



U.S. Small Business  
Administration



# Paycheck Protection Program (PPP) Re-Launch Overview



This presentation is developed to provide a general overview of PPP loan processes 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 Paycheck Protection Program 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 accurate as of January 25, 2021**

# SBA's Funding Options

Economic Aid Act Increased Appropriations



## Paycheck Protection Program

- First Draw PPP Loan Details
- Second Draw PPP Loan Requirements
- \$284.45 Billion

## EIDL Program

- \$20 Billion in EIDL Advances
- Extended Loan Application Deadlines

## SBA's Lending Programs

- \$2Billion in 7a & 504 Program Enhancements
- New 504 Express Program

## SBA Debt Relief

- \$3.5Billion
- Extending Payments for new and existing SBA Loans (2/10 – 9/30/2021)

# PPP Access to Capital

## Paycheck Protection Program Rollout

To ensure increased access to PPP for minority, underserved, veteran, and women-owned business concerns, SBA is undertaking the following steps, among others:

- PPP First Draw and PPP Second Draw loan portal opened on January 11, 2020 and January 13, 2020 to accept loan applications only from Community Financial Institutions (CFIs). CFIs include Community Development Financial Institutions, Minority Depository Institutions, Certified Development Companies, and Microloan Intermediaries.
- Lender Match will direct borrower inquiries to these mission-based lenders, who generally assist the underserved communities.
- Re-open the Paycheck Protection Program (PPP) loan portal to PPP-eligible lenders with \$1 billion or less in assets for First and Second Draw applications on **Friday, January 15, 2021 at 9 a.m. EST.**
- The portal is fully open as of **Tuesday, January 19, 2021** to all participating PPP lenders to submit First and Second Draw loan applications to SBA.

# Shuttered Venue Operator (SVO) Grant Program

Consolidated Appropriations Act of 2021

**Program Funding:** \$15B, of which \$2B must be set aside for small employers (i.e., those not having more than 50 FT employees) for only the first 60 days after we begin awarding SVO grants. On Day 61 the set aside expires and that money goes back in the general pot. Eligible Entities include:

- (1) live venue operators or promoters;
- (2) theatrical producers;
- (3) live performing arts organization operators;
- (4) relevant museum operators;
- (5) motion picture theater operators;
- (6) talent representatives, and each business entity an eligible entity owns that also meets the eligibility requirements.

# Shuttered Venue Operator (SVO) Grant Program

## Consolidated Appropriations Act of 2021

- Must have been in operation as of Feb 29, 2020.
- Borrowers must choose between SVO Grant and PPP – cannot apply for both.
- Detailed information on eligibility requirements published on 1/28/2020 at: [Shuttered Venues FAQs \(sba.gov\)](https://www.sba.gov/shuttered-venues-faqs)
- Priorities anticipated for smallest entities and hardest hit. (Amount of full time employees and revenue reduction between April 2020 and December 2020 will factor into the priority)

# EIDL Advance Provisions

## Consolidated Appropriations Act of 2021

- **Section 31: Targeted EIDL Advance for Small Business Continuity, Adaptation, and Resiliency.**
- Provides additional targeted funding for eligible entities located in low-income communities through the EIDL Advance program from Section 1110 of the CARES Act.
- Makes entities in low-income communities that received an EIDL Advance under Section 1110 of the CARES Act eligible to receive an amount equal to the difference of what the entity received under the CARES Act and \$10,000.
- Provides \$10,000 grants to eligible applicants in low-income communities that did not secure grants because funding had run out (Had applied for EIDL loan by 12/27/20).
  - Guidance being developed;
  - SBA Developing a mapping tool;
  - 30% economic loss.

# Enhancements to SBA's Lending Programs

## Consolidated Appropriations Act of 2021

- Temporarily enhances the terms of the 7(a) loan program by increasing the loan guarantee from 75 to 90 percent and offering reduced or no fees for the borrower and the lender.
- Temporarily increase the 7(a) express loan limit to \$1 million to 10/1/21 (then reduces to \$500K) and loan guarantee to provide access to needed working capital.
- Temporarily eliminates fees for the 504 loan program and favorable terms for refinancing loans.
- Increases the aggregate loan limit for microloan intermediaries in order to ensure intermediaries have increased capacity to make loans to underserved and underbanked borrowers.



# SBA's Debt Relief Programs

## Consolidated Appropriations Act of 2021

Economic Aid Act extends the Small Business Debt Relief program, Section 1112 of the CARES Act, which would defer payments of principal and interest on new and existing SBA 7(a), 504, and Microloan programs for eligible entities.

