

PPP 2.0 Program Highlights

As you may be aware, a new round of funding for the Paycheck Protection Program (PPP) has been approved as part of the COVID-19 relief package passed by Congress.

Funding is estimated to begin January 2021.

1. New loans available under the program

- Additional \$284.6 billion in Paycheck Protection Program (PPP) funding for loans to small businesses, including for borrowers who have previously received a PPP loan
- New eligibility rules:
 - Borrowers must employ 300 or fewer employees
 - Borrowers must demonstrate at least a 25% reduction in gross receipts in any quarter of 2020 compared to the same quarter in 2019
 - For example, Q3 2020 revenue less than Q3 2019 revenue by 25% or more
 - Borrower may choose the quarters for comparison but must be same quarter of 2020 and 2019. Certain exceptions may be allowed for newer businesses not in operation for all of 2019
 - Be prepared to support with financial statements, tax return information, other financial records, or Borrower attestation
 - Business has used or will use the full amount of first PPP loan
- Maximum loan amount will be \$2.0 million
- Two methods to determining loan amount:
 - 2.5x average monthly payroll cost during the 12-month period prior to the loan application date
 - 2.5x average monthly payroll cost for 2019
- Businesses with NAICS code beginning with 72 (generally hospitality businesses) may receive up to 3.5x average monthly payroll cost using same two methods above
- Second draw loans will have the same terms as Round 1 and will be eligible for 100% loan forgiveness if funds are used for allowable expenses

2. For Round 1 Loans, the current bill allows for streamlined and simplified forgiveness for loans of \$150,000 or less

- Details are still being released, but the current Bill provides for a one-page Borrower attestation and minimal supporting documentation to achieve full forgiveness
- Same rules would apply for Round 2 loans

Please note this information reflects our understanding of the program rules at this time. Program rules and conditions are subject to change, and likely will change pending guidance and interpretation by the SBA. Please be on the lookout for updates from info@theloansource.com as more information becomes available.