

# Frequently Asked Questions on the Paycheck Protection Program



Please review this [SBA FAQ page](#) for the latest publication of FAQ documents.

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## What is the Paycheck Protection Program?

The Paycheck Protection Program (PPP) is part of the Coronavirus Aid, Relief and Economic Security Act or CARES Act, which provides \$2 trillion of aid and stimulus for both individuals and business. The PPP provided up to \$510 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis.

On April 24, 2020, an additional package of \$310 billion in funding was authorized for the Small Business Administration Paycheck Protection Program. This package aimed to replenish the available funds in order to get PPP Loans to the nation's small businesses.

On June 5<sup>th</sup>, 2020, the PPP Flex Act was signed into law. This law provided additional flexibility to applicants and institutions. The changes include an extension of the applicable coverage period for expenses from 8 weeks to 24 weeks (or Dec 31, 2020, whichever is sooner) following disbursement of the loan. The term of any loan approved after June 5<sup>th</sup> has also been extended to a minimum maturity of 5 years.

On January 8<sup>th</sup>, 2021, the SBA announced that the Paycheck Protection Program (PPP) will re-open the week of January 11 for new borrowers via a first draw as well certain existing PPP borrowers for a second draw PPP loan. This round of funding authorizes up to \$284 billion through March 31, 2021, allows borrowers to set a loan's covered period to be any length between 8 and 24 weeks, covers additional expenses and is expanded to include additional cooperatives and organizations. For more information, you may review the [Interim Final Rule on the Paycheck Protection Program](#) as Amended by the Economic Aid Act or see additional SBA guidance and information [here](#).

## Who can apply for a Second Draw PPP Loan during this re-opened period?

If you previously received a first draw PPP Loan through BankUnited, you are eligible for a Second Draw PPP Loan if you:

- Have used or will use the full amount of your First Draw PPP Loan on eligible expenses prior to disbursement of the Second Draw PPP Loan.
- Have no more than 300 employees (if NAICS 72, employs no more than 300 employees per physical location and if 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 code 511110 or 5151, employs no more than 300 employees per location); and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

## When can I apply?

Applicants that meet the application qualifications listed above can apply from the time you receive a communication from BankUnited inviting you to the application portal through March 31, 2021. BankUnited will be accepting applications for Second Draw PPP loans prior to beginning the application process for new First Draw PPP loans.

## Where can I apply for a Second Draw PPP Loan?

BankUnited will email first round PPP borrowers with additional information once it is ready to begin accepting applications. Applicants applying for a Second Draw PPP Loan should use their login credentials

from the past round. If you cannot remember your password, you should click "Forgot Password" on the login screen and enter the email used in the first round.

At this time, BankUnited is not accepting second draw applications for clients who received first round funding from another financial institution.

## What documents will I need to include in my Second Draw PPP Loan application?

You will need to provide your lender with payroll documentation. Customers should be prepared with the following information, as applicable to them:

- 2019 Filed Business Tax Return
- 2019 Q1 Payroll – 941/943/944/940 (W2 or W3 Wages)
- 2019 Q2 Payroll – 941/943/944/940 (W2 or W3 Wages)
- 2019 Q3 Payroll – 941/943/944/940 (W2 or W3 Wages)
- 2019 Q4 Payroll – 941/943/944/940 (W2 or W3 Wages)
- 2019 IRS Form 990/990-EZ (Nonprofit)
- 2019 IRS Form 1099-MISC (Sole Proprietorship/Independent Contractor)
- 2019 IRS Form 1099-K, Invoice, Bank Statement, Book Record
- 2019 IRS Form 1040 Schedule F (Farmer Income)
- 2019 IRS Form 1065 K-1 (14a Distributions)
- 2019 Payroll – PEO (Letter Required)
- 2019 Payroll – PEO Report (If Applicable)
- 2019 IRS Form 1040 Schedule C (Self-employed)
- 2019 Q1 State Quarterly Wage Unemployment Tax Report
- 2019 Q2 State Quarterly Wage Unemployment Tax Report
- 2019 Q3 State Quarterly Wage Unemployment Tax Report
- 2019 Q4 State Quarterly Wage Unemployment Tax Report
- Annual/Quarter Gross Receipts – 2019 (Required)
- Annual/Quarter Gross Receipts – 2020 (Required)
- Retirement and/or Health Employer Contributions
- Validate Operation on 2/15/2020 (Payroll Statement or Equivalent)

Additionally, on January 19th, the SBA issued guidance detailing how PPP borrowers should calculate revenue reduction and maximum loan amounts for Second Draw PPP loans. The guidance also lists the documents borrowers must provide to support each set of calculations. Please carefully review this information [here](#).

The above listed documentation should be uploaded at the time of application through the Online Portal. For loans less than \$150,000, you will be required to upload all payroll information; however, documentation proving the 25% reduction in revenue is not required until you apply for forgiveness. You should keep this documentation on hand should SBA request it during their approval process.

## Can I apply for multiple businesses on the same loan application?

No. Multiple businesses will require multiple applications. Each business requires a different payroll calculation, and multiple applications are required to avoid errors in processing your loan.