- All existing borrowers with loans in regular servicing will receive 3 additional months of P & I starting February 2021 subject to a \$9,000 a month maximum
- Underserved borrowers to receive an additional 5 months of P & I payments (Businesses that operate under NAICS codes: 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812)
- For newly approved SBA loans (2/1 – 9/30/21) SBA to make 6 months of P & I payments
- No 1099's to be issued on Cares Act payments

# Best Resources for Most Accurate Information

Beware of Outside Information

## Official SBA Website:

- [Coronavirus Relief Options \(sba.gov\)](https://www.sba.gov/coronavirus-relief-options)
- [Paycheck Protection Program \(sba.gov\)](https://www.sba.gov/paycheck-protection-program)
- [PPP -- IFR -- Paycheck Protection Program as Amended by Economic Aid Act \(1.6.2021\).pdf \(sba.gov\)](https://www.sba.gov/ppp-ifr-paycheck-protection-program-as-amended-by-economic-aid-act-1-6-2021)
- [PPP -- IFR -- Second Draw Loans \(1.6.2021\).pdf \(sba.gov\)](https://www.sba.gov/ppp-ifr-second-draw-loans-1-6-2021)

## Treasury's Website:

- <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

**Comments on the Paycheck Protection Program Interim Final Rules** must be submitted to <https://www.regulations.gov/>, unless the comment includes confidential business information, in which case, the comment should be directed to [ppp-ifr@sba.gov](mailto:ppp-ifr@sba.gov).

# Economic Aid Act Enhancements

## PPP Eligibility & Forgiveness Updates

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3)
- **501(c)(6)**
- 501(c)(19) Veterans organization
- Tribal business, and
- **Housing cooperatives, destination marketing organizations, and eligible news organizations.**

Must comply with size standards, eligibility criteria, and certain limitations.

Borrower now has the option to **select** a covered period during which they can use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.

- SBA **will no longer** deduct EIDL advances from forgiveness payment.
- If lender has already received a forgiveness payment net of an EIDL Advance, SBA will provide a reconciliation payment to lender to be applied to the outstanding loan balance.
- Under development: simplified forgiveness application for loans \$150K and under.

# What businesses, organizations, and individuals are eligible?

## Economic Aid Act Eligibility Enhancements

- A housing cooperative, an eligible section 501(c)(6) organization, or an eligible destination marketing organization, that employs no more than 300 employees.
- A news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS 511110 or 5151, that employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for your industry) per location

# How Can PPP Loans Be Used

## Enhancements to Eligible Payroll & Non-Payroll Expenses

- Payroll costs (as defined in the CARES Act, Economic Aid Act and this interim final rule)
- Costs related to the continuation of group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums
- Covered operations expenditures (payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses)
- Covered property damage costs (costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation)
- Covered worker protection expenditures

# Forgiveness PPP Loan Details

## Forgiveness & Loan Terms

- First Draw and 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;
  - 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.
- SBA 100% guarantee
- No Collateral Requirements
- No personal guarantee
- Interest rate – 1% (non compounding and non adjustable)
- 5 year maturity
- Processed by PPP lenders
- Lender reliance on borrower certifications
- Loan amount is 2.5 x's average monthly payroll (3.5x's for NAICS code 72)

# First Draw PPP Loan Eligibility

## 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 the following industries can also apply.
  - Businesses with a NAICS Code that begins with 72 (Accommodation and Food Services sector)
  - 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.

# First Draw PPP Loan Details

## Application and Eligibility

- 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.
- 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.
- All new First Draw PPP Loans will have the same terms regardless of lender or borrower.



# First Draw Paycheck Protection Program

## SBA Procedural Notice: First Draw Paycheck Protection Program Loan Increases After Enactment of the Economic Aid Act

### **Who is Eligible for a First Draw Loan Increase:**

Partnerships\*

Seasonal Employers\*

Farmers & Ranchers\*

Other PPP Borrowers Eligible for a PPP Loan Increase (or Reapplication):

- Eligible Borrowers that fully repaid a First Draw PPP Loan before December 27, 2020
- Borrowers that returned part of a First Draw PPP Loan before December 27, 2020:
- Borrowers that did not accept the full amount of a First Draw PPP Loan for which they were approved

Lender Processing Fees –SBA will pay an additional processing fee to the Originating Lender on the amount of the increase.

\*Eligible for an increase only if SBA **has not** remitted a forgiveness payment to the Lender

# Second Draw PPP Loan Details

## Who can apply for PPP Second Draw

Targeted Eligibility, a borrower is generally eligible for a PPP Second Draw Loan if the borrower:

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

# Second Draw PPP Loan Details

## Application and Eligibility

- Eligible 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.
- 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.
- Borrowers in the Accommodation and Food Services sector the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.

