



Paycheck Protection Program Re-Launch Overview

Current as of January 14, 2021

This presentation provides a general overview of the PPP related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). In the event of any inconsistency between this presentation and the Economic Aid Act, the PPP Flexibility Act of 2020, the CARES Act, PPP IFRs, PPP FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

Information Current as of 1/14/21 – Visit www.sba.gov/ppp for the most up-to-date information.

Agenda

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- 3 Second Draw PPP Loans
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- 5 What to do Now / Additional Resources



Where We Are

Congress intended this round of PPP to increase access to COVID relief funding for the hardest-hit small businesses and those in underserved segments, including women, minorities & veterans. In response, the SBA is:

- Initially opening PPP loan applications to submissions from Community Financial Institutions, which serve underserved communities.
- Leveraging its Lender Match platform so borrowers can find these and other participating PPP lenders.
- Continuing to provide trainings, materials and assistance via SBA field offices and its resource partners across the country.

Paycheck Protection Program Key 2021 Dates

- **Jan. 11:** PPP opened for First Draw PPP loan applications from Community Financial Institutions
- **Jan. 13:** PPP opened for Second Draw PPP loan applications from CFIs
- **Jan. 15:** PPP opens for First and Second Draw applications to lending institutions with \$1 billion or less in assets
- **Jan. 19:** PPP opens First and Second Draw applications to all other participating lending institutions
- **March 31:** All PPP applications must be submitted

What is a CFI?

Community Financial Institutions include:

- Community Development Financial Institutions
- Minority Depository Institutions
- Certified Development Companies
- Microloan Intermediaries



What is a First Draw PPP Loan?

For eligible applicants that did not receive a PPP loan prior to Aug. 9, 2020

- PPP loan eligibility now includes additional types of entities.
- Covered eligible expenses are expanded.
- Borrowers can now select a covered period to use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.
- Certain borrowers may request an increase to their original PPP loan amount.
- Must apply **on or before March 31, 2021**, or until Congressional appropriations expire.



First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Eligible news organizations

Still Eligible

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses



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What is a Second Draw PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- 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 (NAICS 72), the maximum loan amount for a Second Draw PPP loan is 3.5x average monthly 2019 or 2020 payroll costs, up to \$2 million.
- Second Draw PPP loan applicants must submit the information on **SBA Form 2483-SD** (Borrower Application) when applying to their lender.



Second Draw PPP Loan Eligibility

Must have previously received a First Draw PPP loan

Additional Eligibility Criteria

- Has used or will use the full First Draw PPP loan amount only for eligible expenses before the PPP Second Draw Loan is disbursed
- Has no more than 300 employees
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.



PPP Loan Forgiveness

**Borrowers must apply for forgiveness through their lender;
lenders submit borrower forgiveness decisions to the SBA**

Updates per the Economic Aid Act

- EIDL Advances are no longer deducted from forgiveness payment.
- Forgiven PPP loans are not taxable income; expenses paid with PPP loan funds are now tax deductible; **consult the IRS** for details
- Expanded forgivable expenses are permissible for any PPP loan not already forgiven.
- **Coming soon:** simplified forgiveness application for PPP loans \$150,000 and under.



What to do Now & Additional Resources

What to do Now

- Contact your lender
- If you do not have a lender, find one on Lender Match: sba.gov/LenderMatch
- Visit www.sba.gov/ppp for the most up-to-date documents

Additional Resources

- Contact your local SBA District Office or Resource Partner: sba.gov/local-assistance
- Subscribe to SBA e-newsletter: www.sba.gov/updates
- Follow SBA on Twitter: @SBAgov

Contact us

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Questions

