



EASTERN SAVINGS BANK®

Established 1905

easternsavingsbank.com

Welcome to Eastern Savings Bank!

Although not a previous SBA lender, Eastern Savings Bank registered to originate Paycheck Protection Program (PPP) Loans in April 2020 so we could help struggling small businesses in our local community. Unlike many other lenders, we accept first time and second draw applications from businesses that are not currently customers, as long as they are located in Baltimore City, or Anne Arundel, Baltimore, Carroll, Harford, Howard, Montgomery and Prince George's Counties in Maryland.

Of course, our existing customers are more than welcome to apply with us as well!

Did you know that even if you received a first draw PPP loan from another lender, you can apply for a second draw loan with Eastern Savings Bank? It's true; we have already originated and funded several loans to borrowers who received their first PPP loan from someone else.

See the attached quick summary of first and second draw requirements and program details. We have also included a quick reference guide of the documentation we will need to process your PPP loan request.

Our customer service and frequent communication about the status of your PPP loan request sets us apart. Please contact us at ppp@easternsavingsbank.com with any questions on the program.

Apply now!

<https://www.sageworksanalyst.com/loanapplication/start.aspx?customersid=53728>

PAYCHECK PROTECTION PROGRAM SECOND DRAW LOANS

The Paycheck Protection Program (PPP) now allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP Loan with the same general loan terms as their First Draw PPP Loan. Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Full Forgiveness Terms

Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

Targeted Eligibility

A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Maximum Loan Amount and Increased Assistance for Accommodation and Food Services Businesses

For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million. For borrowers in the Accommodation and Food Services sector (click [HERE](#) for NAICS 72 to confirm), the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.

How and When to Apply

Borrowers can apply for a Second Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All Second Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

Ensuring Access for All

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$25 billion is being set aside for Second Draw PPP Loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept Second Draw PPP Loan applications from community financial institutions starting on January 13, 2021. The PPP will open to all participating lenders for Second Draw PPP Loans shortly thereafter.

Visit www.sba.gov or www.treasury.gov for more information and details, including the comprehensive program rules.

PAYCHECK PROTECTION PROGRAM FIRST DRAW LOANS

SBA is reopening the Paycheck Protection Program (PPP) for First Draw Loans the week of January 11, 2021. First Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Full Forgiveness Terms

First Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

Who Can Apply

Eligible small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—can apply. Entities with more than 500 employees in certain industries that meet SBA's alternative size standard or SBA's size standards for those particular industries can also apply.¹

Reapplying and Loan Increases

Existing PPP borrowers that did not receive loan forgiveness by December 27, 2020 may: (1) reapply for a First Draw PPP Loan if they previously returned some or all of their First Draw PPP Loan funds, or (2) under certain circumstances, request to modify their First Draw PPP Loan amount if they previously did not accept the full amount for which they are eligible.

How and When to Apply

Borrowers can apply for a First Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All new First Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

Ensuring Access for All

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$15 billion is being set aside for First Draw PPP loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept loan applications from community financial institutions starting on January 11, 2021. The PPP will open to all participating lenders shortly thereafter.

Visit www.sba.gov or www.treasury.gov for more information and details, including the comprehensive program rules.

¹ Also eligible to apply for First Draw PPP Loans are businesses with a NAICS Code that begins with 72 (Accommodation and Food Services sector) or eligible news organizations with no more than 500 employees per physical location, as well as housing cooperatives, 501(c)(6) organizations, or destination marketing organizations with no more than 300 employees.

Documentation Guide

Thank you for choosing Eastern Savings Bank for your PPP loan!

Please consult the appropriate section below based on your situation. Although other documentation may be required, in general the following will need to be submitted for each of the following situations

Existing ESB PPP Borrower

documentation to support the annual (2019 vs 2020) or quarterly (same quarter of 2019 to same quarter of 2020) decline in revenue included on the application (only required upfront if the loan amount requested is over \$150,000. However, this information must be submitted when the borrower applied for loan forgiveness, so it can be optionally submitted now. If your loan request is \$150,000 or more, you must submit now. Documentation could include an annual or quarterly profit and loss statement that is self-prepared or prepared by an accountant.

If you did not submit your full year 2019 payroll records to support the original PPP loan amount, you will need to submit an annual pay statement for full year 2019 . Please contact us if you are not sure.

a copy of the drivers license for all principals listed as 20% or more owners, or any authorized signers **that are different from your first round loan.**

a copy of a voided check for the bank account they would want the PPP loan funds to be deposited to if the application is successful **(only necessary if your bank account information has changed).**

New PPP Borrower (did not receive a PPP loan in 2020)

2019 payroll reports to support the requested loan amount (to include salaries, and other qualified benefits), and a payroll report showing payroll from a period around February 15, 2020. If the borrower would prefer instead to use 2020 payroll as the base, that is acceptable but the same information as listed for 2019 will apply

941s for each quarter of 2019 and 2020 to date (Q4 not due yet),

a spreadsheet or other explanation of how the loan amount was calculated (that correlates to the payroll reports submitted

a copy of the drivers license for all principals listed as 20% or more owners, or any authorized signers

a recent company bank statement, and

a copy of a voided check for the bank account they would want the PPP loan funds to be deposited to if the application is successful

Borrower Who Received a PPP Loan in 2020 But Not From ESB (used a different lender)

2019 payroll reports to support the requested loan amount (to include salaries, and other qualified benefits), and a payroll report showing payroll from a period around February 15, 2020. If the borrower would prefer instead to use 2020 payroll as the base, that is acceptable but the same information as listed for 2019 will apply

941s for each quarter of 2019 and 2020 to date (Q4 not due yet),

a spreadsheet or other explanation of how the loan amount was calculated (that correlates to the payroll reports submitted

a copy of the drivers license for all principals listed as 20% or more owners, or any authorized signers

a recent company bank statement, and

a copy of a voided check for the bank account where you want the PPP loan funds to be deposited

documentation to support the annual (2019 vs 2020) or quarterly (same quarter of 2019 to same quarter of 2020) decline in revenue included on the application (only required upfront if the loan amount requested is over \$150,000. However, this information must be submitted when the borrower applied for loan forgiveness, so it can be optionally submitted now. If your loan request is \$150,000 or more, you must submit now. Documentation could include an annual or quarterly profit and loss statement that is self-prepared or prepared by an accountant.