How PPP Second Draw Works

The Paycheck Protection Program allows FarmLink to make loans to cover the following types of expenses: payroll, rent, mortgage payments, utilities, and debt obligations. SBA provides a 100% guarantee and will forgive the loan if funds are used appropriately. If forgiven, SBA will pay FarmLink back directly.

- PPP loans have a 1% interest rate and no loan nor guarantee fee.
- Loans will have a 5-year term. Interest will start accruing from the day funds are disbursed. These loans are expected to be forgiven by the Small Business Administration if used as directed by the program. If deemed fully eligible for forgiveness by SBA, the principal and interest will be forgiven.
- Funds are to cover payroll and eligible expenses for 24 weeks. All funds must be used within 24 weeks.
- To qualify you must be: a sole proprietor, independent contractor, or small business with fewer than 300 employees. If you already received a PPP loan, you must have used the full PPP loan amount from Round 1.
- No collateral is required. No personal guarantees are required.
- Applications close March 31, 2021.
- FarmLink’s maximum loan size for this program is $250,000. Other lenders can lend up to $2,000,000. If you need additional capital, you need to work with another lender. You cannot have two PPP loans.
- FarmLink’s minimum loan size is $2,500.

How PPP Second Draw is Different

Applicants must show that they have had a 25% reduction in gross revenue between 2019 and 2020. This can be shown in one of two ways:

- Submitting 2019 and 2020 tax returns showing a reduction in revenue of 25% or greater, OR
- Submitting internal records showing a reduction in revenue of 25% or greater, comparing the same quarters in 2019 and 2020. You only need to show a reduction of revenue in one quarter: Q1 = Jan – March, Q2 = April – June, Q3 = July – September, Q4 = October – December. Note you must submit 2019 taxes.

For farm/ranch businesses that are sole proprietors only, PPP calculations are based on the business’s gross revenue, not the net revenue. This can be your 2019 gross revenue or your 2020 gross revenue. The employee payroll costs for that time period will be deducted from your gross revenue for your total PPP loan amount. This does NOT apply to farm/ranch businesses that are structured as corporations, partnerships, or multi-member LLC.

How to Apply

- Submit an online loan inquiry at: californiafarmlink.org/loan-inquiry-form/ and select PPP option
- Complete page 3 of this form and submit it with the documents requested at the bottom of page 3

How Loan Forgiveness Works

- The entire loan must be used for qualifying costs: Payroll, employee benefits, mortgage interest payments (not the principal), rent, utilities, or interest on debt that you took on before Feb 15, 2020
- At least 60% of the loan must be used for qualified payroll costs. If you use less than 60% of the loan for payroll it will not be forgiven. This means 40% of the funds can be used for utilities, rent, and interest expenses.
- Funds cannot be used for other purposes. Purchasing tools, plants, or supplies are NOT eligible uses of PPP. FarmLink has other loan products if you need this type of financing
- You must be able to provide documentation of how funds were spent, including payroll records and receipts for bills paid. If you cannot provide verification of how funds were used, it will not be forgiven.
Help for Calculating the Loan Amount

Your application will be based on 2019 OR 2020 expenses. Do not mix years and do not take an average of the two years. If you have already submitted your 2019 information want to continue using 2019 as the basis, no new payroll or tax information is required. If you plan to use your 2020 as the basis, please submit all your 2020 payroll and tax information, or what you plan to file.

Monthly Payroll Costs can include:

- Salary, wage, commission, or similar compensation
- Payment of cash tip or equivalent
- Benefit costs including:
  - Payment for vacation, parental, family, medical, or sick leave.
  - Payment required for the provisions of group health care benefits, including insurance premiums
  - Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of the employee

Monthly Payroll Costs cannot include:

- H2A workers, 1099 employees, volunteers, or any compensation of an employee whose principal place of residence is outside of the United States
- Compensation of an individual employee in excess of an annual salary of $100,000, as prorated for the period February 15, to June 30, 2020.
- Payroll taxes and income taxes. The Federal government will not pay you for the taxes owed to the government.

