

**PAYCHECK PROTECTION PROGRAM  
(PPP) ENHANCEMENTS  
Analysis 1/12/2021**

The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (a/k/a the “Consolidated Appropriations Act, 2021”) approved by Congress on December 27, 2020, allocates over \$284 billion in funding to the SBA, including a number of enhancements to the PPP program. Following is a summary of the key enhancements to the PPP program:

**Loans available through March 31, 2021:**

- Targeted to smaller and harder-hit businesses
- Generally, follows implementation guidance from round 1 of PPP with delegated authority to lender

**Set-asides for community and smaller lenders**

- \$15 billion across first and second draw PPP loans for lending by **community financial institutions (CFIs)**
  - CDCs, CDFIs, MDIs, Micro-lenders
  - CFIs have **exclusive access** to the PPP portal at least two days when portal re-opens
- \$15 billion across first and second draw PPP loans for small lenders
  - Banks, Credit Unions & Farm Credit Institutions with less than \$10 billion in assets

**Set-asides for targeted borrowers**

- \$35 billion for **new** first draw borrowers
- \$15 billion and \$25 billion for first draw and second draw PPP loans, respectively:
  - For borrowers with a maximum of 10 employees **OR**
  - For loans less than \$250,000 to borrowers in low or moderate income neighborhoods

**PPP Implementation**

- **First Draw PPP Loan**
  - Borrower can only apply once for first draw PPP loan
  - Accepting applications **beginning January 11, 2021 only from participating CFIs**
  - CFI Lenders will be able to submit First Draw loans to SBA either via an Application Programming Interface (API) tool or entry of application data via web screen method.
- **Second Draw PPP Loan**
  - Borrowers that have already received a PPP loan and will or has used the full amount only for authorized uses;
  - Borrower has no more than 300 employees
  - Borrower must show a 25% revenue reduction from one quarter in 2020 compared to 2019, or for the entire year
  - Accepting applications **beginning January 13, 2021 only from participating CFIs**. Shortly thereafter, all other lending institutions will be notified when they are able to submit both first and second draw loan origination requests
- **Loan Terms**
  - Up to 2.5x average monthly payroll costs during the entire year prior to loan or previous calendar quarter up to a maximum \$2 million
  - NAICS Code 72 (Accommodations and Food Services) eligible for up to 3.5x monthly payroll costs up to a maximum of \$2 million
  - Can use either 2019 or 2020 payroll costs
  - 1% interest rate
  - Loan maturity is 5 years

**Key PP 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 operating 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; and

**For More specific information** – consult SBA's Interim Final Rules at [www.sba.gov](http://www.sba.gov)