



# JEANNE D'ARC

CREDIT UNION

Dear Valued Jeanne D'Arc Business Member,

As of December 27<sup>th</sup>, 2020, new changes have been made to the Laws and Regulations regarding PPP loans. As such, we are pleased to inform you that Jeanne D'Arc Credit Union will be participating in the newest Paycheck Protection Loan Program, otherwise known as the "Second Draw Loan."

We will continue to utilize the Lenders Cooperative [online portal](#) to process these new Second Draw Loans, which is the same system our PPP borrowers are using for the forgiveness portion from the original PPP loans.

Currently, we are waiting on the Small Business Association (SBA) to provide the newest Interim Final Rules and clarifications on certain aspects of the guidelines before moving forward with any new applications and forgiveness requests.

**Below are some of the highlighted changes to the new loan program that have been released by the SBA:**

- **Eligibility Updates**
  - Business or organizations that were not in operation on February 15, 2020 shall not be eligible for an initial PPP loan and a second draw PPP loan.
  - No more than 300 employees (down from 500 in the first two rounds)
  - Have used or will use the full amount of their first PPP.
  - Demonstrate at least a 25 percent reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter. Provides applicable timelines for businesses that were not in operation in Q1, Q2, and Q3, and Q4 of 2019. Applications submitted on or after January 1, 2021 are eligible to utilize the gross receipts from the fourth quarter of 2020.
- **Loan Terms** – borrowers may receive a loan amount of up to 2.5X the average monthly payroll costs in the one year prior to the loan or the calendar year:
  - Covered period for new PPP loans is extended until March 31, 2021.
  - Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019 through February 15, 2020. Can't be open more than 7 months in the year to be considered seasonal.
  - New entities may receive loans of up to 2.5X the sum of average monthly payroll costs.
  - Entities in industries assigned to NAICS code 72 (Accommodation and Food Services) may receive loans of up to 3.5X average monthly payroll costs.
  - Streamlined process for loans of not more than \$150,000.

- **Loan Forgiveness** – the 60/40 breakdown between payroll and non-payroll costs in order to receive full forgiveness still applies. Additions to business expenses are as follows:
  - Covered operations expenditures. Payment for any software, cloud computing, and other human resources and accounting needs.
  - Covered property damage costs. Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
  - Covered supplier costs. Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
  - Covered worker protection expenditure. Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.
- **Simplified application/forgiveness process** for loans under \$150,000. (Details not yet released by SBA).
- **Economic Injury Disaster Loans Advance (EIDL) Amounts** – will not be deducted from PPP Loan forgiveness amount going forward. If your EIDL was already deducted from your forgiveness amount, the SBA will issue rules on how to make you whole for the difference.

We will keep you updated as further information is presented. Please review our website at [www.jdcu.org/build](http://www.jdcu.org/build) for our most up-to-date information as we progress and learn more.

Sincerely,

Jeanne D'Arc Credit Union  
Business Services Team