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# PPP 2.0 – Information Update

# Dec 2020 - Stimulus Package Highlights

- \$900B authorized for several initiatives and sectors
- \$600 Stimulus Relief Checks
- \$284B for new, expanded Paycheck Protection Program
- Restore EIDL advance/grants
- Save Our Stages (Shuttered Venue Assistance)
- Childcare Providers Assistance
- Extended Unemployment Benefits
- COVID-19 Vaccine Programs Assistance

# Payroll Protection Program (PPP 2.0)

- Federal disaster relief program intended to maintain small business employment and supplement limited rent/utility payments (plus some new expense types).
- Forgivable Loans if business utilizes funds for payroll, maintains Staffing and Pay Levels
- At least 60% of loan proceeds must be used for payroll, with balance spent on rent/utilities/mortgage interest (expanded list of items in new round)

# PPP 2.0 - Highlights

- Authorized an additional \$284B to assist small businesses
- Expanded eligibility to new business types
- Previous PPP borrowers can apply for a Second Draw
- New First Draw loans are still available to new borrowers
- Accommodation and Food Services (NAICS 72) allowed higher loan amounts (3.5X Avg Monthly Payroll)
- EIDL advances/grants no longer reduce forgiveness levels
- Program closes on March 31, 2021 or if funds run out.

# PPP 2.0 – Highlights, cont.

- Second Draw PPP loans for existing PPP recipients with at least 25% revenue reduction in any 2020 quarter compared to 2019, or annualized comparison
- 2.5x avg monthly payroll for most, 3.5x for NAICS 72 (food & beverage industry)
- Streamlined forgiveness for loan < \$150K
- \$15B set-aside for small community lenders (like MBW)

# Terms

- Second Draw PPP Loans are generally subject to the same terms, conditions and requirements as First Draw PPP Loans.
- 100% SBA guarantee
- 5 years at 1%
- Payments deferred for 10 months after covered period ends

# Second Draw Borrowers

- Streamlined application and approval process for existing PPP borrowers coming back for a “Second Draw” of funding
- Can borrow, under same terms, up to the full amount of their “First Draw” using same 2.5X Average Monthly Payroll level
- Must have had at least one Quarter in 2020 that was at least 25% lower gross receipts than corresponding 2019 Quarter
- Reduced Documentation, Quicker Underwriting

# Eligibility: Same as for first PPP round, plus...

- Has received a First Draw PPP Loan
- Has used, or will use, the full amount of the First Draw PPP Loan on or before the expected date on which the Second Draw PPP Loan is disbursed to the borrower
  - “the full amount” of the borrower’s First Draw PPP Loan includes the amount of any increase on such First Draw PPP Loan made pursuant to the Economic Aid Act
  - The borrower must have spent the full amount of its First Draw PPP Loan on eligible expenses under the PPP rules to be eligible for a Second Draw PPP Loan
- 300 or fewer employees
- Experienced a revenue reduction in 2020 relative to 2019 (more below)
- Most 501(c)(6) organizations are now eligible



# Revenue Reduction

- Revenue Reduction Requirement
  - Borrower must have experienced a revenue reduction of 25% or greater in 2020 relative to 2019
  - Quarterly Test Method
    - A borrower must calculate this revenue reduction by comparing the borrower's quarterly gross receipts for one quarter in 2020 with the borrower's gross receipts for the corresponding quarter of 2019. For example, a borrower with gross receipts of \$50,000 in the second quarter of 2019 and gross receipts of \$30,000 in the second quarter of 2020 has experienced a revenue reduction of 40 percent between the quarters, and is therefore eligible for a Second Draw PPP loan (assuming all other eligibility criteria are met).

# First Draw Borrowers – New to PPP Lending

- Available to eligible small businesses that did not apply for PPP loan in 2020
- Five Year at 1% interest, Fully forgivable, 10 Month deferrals
- 8 – 24 weeks to spend 2.5X\* average monthly payroll
- 60% of loan proceeds must be for eligible payroll costs
- Maintain employee and compensation levels
- Expanded eligibility to new business types
- First Draw PPP loan applications accepted beginning 1/18

# Process

- Stay tuned or check with lenders to confirm they are participating and when they expect to open for applications
- Familiarize self with Application Form, Eligibility, gather documentation per Instructions or other reference information
- Mountain BizWorks has created an online portal for applications to be uploaded with necessary documentation
- Submit Application – you may consider multiple lenders
- Lender reviews and makes lending decision, sends to SBA

# Highlights To Remember

- \$15B of the PPP Funding has been set aside for CDFI and MDI type participating lenders
  - This will afford Mountain BizWorks, as a CDFI, some more flexibility in timing compared to banks
- We opened our portal to new First Draw PPP borrowers on Monday, January 18<sup>th</sup>.
- Applications for Second Draw PPP coming from other lenders accepted beginning Monday, January 18<sup>th</sup>.

# Resources & Assistance

- Mountain BizWorks Website – COVID-19 Help Center
- PPP 2.0 Program Primers, FAQs Section, and other links/reference info
- Weekly PPP 2.0 Informational Update webinar (recorded)
- Free 25 minute Scheduled Phone Consultations with Disaster Funding Specialists
- Regional Small Business Centers, WWBC, SBTDC

# Contact Information

## Mountain BizWorks

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## Small Business Administration

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>