



Preparing for PPP First Draw Loans

SBA is reopening the Paycheck Protection Program (PPP) for First Draw PPP Loans (“First Draw”). New legislation will permit lenders to make new First Draw loans under many of the same requirements as the initial PPP program that was offered in 2020 and clarifies certain rules that were already put in place by the SBA. Business size thresholds (including affiliation test and affiliation waivers), maximum loan amounts, loan amount calculations, and loan terms remain largely the same.

Details of the new legislation are subject to change based on guidance issued by the SBA. Atlantic Capital will do its best to update the website as new information becomes available. We encourage you to consult your tax, accounting, legal, and other advisors regarding how the program applies to your particular circumstances. Do not rely solely on information provided by Atlantic Capital for your financial decisions.

Who will be able to apply for a PPP First Draw Loan through Atlantic Capital Bank?

- Existing business deposit and/or loan clients of Atlantic Capital Bank that did not previously obtain a PPP loan and qualify based on the new legislation. Please note that the existing deposit or loan account must be in the exact name and taxpayer identification number as the entity which will apply for a PPP loan.

When will the next round of Paycheck Protection Program (PPP) funds be made available?

- As of January 9, 2021, the SBA has released some of the Interim Final Rules (IFR) related to the COVID-19 Relief bill that became law on December 27, 2020. They have announced that PPP will re-open on January 11 for Community Financial Institutions (CFI). Atlantic Capital is not a CFI and we are still waiting on a specific date when the program will re-open for Atlantic Capital and the majority of lenders.

What is a Community Financial Institution (CFI)?

- A CFI is one of four types of lenders.
 - Community Financial Development Institution (CDFI)
 - Minority Depository Institution (MDI)
 - Community Development Corporation (CDC)
 - Microlender Intermediary

What has changed for First Draw PPP borrowers?

- Eligibility expanded to include certain housing cooperatives and news organizations

- Eligibility expanded to include certain 501(c)(6) non-profit organizations and destination marketing organizations that do not engage in lobbying activities and that have 300 or fewer employees
- Certain new (or clarified) ineligibility criteria has been established, including:
 - Business must have been in operation as of February 15, 2020
 - Not be among the types of businesses that are normally ineligible for financing under SBA rules (other than eligible non-profit organizations and faith-based organizations)
 - Not be publicly traded
 - Not have received a Shuttered Venue Operation Grant
- Payroll costs (used to calculate loan amounts and that are eligible forgivable expenses) expanded to include certain other employer-provided group insurance benefits. This includes group life, disability, vision, or dental insurance.
- Allowable/forgivable expenses are expanded to include:
 - Covered expenditures for operations (software, cloud computing, and other human resources and accounting needs)
 - Covered property damage costs (due to public disturbances that occurred during 2020 that are not covered by insurance)
 - Covered supplier costs (payments to a supplier pursuant to a contract, purchase order, or order for goods that was in effect prior to taking out the loan and was essential to the recipient's operations at the time at which the expenditure was made)
 - Covered worker protection expenditures (investments in PPE and other measures to comply with health and safety guidelines)
- Covered Period Flexibility
 - Borrowers will be able to select any length of covered period between 8 and 24 weeks, starting on the day the loan is disbursed and ending on a day selected by the borrower as defined by the SBA.

How can I get ready?

- Obtain your payroll records for 2019 and 2020. Most payroll providers have reports that will provide the information needed.
- Gather name, address and TIN of each owner that holds 20% or more of the equity in the business.
- If the applicant or any owner of the applicant has ownership or common management (including a management agreement) with any other business, then those businesses will need to be provided on the PPP Second Draw Application Form. Be prepared to provide the company names, TINs (if available) and describe the relationship.
- Refer to the attached PPP Origination – Acceptable Documents Checklist

How do I apply?

- Atlantic Capital Bank's PPP loan requests are only processed via its online application portal. Contact your Atlantic Capital Bank Relationship Manager to request an application link.
- Missing documentation will result in a delay in processing applications.

Resources

- U.S. Small Business Administration [Paycheck Protection Program \(sba.gov\)](https://www.sba.gov)
- U.S. Department of the Treasury [The CARES Act Provides Assistance to Small Businesses | U.S. Department of the Treasury](https://www.dht.gov)
- Georgia Small Business Development Centers [Home | University of Georgia Small Business Development Center \(georgiasbdc.org\)](https://www.georgiasbdc.org)
- For Small Business Development Centers in other states [Find Your SBDC - America's SBDC](https://www.sba.gov)