

## **SBA Phases in PPP Reboot**

The Small Business Administration (SBA) announced that the Paycheck Protection Program (PPP) will fully re-open to all lenders and eligible borrowers on Monday, January 18<sup>th</sup>. In order to assist smaller borrowers who may have difficulties accessing the financial system, only community development financial institutions, minority depository institutions, certified development corporations, and microloan intermediaries were able to submit applications to the SBA this week. Tomorrow, Friday, January 15<sup>th</sup>, the SBA will open the PPP portal to lenders with \$1 billion or less in assets. We outlined details of the new PPP [HERE](#) as set forth in the [Consolidated Appropriations Act, 2021](#).

The SBA also released a procedural notice outlining limited circumstances when PPP borrowers may reapply for a First-Draw loan or request an increase in a First-Draw loan. The notice also covers how lenders in these circumstances may obtain an additional processing fee due on the increased loan amount or on a reapplication.

### **Key highlights of the re-booted PPP are:**

- PPP borrowers can set their PPP loan's covered period to be any length between 8 and 24 weeks to best meet their business needs.
- PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs, and worker protection expenditures.
- The Program's eligibility is expanded to include 501(c)(6) organizations, housing cooperatives, direct marketing organizations, among other types of organizations.
- The PPP provides greater flexibility for seasonal employees.
- Certain existing PPP borrowers can request to modify their First Draw PPP Loan amount.
- Certain existing PPP borrowers are now eligible to apply for a Second Draw PPP Loan.
- 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
- 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

- 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.

**See First-Draw and Second-Draw Borrower Applications here:**

- [Form 2443: First-Draw Loan Application](#)
- [Form 2443-SD: Second-Draw Loan Application](#)

**See the SBA Guidance here:**

- [Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns](#)
- [Business Loan Program Temporary Changes; Paycheck Protection Program as Amended](#)
- [Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans](#)
- [Procedural Notice - Increase in Initial PPP](#)

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