# Calculating the Correct PPP Loan Amount

## Application Guidance and Helpful Links

- [PPP: How to Calculate Maximum Loan Amounts for First Draw Loans \(sba.gov\)](#) -employed, Farmers, Ranchers, Partnerships, S-Corps, Non-Profits, LLC's. Pre-tax and Payroll contributions allowed. Documentation examples.
- [Second Draw PPP Loans: How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide \(sba.gov\)](#) examples. How to Calculate amounts for self-employed, Farmers, Ranchers, Partnerships, S-Corps, Non-Profits, LLC's. Pre-tax and Payroll contributions allowed.

# PPP Second Draw Loans

## Application and Streamlined Forgiveness

- PPP Second Draw Loan applicants must use the new SBA Form 2483-SD Borrower Application.
- Calculating borrower's payroll costs for a Second Draw PPP Loan is either the twelve-month period prior to when the loan is made or calendar year 2019.
- If Borrower is using 2019 as basis for calculating PPP second draw loan and going to same lender, no need to provide documentation to support requested loan amount since lender already has received such documentation
- Economic Aid Act simplified forgiveness process for loans under \$150,000
  - No upfront documentation for revenue reduction on loans under \$150,000, borrowers have until loan forgiveness time to submit such documentation

# PPP Forgiveness Process

## Application and Streamlined Forgiveness

- An eligible borrower that received a loan of \$150,000 or less should use the SBA Form 3508S and shall not, at the time of its application for loan forgiveness, be required to submit any application or documentation in addition to the certification and information required by section 7A(l)(1)(A) of the Small Business Act.
- However, an eligible borrower that received a Second Draw loan of \$150,000 or less and is using the SBA Form 3508S must, before or at the time of its application for loan forgiveness, submit documentation sufficient to establish that the borrower experienced a reduction in revenue as provided in subsection (g)(2)(v) of the interim final rule on Second Draw PPP Loans, unless the borrower already provided such documentation at the time of its application for the Second Draw PPP Loan

# FTE Exemptions and Safe Harbor

## PPP Streamlined Forgiveness

Provisions of the interim final rule are an exercise of rulemaking authority by Treasury and SBA

- de minimis exemption provided with respect to certain offers of rehire,
- the de minimis exemption from the full-time equivalent employee reduction penalty when an employee is, for example, fired for cause,
- de minimis exemption from the fulltime equivalent employee reduction penalty when the borrower eliminates reductions by December 31, 2020 or, for a PPP loan made after December 27, 2020, the last day of the loan's covered period,
- de minimis exemption from the full-time equivalent (FTE) employee reduction penalty for certain PPP loans of \$50,000 or less, and
- de minimis exemption from the employee salary and wages reduction penalty for certain PPP loans of \$50,000 or less.

# No Fees for First and Second Draw PPP Loans

- When evaluating an applicant's eligibility lenders will not be required to apply the "credit elsewhere test"
- There will be no up-front guarantee fee payable to SBA by the borrower;
- There will be no lender's annual service fee or on-going guaranty fee payable to SBA;
- Agent fees may not be paid out of the proceeds of a PPP loan.
- A lender is only responsible for paying fees to an agent for services for which the lender directly contracts with the agent.
- The total amount that an agent may collect from the lender for assistance in preparing an application for a PPP loan (including referral to the lender) may not exceed:
  - One (1) percent for loans of not more than \$350,000;
  - 0.50 percent for loans of more than \$350,000 and less than \$2 million; and
  - 0.25 percent for loans of at least \$2 million.



# Updated Forms and Guidance

[Small Business Administration Document Repository \(sba.gov\)](https://www.sba.gov)

## PPP First Draw and Second Draw Forms

- [SBA Form 2483 - PPP First Draw Borrower Application Form \(sba.gov\)](https://www.sba.gov)
- [SBA Form 2484 PPP Lender Application Form \(revised 1.8.2021\).pdf \(sba.gov\)](https://www.sba.gov)
- [SBA Form 2483 SD - PPP Second Draw Borrower Application Form \(1.8.2021\).pdf \(sba.gov\)](https://www.sba.gov)
- [SBA Form 2484 SD - PPP Second Draw Lender Application Form \(sba.gov\)](https://www.sba.gov)

## PPP Forgiveness Forms:

- [Interim Final Rule on Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act \(Released 1/19/2021\)](https://www.sba.gov)
- [PPP Loan Forgiveness Application Form 3508 \(Revised 1/19/21\)](https://www.sba.gov)
- [PPP Loan Forgiveness Application Form 3508EZ \(Revised 1/19/21\)](https://www.sba.gov)
- [PPP Loan Forgiveness Application Form 3508S \(Revised 1/19/21\)](https://www.sba.gov)
- [Borrower's Disclosure of Certain Controlling Interests \(Released 1/19/2021\)](https://www.sba.gov)

# Questions?





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