

Paycheck Protection Program Reactivated

The Small Business Administration's Paycheck Protection Program has been reactivated. Financial institutions were allowed to offer PPP loans from the revitalized program beginning on January 11, 2021. The program includes \$284 billion in forgivable, federally backed loans for small businesses. Applications for first-time loans and second draw loans and will remain open until March 31, 2021.

First Draw PPP Loans

For businesses that did not receive a PPP loan in 2020.

Second Draw PPP Loans

For businesses that previously received PPP funds in 2020.

Eligibility

500 employees or less.

Business must have been in operation on or before Feb. 15, 2020.

Same eligibility criteria that applied to the two initial rounds of funding.

300 employees or less.

Used full amount of first PPP loan.

Experienced at least a 25% reduction in gross receipts in 2020 compared to 2019 or in any quarter of 2020 compared to the same quarter of 2019.

Maximum Loan Amount

The lesser of \$10 million or 2.5x your average monthly payroll costs.¹

For most businesses: The lesser of \$2 million or 2.5x the average monthly payroll costs.¹

For services and accommodations businesses (NAICS Code 72): The lesser of \$2 million or 3.5x the average monthly payroll costs.

Loan Terms

1.00% interest rate, non-compounding

5-year term

SBA guarantees 100% of loan

No collateral or personal guarantees required

1.00% interest rate, non-compounding

5-year term

SBA guarantees 100% of loan

No collateral or personal guarantees required

1. Average monthly costs can be calculated using 1) calendar year 2020; 2) calendar year 2019; or 3) the 12 months before the date on which the loan is made.

PPP Loans Can Now Be Used to Cover an Expanded List of Expenses

In addition to payroll, rent, utilities and interest on mortgages that are permitted expenses under the CARES Act, the Act allows for small businesses to use PPP proceeds for additional expenses such as personal protective equipment for employees, costs associated with outdoor dining, supplier costs, costs associated with software, cloud computing and other human resources and accounting needs, and property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance.