

# **Paycheck Protection Program Summary**

The new Paycheck Protection Program (PPP) program received \$284 billion in funding and opens January 11, 2021 for first time borrowers and January 13, 2021 for second time PPP borrowers. The PPP loans will be available for applications at participating lenders through March 31, 2021, or until funding is exhausted.

## **Eligibility:**

1. The business must have exhausted all funds from their first PPP loan (if previous PPP recipient)
2. The business must have 300 or less employees
3. The business has experienced a 25% reduction in gross receipts during any quarter in 2020 relative to the same quarter in 2019

## **Loan Amount:**

The maximum loan amount is the average monthly payroll costs for the entity during the 12 months prior to the loan or, at the election of the borrower, 2019 multiplied by 2.5 (or 3.5 for employers in the accommodation and food service industry). Seasonal employers utilize average monthly payroll costs for a 12-week period between February 15, 2019 and February 15, 2020. A loan may not exceed \$2 million.

## **PPP Loan Forgiveness:**

- For businesses who have applied (or are also applying) for the EIDL Advance grant, the PPP loan forgiveness will no longer be reduced by the amount of the grant.
- A simplified forgiveness application will soon be available for businesses who received less than \$150,000 in PPP funding.
- Businesses will have the opportunity to specify the period of weeks their expenses count towards loan forgiveness of between eight and 24 weeks from the date of origination to best meet their business needs.

## **Noteworthy updates/changes from original PPP:**

- 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)s, 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.
- The list of expenses qualifying for forgiveness was expanded.
- The IRS ruling was overturned to allow tax reductions for business expenses paid for by the PPP loan for both past and future loans.
- Businesses can now receive both the PPP loan and the Employee Retention Tax Credit, as long as it is not used to cover the same payroll expenses.
- Loan applications will first only be accepted from community financial institutions to promote access for underserved businesses before opening to all financial institutions.