

The U.S. Small Business Administration (SBA) has released updated Paycheck Protection Program (PPP) interim final rules which incorporate new requirements imposed by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act" or "EAA"). The information below broadly outlines the new guidance provided.

Paycheck Protection Program Updates

Key PPP Updates Include:

- The PPP provides greater flexibility for seasonal employees
- 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 (the interest rate is still 1%)
- While the program was initially limited to payroll expenses, PPP loans can now cover additional expenses such as operations expenditures, property damage costs, supplier costs, and worker protection expenditures
- The Program's eligibility is expanded to include 501(c)(6)s, housing cooperatives, direct marketing organizations, among other types of organizations
- 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

On Friday, January 8, 2021 the SBA released new applications for both first-time and returning applicants. A new automated evaluation system will manage borrowers' identities and verify business data.

On Monday, January 11, the SBA began accepting only applications submitted by community financial institutions, or CFIs, lenders whose customers are minority-owned and economically disadvantaged businesses. Applications for second loans will be accepted starting Wednesday, January 13. Larger banks will be able to start distributing PPP loans to all eligible borrowers at an undetermined later date.

The SBA and Department of the Treasury are working on answers to industry specific FAQs. One set will directly address questions about which revenues count in determining nonprofit gross receipts under the new statute. Those FAQs are expected to be released in the next few days.

Second Draw Loan Opportunity

Businesses that received a PPP loan in the first round of funding have an opportunity to apply for additional funds through a Second Draw loan. 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
- The organization can prove that they have experienced a reduction in revenue (gross receipts) of 25% or greater from 2019 to 2020, either on an annual basis or for any one quarter (e.g. Fall 2019 compared with Fall 2020).

Not eligible are public policy advocacy groups and think tanks, and those who receive a "Save Our Stages" venue grant.

A borrower does not have to resubmit 2019 payroll information if it uses the same lender that it used for its application for a first draw PPP loan.

For second draw loans of \$150,000 or less, borrowers do not have to submit documentation proving a 25% decrease in revenue at the time of the loan application. The information will need to be submitted on or before the borrower submits a loan forgiveness application. The lender will confirm the dollar amount and percentage of the borrower's revenue reduction by performing a good faith review, in a reasonable time, of the borrower's calculations and supporting documents. The SBA also plans to issue a consolidated rule on all aspects of loan forgiveness.

Download the New Guidance Released by the SBA

- [PPP Guidance from SBA Administrator Carranza on Accessing Capital for Minority, Underserved, Veteran, and Women-owned Business Concerns;](#)
- [Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act;](#) and
- [Interim Final Rule on Second Draw PPP Loans.](#)