Draw loan was reduced by the amount of an EIDL Advance, the SBA will reimburse us for that amount, at which time we will notify you that your loan is paid in full. If you've made a payment on that amount, we will send you a refund.

3. Have you obtained a PPP loan prior to August 8, 2020 but not yet applied for SBA forgiveness? If YES:

- You may request a recalculation of your loan amount using a new formula if doing so would result in a larger covered loan amount, provided you meet the following criteria:
 - If you are a sole proprietor with no employees and received a loan of less than \$20,833:
 - Your original loan amount as an ag producer was based on your Schedule F net income. Your new amount will be calculated on gross income.
 - If you are a farmer or rancher with employees:
 - Your original loan amount also was based on net income and can be recalculated based on gross.
 - If your partnership received a loan that only included amounts necessary for payroll costs of your employees and other eligible operating expenses but did not include any amount for partner compensation:
 - You may request an increase in your original loan amount to include appropriate partner compensation

- If you are a seasonal employer:
 - You may request an increase using a new calculation based on the average monthly payroll for any 12-week period between February 15, 2019 and February 15, 2020
- If prior to December 27, 2020 you returned all or part of a PPP loan or elected not to accept the full amount for which you were approved:
 - If you returned all of a PPP loan:
 - You may reapply in an amount you are eligible for under current PPP rules
 - If you returned part of a PPP loan:
 - You may reapply for an amount equal to the difference between the amount retained and the amount previously approved
 - If you elected to not accept the full amount of a PPP loan for which you were approved:
 - You may request an increase in the amount of the loan up to the amount previously approved
- See question 8 for more details on how to recalculate your loan amount or reapply

4. Have you previously obtained a PPP loan from us but are uncertain of the status of your SBA loan forgiveness? If the answer is YES:

- Contact our support team at 877-966-7778 option 2 to confirm your forgiveness status.

5. Have you obtained a PPP loan, used your proceeds for covered expenses, and experienced a 2020 decline in gross receipts of at least 25 percent compared with the same period in 2019 (for either a single quarter or the year)? If the answer is YES:

- You likely qualify for a Second Draw PPP loan to maintain self-employment income or retain workers, maintain payroll and pay other covered expenses
- See question 7 for more details on eligibility, how to apply, how to calculate loan amount, and how to obtain forgiveness

6. For first-time PPP borrowers: how to apply, how to calculate loan amount, how to obtain loan forgiveness

- How to apply for a First Draw loan:
 - Visit our website and click the links to our online portal
 - Create a username and password as you enter the portal for the first time
 - Complete the First Draw loan application (using our equivalent of SBA Form 2483)
 - Upload supporting documents including tax returns (for sole proprietors with no employees), payroll records (such as quarterly 941 or 943 forms for borrowers with employees) and/or documents to establish that you were in operation on or around February 15, 2020

- Seasonal businesses will be considered to have been in operation as of February 15, 2020 if they were in operation for any 12-week period between February 15, 2019 and February 15, 2020
 - Certify in good faith that current economic uncertainty makes your loan request necessary to support your ongoing operations
 - Once our processing team reviews and validates your application, we will submit it electronically to the SBA and notify you when they respond
 - Any fees payable to an agent who provides you with assistance in connection with a PPP loan (e.g., a tax accountant) are the responsibility of the borrower and may not be paid using PPP loan proceeds
 - Officers and employees of a PPP lender are restricted from obtaining a PPP loan from that lender
- How to calculate your maximum loan amount
 - Aggregate your payroll costs from 2019 or 2020 or use the 12-month period immediately preceding the date of your loan application
 - Subtract any compensation paid to an employee whose principal place of residence is outside the United States and any compensation paid to an employee in excess of \$100,000
 - Calculate average monthly payroll (divide annual cost by 12) and multiply by 2.5
 - Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance (but do not include the amount of any EIDL Advance since it does not have to be repaid)
 - This equals your maximum loan amount, capped at \$10 million or 2.5 months of average payroll, payable over 5 years at 1 percent interest
 - For ag producers who operate as sole proprietors, compute your annual payroll by using your gross farm income as reported on line 9 of your Schedule F
 - For ag producers who have employees, compute your annual payroll as follows:
 - Start with gross income on line 9 of your Schedule F
 - Subtract the sum of lines 15 (employee benefits), 22 (labor) and 23 (pension and profit-sharing plans)
 - Add gross wages and tips paid to your employees excluding commodity wages
 - Add other payroll costs, specifically employer contributions for insurance (group health, life, disability, vision, dental) and retirement plans
 - Partners and partnerships are limited to one PPP loan for the entity and will use a unique calculation for determining loan amount
- How to obtain loan forgiveness
 - Choose a period between 8 and 24 weeks after disbursement of loan proceeds as your designated covered period for using PPP funds
 - Loan proceeds can be used for:
 - Payroll and benefits (insurance premiums, retirement benefits, paid leave, and allowance for separation or dismissal)
 - Mortgage interest (but not mortgage principal or pre-payments)
 - Rent and utilities
 - Interest payments on other debt obligations incurred before February 15, 2020
 - Refinancing an EIDL loan made between January 31 and April 3, 2020
 - Business software or business cloud computing services

