

# *Paycheck Protection Program*

*Loans from HOPE*



# Program Overview

## Congress Authorized This Round of Paycheck Protection Program Funding with Allocations for Hardest Hit Small Businesses and Underserved Segments

- \$284B for First-Time or Previous PPP Borrowers
- \$15B Set Aside for Community Lenders like CDFIs and MDIs
- \$35B for First-Time Borrowers
  - \$15B for Businesses with 10 or Fewer Employees or Loans of Less than \$250,000 in Low-Income Areas
- \$25B for Second Draw Businesses with 10 or Fewer Employees, or Loans of Less than \$250,000 in Low-Income Areas
- \$15B Set Aside for Live Venues, Theatres, and Cultural Institutions (Shuttered Venue Grant – Not Yet Implemented)

# Program Overview

## Supports New Eligible Organizations Affected by COVID-19

- Independent Contractors, Self Employed Individuals, or Sole Proprietors
- Nonprofits, Including 501(c)3, 501(c)19, 501(c)6
- News Organizations - NAICS Code 51
- Business Must Have Been in Operation On or Before 2/15/20

## Expense Allowance Extended

- Expenses Include, Rent, Mortgage Interest, Utilities, Other Debt Service, Operations Expenses, Property Damage, Supplier Cost and Worker Protection Expenses

# Program Overview

- Loans Can Be Fully Forgiven
  - Employee and Compensation Levels Must Be Maintained – No Less than 60% on Payroll
  - Loan Proceeds Must Be Spent on Payroll and Other Eligible Costs
- Interest Rate is 1.00%
- 5 Year Maturity
- No Collateral/Personal Guarantees Required
- No Fees from SBA or Lender
- The Maximum Loan Amount is \$2,000,000
- March 31, 2021 - Final Day to Apply

# First Draw - Documentation

Eligible Small Businesses That Did Not Receive Funding In Previous Rounds (SELECT 1<sup>ST</sup> DRAW IN VENTURES)

## REQUIRED DOCUMENTATION

- IRS Forms for Selected Reference Period
- Permitted to Use Payroll - Calendar Year 2019 or 2020
- Financial Statements
- Invoice, Bank Statements or Book of Record Is Required to Establish that Business Was in Operation on 2/15/20
- **COMPLETED & SIGNED** PPP First-Draw SBA Form 2483
- Copy of Valid Identification
- Calculation Spreadsheet

# Calculate First Draw Amount

- STEP 1 – If you are self-employed with no employees, you should find the amount on line 31 of your Schedule C.  
Example: Line 31 = \$70,000
- STEP 2 – Divide the amount from step 1 by 12 to determine average monthly payroll amount.  
Example:  $\$70,000 / 12 = \$5,833$
- STEP 3 – Multiply the amount in step 2 by 2.5 to determine your maximum loan amount.  
Example:  $\$5,833 \times 2.5 = \$14,583$

**NOTE:** If the amount on line 31 is zero or less, you are not eligible for a PPP loan.

# Second Draw - Documentation

Eligible applicants that previously received a PPP loan

## REQUIRED DOCUMENTATION

- **COMPLETED & SIGNED** SBA form 2483-SD
- Must Demonstrate 25% Reduction in Gross Receipts – Compare 2019 to 2020 Annual IRS Tax Form
- Quarterly Financial Statement
- Quarterly or Monthly Bank Statements for Relevant Quarters
- Copy of Valid Identification
- Calculation Spreadsheet

# Calculate Second Draw Amount

- STEP 1 – If you are self-employed, you will add the amounts on lines 4 & 7 on your 2020 Schedule C.  
Example: \$10,000 (Cost of goods sold) + \$25,000 (Gross income)  
= \$35,000
- STEP 2 – Add the amounts on lines 4 & 7 on your 2019 Schedule C.  
Example: \$15,000 (Cost of goods sold) + \$35,000 (Gross income)  
= \$50,000
- STEP 3 – Subtract the amount in step 2 from the amount in step 1, then divide by the amount in step 2.  
Example  $(\$35,000 - \$50,000) / \$50,000 = -0.3$  or -30%
- STEP 4 – If your amount in step 3 is 25% or more, you qualify for a second-round PPP loan.



# Additional Second Draw Information

- All PPP loan funds received before August 2020 must have been or must be used before second draw loans will be funded.
- Second draw applicants can apply if FORGIVENESS has not yet been granted.
- NOTE: Applying for FORGIVENESS is necessary.

# Additional Steps to Take

- Gather financial information.
- Companies should make sure their documents are organized and up to date.
- Gather payroll information.
- Determine what the organization has spent over the past year on employee compensation.
- Only submit totally completed signed and documentation.

# Steps to Complete the Application

- Gather all necessary documentation.
- Your applications will not be processed until you have provided all the required documentation.
- Go to [www.hopecu.org/ppp](http://www.hopecu.org/ppp).
- Click on the green button that says “Click Here to Start Your Online PPP Application”.
- Click “**Start New Application**”
- Enter your **email address** to receive a link to complete application.

# Steps to Complete the Application (continued)

- When presented the question “Do you have an existing funded loan with us?”, **select “NO”**.
- Select first or second draw.
- Submit all business information required in the application, making sure it is consistent with your financial documents.
- Enter your NAICS code.
- Second draw applicants will need to submit the SBA loan number from their first draw loan.
- If an EIDL was received, the EIDL SBA number must be provided.

# EXPECTATIONS AFTER SUBMISSION

## 1. Application Received

- Application is assigned to Relationship Management Team (RM)

## 2. Application Reviewed

- RM reviews application for accuracy and documentation
- Application is assigned to the Underwriting Team (UW) once all required documents are received

## 3. Application Underwritten

- UW calculate loan amount after reviewing documentation provided (may required additional info)
- UW submits loan to SBA for approval

## 4. Application Approved

- Closing documents are prepared by our Loan Specialist and sent to borrower for signatures via DocuSign

## 5. Funding

- Signed documents are received and reviewed for accuracy
- Funds are sent to borrower's account (***copy of voided check is required for processing***)

Note: A member of HOPE Team may contact you for additional information or documentation during this process.

# Let's Get You Funded!

Apply Now:

<https://hopeec.venturesgo.com/portal/borrowerapplication/apply>

[www.hopecu.org/ppp](http://www.hopecu.org/ppp)  
[sbapp@hope-ec.org](mailto:sbapp@hope-ec.org)

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