

PPP LOAN UPDATE AS PART OF THE CONSOLIDATED APPROPRIATIONS ACT

Presented by:

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LEGISLATIVE HISTORY

1. Coronavirus Preparedness and Response Supplemental Appropriations Act
 - (March 6) - \$8.3B in emergency funding, \$20M in small business loans
2. Families First Coronavirus Response Act (FFCRA)
 - (March 18) - Emergency Paid Sick Leave and FMLA (< 500 employees)
3. Coronavirus Aid, Relief and Economic Security Act (CARES Act)
 - (March 27) - First round of Paycheck Protection Program (PPP) loans (\$349B)
4. Paycheck Protection Program and Health Care Enhancement Act
 - (April 24) - Second round of PPP loans (\$310B)
5. Paycheck Protection Program (PPP) Flexibility Act of 2020
 - (June 5) - Provides borrowers with greater flexibility (e.g., 8 or 24 week covered period)
6. Consolidated Appropriations Act (CAA), 2021
 - (December 27) – \$900B related to COVID-19 relief including \$284B for PPP

CAA: BUSINESS-RELATED

New Economic Injury Disaster Loan (EIDL) grants for businesses in low-income communities

FFCRA paid sick or family leave will become optional for employers from January 1, 2021 through March 31, 2021

Extension and modification of employee retention tax credit through June 30, 2021 – Ineligible with PPP forgiveness

Temporary (100%) deduction for business meals provided by a restaurant, and paid or incurred in 2021 or 2022

5-year extension for the Work Opportunity Tax Credit and tax-free student loan payments to employees

PPP changes including covered period, second draw, and new forgivable items

CAA: PPP CHANGES

Taxes and Gross Income

Overrides previous IRS position – now follows original intent of Congress

PPP-forgivable business expenses are fully deductible (if otherwise allowable)

Any part of PPP loan that is forgiven is not included in gross income

PPP: SECOND DRAWS

Borrower has no more than 300 employees

At least 25% decline in gross receipts in any quarter (or full year) of 2020 vs 2019

Original PPP funds must be exhausted

Maximum loan amount is lesser of \$2M or 2.5 times avg monthly payroll costs* (3.5x for NAICS 72)

Borrowers can select any covered period between 8 and 24 weeks starting on origination date

**Average payroll:
2019, 2020 or 12
months prior to loan
(up to \$100K in wages)*

PPP: SECOND DRAWS

EXAMPLE #1	2019	2020
Average Monthly Payroll	\$200,000	\$50,000
Average # of Employees	50	20
2 nd Draw Max Loan Amount	\$500,000	\$125,000

EXAMPLE #2	2019	2020
Average Monthly Payroll	\$600,000	\$50,000
Average # of Employees	350	20
2 nd Draw Max Loan Amount	Likely N/A (>300 employees)	\$125,000

PPP: EXHAUST 1ST DRAW

Example: 1st Draw Loan

\$100,000



24-Week Covered Period

5/1/20 – 10/15/20

\$50,000 in payroll



Exhaust 1st Draw

10/16/20 - 1/15/21 payroll

\$50,000 in payroll / bonuses

PPP: 2ND DRAW APPLICATION



Paycheck Protection Program Second Draw Borrower Application Form

OMB Control No.: 3245-0417
Expiration Date: 7/31/2021

Check One: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other		DBA or Tradename (if applicable)		Year of Establishment (if applicable)	
Business Legal Name			NAICS Code		
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)			Business TIN (EIN, SSN)		Business Phone
			Primary Contact		Email Address
Average Monthly Payroll:	\$	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$	Number of Employees (including affiliates, if applicable; may not exceed 300):	
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):	
PPP First Draw SBA Loan Number:					
Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):	2020 Quarter (e.g., 2Q 2020):		Reference Quarter (e.g., 2Q 2019):		
	Gross Receipts:	\$	Gross Receipts	\$	

PPP: ELIGIBLE EXPENSES

Expanded list of eligible expenses now includes covered:



- Operating costs:

- Software
- Cloud computing
- HR/Payroll
- Accounting



- Supplier costs:

- Pursuant to a contract or order in effect prior to the PPP loan
- Essential to operations



- Worker protection:

- PPE and adaptive investments
- To help comply with federal or state guidelines

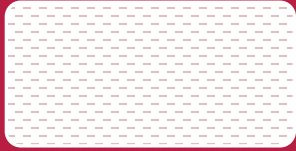


- Property damage:

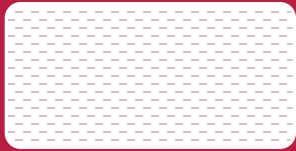
- Vandalism or looting due to public disturbances in 2020
- If not covered by insurance

- *Supplements original list of payroll costs, rent, utilities, mortgage interest*
- *Borrowers must spend at least 60% of the proceeds on payroll costs to maximize forgiveness*

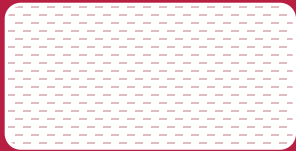
PPP: NEXT STEPS



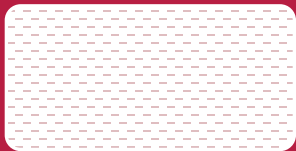
Identify your company's revenue for each quarter of 2019 and 2020



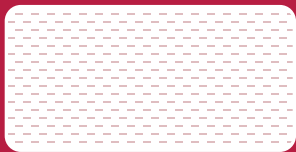
Determine your company's average monthly payroll in 2019 and 2020



Compile a list of potential lenders
Example: community financial institution (CFIs)



Familiarize yourself with new loan application before contacting lender



Mon, Jan 11: CFIs can process 1st time loans
Wed, Jan 13: CFIs can process 2nd time loans

QUESTIONS?

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