- Property damage costs related to public disturbances that occurred during 2020 not covered by insurance
 - Supplies that are essential to your operations and were on order prior to your covered period or were ordered during your covered period if related to perishable goods
 - Worker protection expenses related to Covid-19 including air filtration systems, physical barriers and personal protective equipment (PPE)
- Using our online portal, apply for forgiveness within 10 months of the end of your covered period
- For loans of more than \$150,000, upload accompanying documentation showing you used the proceeds for approved purposes and specifically at least 60 percent for payroll
- If you elect not to apply for forgiveness within 10 months plus 24 weeks after loan disbursement, your first payment of principal and interest will become due

7. To request a Second Draw loan: how to determine eligibility, how to apply, how to calculate loan amount, how to obtain forgiveness

- To be eligible for a Second Draw loan, you must have:
 - 300 or fewer employees
 - Have spent the full amount of your First Draw PPP loan on eligible expenses, including any recalculated loan amount
 - Can attest that current economic uncertainty makes the loan request necessary to support your ongoing operations
 - Have documentation that verifies a revenue reduction of at least 25 percent in 2020 relative to 2019 as shown by:
 - Receipts for one quarter in 2020 and the corresponding quarter in 2019 or
 - Annual tax forms that show a reduction in annual receipts of at least 25 percent from 2019 to 2020
 - Gross receipts should exclude the amount of any First Draw PPP loan forgiveness
 - Gross receipts include all revenue from the sales of products, plus interest, dividends and rents, reduced by returns and allowances
 - Generally receipts are considered “total income” (or in the case of a sole proprietor “gross income”) plus “cost of goods sold” and exclude net capital gains or losses
 - Gross receipts do not include sales taxes collected from customers
- To apply for a Second Draw:
 - Visit our website and click the links to our online portal
 - Complete the Second Draw loan application (using our equivalent of SBA Form 2483-SD)
 - For loans greater than \$150,000, you will be asked to upload supporting documents including tax returns or quarterly bank or financial statements to validate a qualifying revenue reduction
 - For loans of \$150,000 or less, such documentation must be submitted on or before the date you apply for loan forgiveness
- To calculate a Second Draw loan amount:
 - Multiply your average monthly payroll costs by 2.5

- Ag producers who operate as sole proprietors should use gross income as the basis for payroll, capped at \$100,000 per person, as reported on a Schedule F for 2019 or 2020 (at the election of the borrower)
- Producers who have employees should:
 - Start with Schedule F gross income
 - Subtract employee payroll costs for the same period
 - Divide the difference by 12
 - Add the average total monthly payment for employee payroll costs incurred or paid during the same year
 - Multiply by 2.5
- Second Draw loans are capped at the lesser of 2.5 months of average monthly payroll costs or \$2 million, payable at 1 percent interest over 5 years
- Second Draw loan forgiveness is generally subject to the same rules as First Draw loans. Note that our portal will support Second Draw forgiveness applications once the SBA begins accepting those.

8. To request recalculation/modification of a First Draw loan amount or to reapply in the case of borrowers who returned all or part of an earlier loan or turned down the full approved amount:

- For loan modification, to calculate your new maximum loan amount:
 - For ag producers who operate as sole proprietors, use your gross farm income as reported on line 9 of your Schedule F
 - For producers who have employees:
 - Start with your line 9 gross income
 - Subtract the sum of lines 15 (employee benefits), 22 (labor) and 23 (pension and profit-sharing plans)
 - Add gross wages and tips paid to your employees excluding commodity wages
 - Add other payroll costs, specifically employer contributions for insurance (group health, life, disability, vision, dental) and retirement plans
 - Divide your annual payroll costs by 12 and multiply by 2.5 to see your new maximum loan amount
 - If your partnership received a loan that only included amounts necessary for payroll costs of your employees and other eligible operating expenses but did not include any amount for partner compensation:
 - You may request an increase in your original loan amount to include appropriate partner compensation
 - If you are a seasonal employer:
 - You may request an increase using a new calculation based on the average monthly payroll for any 12-week period between February 15, 2019 and February 15, 2020
- If prior to December 27, 2020 you returned all or part of a PPP loan or elected not to accept the full amount for which you were approved:
 - If you returned all of a PPP loan:
 - You may reapply in an amount you are eligible for under current PPP rules

- If you returned part of a PPP loan:
 - You may reapply for an amount equal to the difference between the amount retained and the amount previously approved
- If you elected to not accept the full amount of a PPP loan for which you were approved:
 - You may request an increase in the amount of the loan up to the amount previously approved
- To request a recalculation or to reapply, visit our website, click the links to our portal, and once you've logged in, select the relevant option. Note that the first date the SBA will allow us to process requests for recalculation is January 25, 2021.