



New PPP Provisions
Al Haut, SBA District Director
January 12, 2021

The Economic Aid Act

- Congress appropriated approximately \$806 billion
 - Previously - \$525 billion approved in rounds 1 & 2
- Program geared to underserved communities via mission-based lenders with first access – this week
- ‘First Draw PPP’ – any applicant that has not had PPP
- ‘Second Draw PPP’ – PPP borrower in good standing
- New forms posted over the weekend
- SBA approval timelines extended
- EIDL Advance no longer deducted

First Draw PPP

(IFR – PPP as amended)

- March 31, 2021 application deadline (p8)
- Maximum amount – \$10 million
- Loan amount calculations – 2.5 x average monthly payroll (p31)
- Farmer/rancher – new calculation using gross revenue (p37)
- Some increases **may** be allowed – rare

Who is eligible for the First Draw PPP?

(IFR – PPP as amended)

- Traditional qualifications:
 - Borrowers must certify their business is negatively impacted by the COVID-19 Pandemic. (Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant.)
 - Borrowers are eligible if they have 500 or fewer employees or qualify under normal SBA size standards.
 - Borrowers may be sole proprietors, independent contractors, or self-employed.
 - Borrowers must have been in operation on February 15, 2020
- Housing Cooperatives, 501(c)(6), or destination marketing organizations with less than 300 employees (p20+)
- Certain News Organizations (p21+)

What are the terms of the First Draw PPP loan?

- 1% interest rate; 5 year maturity
- 100% guaranteed by the SBA
- No fees
- No Personal Guarantees or Collateral
- Covered period **anytime** between 8 to 24 weeks (p59)
- Loan payments deferred 10 months after covered period or forgiveness decision (p48)

What expenses are eligible?

- Traditional Expenses
 - Payroll Costs, Mortgage Interest
 - Rent
 - Utilities
 - Other interest payment or debts accrued before February 15, 2020.
- Additional Expenses (p48)
 - Operations expenditures
 - Property damage costs
 - Supplier costs
 - Worker protection expenditures

Will the PPP loan be forgiven?

- The loan will be fully forgiven if the funds are used for intended purposes:
 - 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.
- Any remaining balance after the loan forgiveness period maintains a 100% government guarantee while the borrower makes payments.

Second Draw PPP

(IFR – PPP Second Draw)

- Maximum Amount - \$2 million (\$4 million aggregate)
- Loan amount calculations – 2.5 x average monthly payroll (P27)
 - Using either the twelve-month period prior to when the loan is made or calendar year 2019
 - 3.5 x for a borrower assigned a NAICS code beginning with 72
- SBA Form 2483-SD - Borrower Application Form
- SBA Form 2484-SD - Lender's Application

Who is eligible for the Second Draw PPP?

(IFR – PPP Second Draw)

- Traditional qualifications (P20)
- Has used, or will use, the full amount of its First Draw PPP loan on or before the Second Draw PPP loan will be disbursed
- Employs not more than 300 employees (exception for “NAICS” code beginning with 72)
- Experienced a reduction in revenue in CY 2020 – 25% (P21)

What are the terms of the Second Draw PPP loan?

- Same as First Draw PPP loans
 - 1% interest rate; 5 year maturity
 - Loan payments deferred 10 months after covered period or forgiveness decision
 - 100% guaranteed by the SBA
 - No fees
 - No Personal Guarantees or Collateral
 - Covered period **anytime** between 8 to 24 weeks
- Eligible expenses are the same as First Draw PPP

Will the Second Draw PPP loan be forgiven?

- Forgivable on the same terms and conditions as First Draw PPP loans
 - Except that Second Draw PPP loan borrowers with a principal amount of \$150,000 or less are required to provide documentation of revenue reduction
- Funds used for eligible purposes (minimum of 60% on payroll)
- Employee and compensation levels are maintained
- Any remaining balance after forgiveness maintains a 100% government guarantee while the borrower makes payments

Miscellaneous

- **A director or owner who is also an officer or key employee of the PPP Lender** may obtain a PPP loan from a different lender, but not from the PPP Lender with which they are associated (P17)
- SAM.gov Registration – lenders are required to register (P64)
- Agent Fees – paid by engaging party (P72)
- Shuttered Venue Operators Grant – to be managed by Office of Disaster Assistance (ODA) – coming soon
- Debt Relief Payments (Section 1112) – coming soon
- EIDL Applications – deadline extended to **12/31/2021**
- Additional EIDL Advances – coming soon

Contact

- www.sba.gov/ppp
- **For Lenders Only:**
 - **PPP Hotline for Questions:** 833-572-0502
 - **General PPP questions:** 7aPaycheckLoanProgramQuestions@sba.gov
 - **PPP forgiveness questions:** PPPForgivenessRequests@sba.gov
 - PPP related questions via the “Inbox” located on the Forgiveness Platform at <https://forgiveness.sba.gov> and selecting New Message
 - **E-TRAN and CAFS questions:** cls@sba.gov or call 833-572-0502
- Al Haut – alan.haut@sba.gov