## What can I use these loans for?

- Payroll costs, including benefits—at least 60% of the PPP loan proceeds need to be used for payroll costs;
- Interest on mortgage obligations, but not mortgage prepayments or principal payments;
- Rent payments;

- Utility payments;
- Operations expenditures, property damage costs, supplier costs, and worker protection expenditures.

Please review the [Interim Final Rule](#) for additional information on eligible expenses.

### What counts as payroll costs?

The below content lists eligible payroll costs:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

### What time period should I use to determine number of employees and payroll costs to calculate my maximum loan amount?

In general, borrowers can calculate their aggregate payroll costs using the 2019-calendar year, the 2020-calendar year, or the previous 12 months. For seasonal businesses, the applicant may use average monthly payroll for any 12-week period between February 15, 2019 and February 15, 2020. For new businesses without 12 months of payroll costs but that were in operation on February 15, 2020, average monthly payroll may be calculated based on the number of months in which payroll costs were incurred.

See the SBA's guide on [How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide](#) and the [SBA Form 2483-SD](#) for additional information.

### The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits.

### Do PPP loans cover paid sick leave?

Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127). Learn more about the Paid Sick Leave Refundable Credit [here](#).

### Should payments that I made to an independent contractor or sole proprietor be included in payroll costs calculations?

No. Any amounts paid to an independent contractor or sole proprietor should be excluded from payroll costs.

### How large can my Second Draw PPP Loan be?

For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019

or 2020 payroll costs up to \$2 million. For borrowers in the Accommodation and Food Services sector (use NAICS 72 to confirm), the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million. Businesses that are part of a single corporate group should not receive more than \$4 million of Second Draw PPP Loans in the aggregate. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

### **What is my interest rate?**

1.00% fixed rate.

### **Do I need to pledge any collateral for these loans?**

No. No collateral is required.

### **I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?**

Potentially. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, has been convicted of a felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance within the last five years or any other felony within the last year.

### **What do I need to certify? (For Second Draw PPP Loans)**

As part of your application, you need to certify in good faith that:

- The Applicant was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.
- Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- The Applicant has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period. For loans greater than \$150,000, Applicant has provided documentation to the lender substantiating the decline in gross receipts. For loans of \$150,000 or less, Applicant will provide documentation substantiating the decline in gross receipts upon or before seeking loan forgiveness for the Second Draw Paycheck Protection Program Loan or upon SBA request.
- The Applicant received a First Draw Paycheck Protection Program Loan and, before the Second Draw Paycheck Protection Program Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw Paycheck Protection Program Loan only for eligible expenses.
- The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.
- I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If

required, the Applicant will provide to the Lender and/or SBA documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.

- The Applicant has not and will not receive another Second Draw Paycheck Protection Program Loan.
- The Applicant has not and will not receive a Shuttered Venue Operator grant from SBA.
- The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in the Applicant, with such terms having the meanings provided in Section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act.
- The Applicant is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).
- The Applicant is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China.
- The Applicant is not required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C.612).
- The Applicant is not a business concern or entity primarily engaged in political or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents.
- I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

## What is Covered Period of a Second Draw PPP Loan?

For purposes of loan forgiveness, the covered period is the period beginning on the date the lender disburses the PPP loan funds and ending on a date selected by the borrower that occurs during the period (i) beginning on the date that is 8 weeks after the date of disbursement, and (ii) ending on the date that is 24 weeks after the date of disbursement. The covered periods for a First Draw PPP Loan and a Second Draw PPP Loan cannot overlap; the borrower must use all proceeds of the First Draw PPP Loan for eligible expenses before disbursement of the Second Draw PPP Loan.

## What is the maturity date of a PPP loan?

All Second Draw PPP loans have a 5-year maturity date. First Draw PPP loans that received an SBA loan number on or after June 5, 2020 have a 5-year maturity. If a First Draw PPP loan received an SBA loan number before June 5, 2020, the loan has a 2-year maturity. The promissory note for the PPP loan will state the term of the loan.

## When and where can I apply for forgiveness of my First Draw PPP Loan?

For First Draw PPP loans, customers will be able to apply for forgiveness in accordance with communications from BankUnited. Additional details and links will be provided.

## What additional information pertains to forgiveness of my Second Draw PPP Loan?

For Second Draw PPP Loans in excess of \$150,000, the borrower must submit its loan forgiveness application for the First Draw PPP Loan before or simultaneously with the loan forgiveness application for the Second Draw PPP Loan.

## Where can I find more information on PPP Loan Application and/or Forgiveness?

You can find the official SBA [Paycheck Protection Program information page here](#). The SBA makes regular updates to their guidance and the referenced FAQ. This lending institution is providing a basic version of the FAQ for ease of use on behalf of the borrower. If there is any discrepancy between information found on this lending institution's FAQ and the SBA FAQ, the SBA document should be taken as the source of truth.

## How can I reach BankUnited with further questions?

Contact your commercial banker or branch representative directly.

**To view the most updated PPP FAQ sheet(s) provided by the Small Business Administration (SBA), in consultation with the Department of the Treasury, click [here](#).**

**For additional detail, you may review the Interim Final Rule on the Paycheck Protection Program as Amended by the [Economic Aid Act](#) or the [Interim Final Rule](#) on Second Draw PPP Loans.**

**More information can be found on the U.S. Chamber of [Commerce Coronavirus Resources site](#).**