For Sole Proprietors with no employees: Maximum Loan = (2019 OR 2020 Gross Revenue ÷ 12) x 2.5.

If your gross revenue is over $100,000, reduce it to $100,000 and use this as the basis for the calculation.

2019 OR 2020 Gross Revenue = ________________ ÷ 12 = __________________ = Average Monthly Income
Average Monthly Income = ________________ x 2.5 = __________________ = Loan Amount

You must provide the 2019 or 2020 (whichever you used) Schedule F from taxes, proof of self-employment, and proof that you were in operation on or around February 15, 2020.

For businesses with employees that do not file Schedule Fs: Max Loan = (2019 OR 2020 Total Payroll Costs ÷ 12) x 2.5

2019 OR 2020 Total Payroll = ________________ ÷ 12 = __________________ = Average Monthly Payroll
Average Monthly Payroll = ________________ x 2.5 = __________________ = Loan Amount

Make sure your total payroll includes benefit costs and state/local taxes. If you don’t feel this is an accurate calculation based on your business’s seasonality, contact FarmLink for assistance. If any employees are paid over $100,000, reduce that salary to $100,000 for the basis of this calculation.

For Sole Proprietors with Employees: Maximum Loan = (Average Monthly Income + Average Monthly Payroll) x 2.5

Average Monthly Income = ________________ + Average Monthly Payroll = ________________ = Total Payroll
Total Payroll = ________________ x 2.5 = __________________ = Loan Amount
Paycheck Protection Program Loan Application

The following checklist includes items required for a California FarmLink PPP application. California FarmLink reserves the right to modify this requirements checklist if/as additional needs are discovered during the loan application and underwriting process.

Please contact California FarmLink if you have any questions, or would like help filling out this information.

Loan Applicant Information

Name: ________________________________________________________________________________________
Mailing Address: ________________________________________________________________________________
City: ___________________________ State: _______ Zip: ___________ County: _________________________
Date of Birth: ___________________________ Social Security #: ___________________________
Phone: ____________________________
Email: _______________________________________________________________________________________

Business Information

Business Name: ________________________________________________________________________________
Business Address: _____________________________________________________________________________
City: ___________________________ State: _______ Zip: ___________ County: _________________________
Date Business Established: ___________________________ Tax ID#: ____________________ Website:________________________

Legal Business Structure: Sole-Proprietorship Partnership Corporation LLC/Other

Current Employment Information: Full-Time:_______ Part-Time:_______ Seasonal Full-Time:_______
(35 or more hrs/wk) (Less than 35hrs/wk) Seasonal Part-Time:_______

(Number of current employees)

Description of business (what crops you grow and where you typically sell):

How did you calculate your PPP request in the SBA form? Choose which applies to you:

a. Employees: 2019 OR 2020 Total Payroll = _____________ ÷ 12 = ___________________

b. Sole Proprietor: 2019 OR 2020 Gross Sales = _____________ ÷ 12 = ___________________

c. Sole Proprietor with Employee = a) _____________ + b) _____________ = ________________

Please provide the following to complete your application if you received your first PPP from FarmLink:

☐ Demonstration of reduction of revenue by 25% between 2019 and 2020. This can be your 2019 and 2020 taxes showing 25% less sales in 2020 OR internal statements for one quarter showing 25% less sales.

☐ 2019 taxes and 2020 taxes or internal numbers including IRS Form W-2 for all employees, IRS Form W-3 for wages, tips, and other compensation and state and local taxes, and IRS Form 1099 for all individuals paid as independent contractors. If you are using the same period as you did for the first PPP loan, no additional information is required.

☐ Profit & Loss Statement for 2019 OR 2020

☐ Complete SBA Paycheck Protection Program application

☐ If self-employed, submit proof via 2019 or 2020 (whichever you used) 1099--MISC detailing nonemployee compensation OR an invoice, bank statement, OR book of record showing your name as the owner of the business

☐ If self-employed, submit proof via a dated 2020 invoice, a dated bank statement, or book of record from that time period