



Dear Business Member,

We were here for you during the first round of **Paycheck Protection Program (PPP)** and we will be here for you again for the second round of PPP funding.

On January 6th, the SBA released an interim final rule announcing additional funding under the Paycheck Protection Program along with an updated application known as 2483-SD. While we await final guidelines from the SBA, we wanted to share what we know at this time regarding eligibility requirements for the second wave of PPP funding and your next steps for the application process.

Planning on Applying for Round 2 PPP?

- **If you partnered with us on the first round of PPP funding**
 1. Please contact the [Community Assistant Vice President](#) (CAVP) you worked with previously to start your Round 2 Application.
 2. You will be provided a new Round 2 application link by the CAVP with your existing information already pre-filled! See eligibility requirements below.
- While it is currently our understanding that Forgiveness does not need to be completed for Round 1 before applying for a Round 2 PPP Loan (unless the file is under additional SBA review), we would strongly recommend if you have not yet submitted your forgiveness application and supporting documentation for your existing PPP loan from Round 1, please contact the [Community Assistant Vice President](#) that you have been working with to complete this step as soon as possible.

New to PPP?

- If you did not apply with Honor in the first round of the Paycheck Protection Program funding and wish to apply for the second round of funding, please reach out directly to the [Community Assistant Vice President](#) responsible for your area to begin the process.

Round 2 Eligibility Requirements

- The business can demonstrate at least a 25% reduction in gross receipts in any quarter of 2020 relative to the same quarter of 2019.

- Required documentation:
 - Quarterly income statement/profit and loss statement for 2019 and 2020 corresponding quarters (any quarter) that show 25% reduction in gross receipts, OR
 - 2019 US federal tax return and 2020 year end income statement that shows 25% reduction in gross receipts annually.
 - *Example* - 2019 2nd quarter income statement and 2020 2nd quarter income statement reflecting a 25% reduction for eligibility
- Borrowers are advised to remove any prior PPP funding from their gross receipts if included in their current general ledger.
- Max loan amount of 2.5X average monthly payroll costs, up to \$2 million
 - Small businesses operating under NAICS code 72 (accommodation and food services) may receive loans up to 3.5X average monthly payroll costs.
- Business cannot employ more than 300 employees.
- Must have used or will use the full amount of the first PPP loan.
- Borrowers are only eligible to receive one 2nd round PPP loan.
- Important for First Round Participants - Borrowers expecting to use 2019 payroll costs again for the 2nd round that have already been validated by Honor Credit Union **will not need to supply additional documentation related to 2019 payroll costs.**
 - You **WILL** be required to provide required documentation of your 25% reduction in gross receipts to the credit union.

Additional State Business Relief

Although not related to PPP, we are aware of the \$106 million in additional state funding to be made available to Michigan businesses and workers affected by the pandemic due to recently signed legislation by Governor Whitmer. This program, to be coordinated by the Michigan Economic Development Corporation, is still in development. According to MEDC, “Full details will be available when program guidelines and other application details are presented at a special Michigan Strategic Fund Board meeting scheduled for January 14, 2021.” We will be sure to pass on any additional information we learn about this program to you as well in the coming weeks.

What’s Next?

We expect demand to be high for this relief program and, as such, we encourage you to have all necessary information and documentation prepared in advance to assist us in expediting your application and contact us to begin your Round 2 application.

Please be advised that as additional guidance is provided from both the SBA and federal government, we will continue to send pertinent updates your way. For a comprehensive review of the most current guidance related to eligibility requirements of Round 2 along with ongoing updates to the Paycheck Protection Program, please visit the [U.S. Department of the Treasury’s website](https://www.treasury.gov).

We thank you for your continued trust and patience in us as we work through these challenging times together.

Thanks for being a member,



Scott DeFries
VP of Business Services

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