



U.S. Small Business
Administration



Paycheck Protection Program Re-Launch Overview

Current as of February 4, 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 2/4/21 – Visit www.sba.gov/ppp for the most up-to-date information.

Agenda

1. Where We Are / Key Dates
2. First Draw PPP Loans
3. Second Draw PPP Loans
4. Forgiveness Updates
5. What to do Now / Additional Resources / Programs

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

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.



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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.
- New Interim Final Rule on Loan Forgiveness, and Forgiveness Applications were released on 1/19/2020. Loans of \$150,000 or less may now use the 3508S form. www.sba/ppp



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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](https://www.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](https://www.sba.gov/local-assistance)
- Subscribe to SBA e-newsletter: www.sba.gov/updates
- Follow SBA on Twitter: @SBAgov

Contact us

(843) 225-7430

William.furman@sba.gov

SBA's Economic Injury Disaster Loan

Eligible entities may qualify for loans up to \$2 million. (Current limit of \$150,000)

The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.

Eligibility for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.

NEW

- Rule to deduct EIDL Advance has been repealed.
- The deadline for EIDL loan application has been extended to 12/31/2021
- New “targeted” EIDL Advance for businesses located in a low-income community and that can demonstrate more than a 30% reduction in revenue. **Do not apply, SBA will contact you!** Check [sba.gov](https://www.sba.gov) for FAQs.
- No other changes – only 1 EIDL per business

Section 1112 Debt Relief Program

- Resumes payment of P&I payments on SBA loans for 7(a), 504, and Microloans. The number of payments will be between 3 and 8 months depending on circumstances. Your lender should contact you in the near future.
- Provides 6 months of payments to new borrowers.
- Maximum amount and duration of payments is subject to the availability of funding.

Modifications to the 7a Loan Programs

- Loan guarantee increased to 90% on 7a loans until October 1, 2021.
- Increases the Express Loan amount from \$350,000 to \$1million until October 1, 2021.
- SBA upfront Guaranty Fees and the lender's Annual Service Fee is reduced to zero.
- Certain Fees on SBA 504 Loans are also being eliminated.

Shuttered Venue Operator Grant

- The program includes \$15 billion in grants to shuttered venues, to be administered by the SBA's Office of Disaster Assistance.
- Eligible Entities include live venue operators, theatrical producers, live performing arts organization operators, relevant museum operators, zoos and aquariums who meet specific criteria, motion picture operators, talent representatives.
- Funding will be stepped based on the amount of revenue losses.
- FAQs at www.sba.gov/coronavirusrelief

Questions



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