

Second Draw PPP Loan Forgiveness

Revenue Reduction Documentation

Speaker & Moderator



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Agenda

Discussion Topics:

- Brief Overview of FFB Forgiveness Process
- What is Different with Second Draw PPP
- Documentation Borrowers Must Provide
- Resources Available

Target Audience:


- PPP Second Draw Loans of \$150,000 or Less
- CPAs and Other Advisors

Questions and Answers

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Dashboard Info to Apply

 SBA Loan

Borrower: [REDACTED] Loan Number: [REDACTED]

Loan Amount / New Commitment: USD 350,500.00 Closed Date: 2/3/2021

Interest Rate: 1.00 % Loan Term (Months): 60

SBA Loan Forgiveness Application

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3508S Form Qualification

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using SBA Form 3508S only if the total PPP loan amount you received from your Lender was \$150,000 or less. However, a borrower that, together with its affiliates, received PPP loans totaling \$2 million or more cannot use this form. If you are not eligible to use this form, please continue to next question in this form as you must apply for forgiveness of your PPP loan using SBA Form 3508 or 3508EZ. *

Please select...

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SBA Forgiveness Application

Ready to Submit an SBA Forgiveness Application, Click Here

The Loan Number is needed to Submit the SBA Application. Please take note of the Loan Number noted in the above 'Your Products' section.

3508S \$150,000 and below Application

SBA Loan Forgiveness Application

SBA Loan Forgiveness Application

3508S Form Qualification

You (the Borrower) can apply for for SBA Form 3508S only if the total PPP loan amount is \$150,000 or less. However, a borrower that, together with any affiliates, has more than 500 employees cannot use this form. If you are a borrower with more than 500 employees, you cannot use this form as you must apply for forgiveness through the lender.

Yes - I qualify for 3508S

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PPP Loan Forgiveness Application

PPP Borrower & Loan Detail

[Need Help Accessing the Lender PPP L](#)

Lender PPP Loan Number *

Employees at Time of Loan Application

Forgiveness Amount Calculation:

Potential Forgiveness Amount

Line 6. PPP Loan Amount *

\$

I certify...

Please select...

Forgiveness Amount

Forgiveness Amount *

\$

Financial Statements

PPP Loan Draw

Please select...

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Revenue Reduction Options

- Most applicants will compare a 2020 quarter with the same quarter of 2019. Example: Quarter 2 2020 vs. Quarter 2 2019.
- For applicants with only Q3 and Q4 2019, they can compare any one 2020 quarter with one of these quarters from 2019.
- For applicants with only Q4 2019, they can compare any one 2020 quarter with this quarter of 2019.
- For applicants not in business during 2019, but in business before 2-15-2020, they can compare Q1 2020 to any of the other three quarters of 2020.

Source: Second Draw PPP application dated 3-18-2021.

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Revenue Reduction Documents

Acceptable Forms of Documentation:

- 1) **Borrower quarterly financial statements** – borrowers can provide the quarterly income statement for the comparable reference quarters (example: Q2 2020 and Q2 2019) to show their 25% revenue reduction. The first page must be signed and dated and all subsequent pages initialed unless they are CPA audited financials. Also, the borrower must annotate which line items constitute gross receipts if not easily identifiable.
- 2) **Borrower quarterly or monthly bank statements** – these would be for the comparable quarters showing deposits. The borrower must also annotate which deposits in the bank statements are gross revenue receipts. A best practice if using this method is to provide a separate sheet listing out the total deposits for the two referenced quarters so they can easily be compared.
- 3) **Annual IRS income tax filings for the borrower** – the 2019 and 2020 tax returns can also be used as a comparable to show a 25% revenue reduction in lieu of quarterly financials. Borrowers will need to complete their 2020 tax return even if not yet filed at the time forgiveness is requested. This will also need to be signed and dated.

Source: Second Draw PPP Calculation and Revenue Reduction Document dated 3-12-2021.

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Tax Return Options

Using Tax Returns:

The amount required to compute gross receipts and determine the revenue reduction varies by entity tax return type:

- 1) **Self-employed other than farmers and ranchers** – sum of lines 4 and 7 on the 1040 Schedule C.
- 2) **Self-employed farmers and ranchers** – sum of lines 1b and 9 of the 1040 Schedule F.
- 3) **Partnerships** – sum of lines 2 and 8 minus line 6 of the IRS form 1065.
- 4) **S-corporations** – sum of lines 2 and 6, minus line 4 of the IRS form 1120-S.
- 5) **C-corporations** – sum of lines 2 and 1, minus the sum of lines 8 and 9 of IRS form 1120.
- 6) **Non-profits using IRS form 990** – sum of lines 6b(i), 6b(ii), 7b(i), 7b(ii), 8b, 9b, 10b and 12 (column A) of part VIII.
- 7) **Non-profits using IRS form 990-EZ** – sum of lines 5b, 6c, 7b and 9 of Part I.
- 8) **LLC** – follow the instructions that apply to their tax filing status in the reference periods.

Source: Second Draw PPP Calculation and Revenue Reduction Document dated 3-12-2021.

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Resources

■ Bank Resources Available:

- PPP webpage at www.bankatfirst.com/ppp
- sbaforgivenessquestions@bankatfirst.com

■ Other Resources Available:

- www.sba.gov
- www.treasury.gov

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Questions

- The First Financial Bank team looks forward to helping small businesses and non-profits navigate this process.
- Live Q & A