

New Guidance Regarding PPP Re-Opening

Today, the Small Business Administration (“SBA”) and The United States Treasury announced that the Paycheck Protection Program (“PPP”) will reopen Monday, January 11, 2021, for new borrowers and certain existing PPP borrowers.

Initially, only community financial institutions that serve minority and women-owned businesses will be able to make First Draw PPP Loans on Monday, January 11, and Second Draw PPP Loans on Wednesday, January 13. The PPP will open to all participating lenders shortly thereafter. Updated PPP guidance outlining Program changes to enhance its effectiveness and accessibility was released on January 6 in accordance with the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act.

Intending to prioritize millions of Americans employed by small businesses, this round of PPP will have up to \$284 billion toward job retention and certain other expenses through March 31, 2021.

Key PPP updates include:

- 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)s, housing cooperatives, destination 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.

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.

The new guidance also released includes:

- [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](#).

For more information on SBA's assistance to small businesses, visit sba.gov/ppp or treasury.gov/care