

Second Draw PPP Loan

Eligibility:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Required Documentation

No additional documentation to substantiate payroll costs will be required if the applicant

- Used calendar year 2019 figures to determine its First Draw PPP Loan amount,
- Used calendar year 2019 figures to determine its Second Draw PPP Loan amount, and
- The lender for the applicant's Second Draw PPP Loan is the same as the lender that made the applicant's First Draw PPP Loan.

In such cases, additional documentation is not required because Vision Bank already has the relevant documentation supporting your payroll costs. However, we may request additional documentation, if on further review, we conclude that it would be useful in conducting our good-faith review of your loan amount calculation. If these criteria are not met, then documentation will be required to substantiate payroll costs as follows:

Documentation for Employee Payroll Costs:

- Quarterly Form 941 (or other tax forms containing similar information) for each quarter in 2020 (whichever was used to calculate your loan amount) or equivalent payroll processor records;
- State quarterly wage unemployment insurance tax reporting forms from each quarter in 2020 (whichever was used to calculate your loan amount);
- Evidence of employer paid health insurance contributions;
- Evidence of employer paid retirement contributions; and
- A payroll statement or similar documentation from the pay period that covered 2/15/2020 MUST be provided to establish borrower was in operation on 2/15/2020.

NOTE: If Quarterly Form 941s are provided for each quarter in the year elected for the loan amount calculation, you must provide detail of the annual amount paid to each individual employee to verify the amount in Step 2 of the loan amount calculation. Acceptable items include W-2s or an annual payroll journal that shows gross pay for each individual employee that when total matches the amounts included on the Form 941s for the year.

In place of the Form 941s, a W-3 and the W-2s will be accepted.

Contract Labor is **not eligible** to be included in your payroll cost calculation.

Documentation for Schedule C filers:

- 2020 (whichever was used to calculate your loan amount) Form 1040 Schedule C;
- 2020 (whichever was used to calculate your loan amount) Form 1099-MISC detailing non-employee compensation received (Box 7), invoice, bank statement, or book of record that establishes self-employment; and
- A 2020 invoice, bank statement, or book of record to establish borrower was in existence on or around 2/15/2020.
- If the business also pays employees, include documentation required in the employee section.

Documentation for Schedule F filers:

- 2020 (whichever was used to calculate your loan amount) Form 1040 Schedule F;
- 2020 (whichever was used to calculate your loan amount) Form 1099-MISC detailing non-employee compensation received (Box 7), invoice, bank statement, or book of record that establishes self-employment; and
- A 2020 invoice, bank statement, or book of record to establish borrower was in existence on or around 2/15/2020.
- If the business also pays employees, include documentation required in the employee section.

Documentation for Partnerships or LLCs who file on Form 1065:

- 2020 (whichever was used to calculate your loan amount) K-1s for each partner or member.
- If the business also pays employees, include documentation required in the employee section.

Information for Seasonal Employers:

A borrower is a seasonal employer if it does not operate for more than 7 months in any calendar year or, during the preceding calendar year, it had gross receipts for any 6 months of that year that were not more than 33.33 percent of the gross receipts for the other 6 months of that year. A seasonal employer must determine its maximum loan amount for purposes of the PPP by using the employer's average total monthly payments for payroll for any 12-week period selected by the seasonal employer beginning February 15, 2019 and ending February 15, 2020.

Documentation requirements may vary based on the timeframe elected. If you are a seasonal employer, you may contact the Vision Bank PPP loan team at sbaloans@visionbank.bank for assistance in determining your documentation needs.

Revenue Reduction

Revenue Reduction Requirement Guidelines:

As previously stated, to be eligible for a Round 2 PPP loan, you must have had a gross revenue reduction of 25% or more in 2020 relative to 2019. A borrower must calculate this revenue reduction by comparing the borrower's quarterly gross receipts for one quarter in 2020 with the borrower's gross receipts for the corresponding quarter of 2019.

For example, a borrower with gross receipts of \$50,000 in the second quarter of 2019 and gross receipts of \$30,000 in the second quarter of 2020 has experienced a revenue reduction of 40 percent between the quarters and is therefore eligible for a Second Draw PPP loan (assuming all other eligibility criteria are met).

If a borrower that was in operation in all four quarters of 2019, then the borrower can compare revenue on an annual basis. If gross receipts in 2020 have decreased by 25% or greater as compared to 2019, the borrower will meet this eligibility requirement.

More details will be provided for borrowers who were not in business during some of the time periods included in 2019 or 2020 on our website.

The SBA defines gross receipts to include all revenue in whatever form received or accrued (in accordance with the entity's accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Generally, receipts are considered "total income" (or in the case of a sole proprietorship, independent contractor, or self-employed individual "gross income") plus "cost of goods sold," and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms.

Proceeds from a Round 1 PPP loan are excluded from a borrower's gross receipts.

Revenue Reduction Documentation Requirements:

If your loan amount is \$150,000 or less, you will not have to provide documentation of the revenue reduction at the time of application; however, you will be required to provide documentation of the revenue reduction on or before the date your loan forgiveness application is submitted. If you would like to submit it with your application, it will be kept on file to assist in processing your loan forgiveness application.

If your loan amount is above \$150,000, you will have to provide documentation of the revenue reduction with your application by providing relevant tax forms (including annual tax forms), quarterly financial statements, or bank statements.