



The Bill makes \$284 billion of additional funds available for PPP loans and \$20 billion for Economic Injury Disaster Loans (EIDL's), both overseen by the SBA. The Bill also includes substantive changes to SBA's flagship SBA programs.

Paycheck Protection Program Second Draw Loans.

- Creates a second loan from the Paycheck Protection Program, called a “PPP second draw” loan for smaller and harder-hit businesses, with a maximum amount of \$2,000,000.
- **Eligibility:** To receive a Paycheck Protection Program loan under this section, eligible entities must:
 - Employ not more than 300 employees;
 - Have used or will use the full amount of their first PPP; and
 - Demonstrate at least a 25 percent reduction in gross receipts in the first, second, third, or fourth quarter of 2020 relative to the same 2019 quarter.
 - Eligible entities must be businesses, specific non-profit organizations, housing cooperatives, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural co-operatives.
- **Loan Terms:** In general, borrowers may receive a loan amount of up to 2.5X the average monthly payroll costs in the one year prior to the loan or the calendar year. No loan can be greater than \$2,000,000.
 - The loan rate is fixed at 1%.
 - The loan term shall not exceed five (5) years.
 - Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019, through February 15, 2020.
 - New entities may receive loans of up to 2.5X the sum of their average monthly payroll costs.
 - Entities in industries assigned to NAICS code 72 (Accommodations and Food Services) may receive loans of up to 3.5X average monthly payroll costs.
 - Businesses with multiple locations that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.
 - Waiver of affiliation rules that applied during initial PPP loans applies to a second loan.
 - An eligible entity may only receive one PPP second draw loan.
 - Fees are waived for both borrowers and lenders to encourage participation.
 - For loans of not more than \$150,000, the entity may submit a certification attesting that the entity meets the revenue loss requirements on or before the date the entity submits their loan forgiveness application, and non-profit, and veterans' organizations may utilize gross receipts to calculate their revenue loss standard.
- **Loan Forgiveness:** Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and

This is not a commitment to lend. Approval is dependent upon SBA funding availability, a complete application, and satisfactory supporting documentation. Details subject to change pending SBA and regulatory updates.

utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. The 60/40 cost allocation between payroll and non-payroll expenses to receive full forgiveness will continue to apply.

Additional Eligible Expenses.

- Makes the following expenses allowable and forgivable uses for Paycheck Protection Program funds:
 - **Covered operations expenditures.** Payment for any software, cloud computing, and other human resources and accounting needs.
 - **Covered property damage costs.** Costs related to property damage due to public disturbances during 2020 are not covered by insurance.
 - **Covered supplier costs.** Expenditures to a supplier under a contract, purchase order, or order for goods in effect before taking out the loan that is essential to the recipient's operations when the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
 - **Covered worker protection expenditure.** Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.

Selection of Covered Period for Forgiveness.

- Allows the borrower to elect a covered period ending at the point of the borrower's choosing between 8 and 24 weeks after origination.

Simplified Forgiveness Application.

- Creates a simplified application process for loans under \$150,000 such that:
 - A borrower shall receive forgiveness if a borrower signs and submits to the lender a certification that is not more than one page in length, includes a description of the number of employees the borrower was able to retain because of the covered loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. The borrower must also attest that the borrower accurately provided the required certification and complied with Paycheck Protection Program loan requirements. The SBA must establish this form within 24 days of enactment and may not require additional materials unless necessary to substantiate revenue loss requirements or satisfy relevant statutory or regulatory requirements. Additionally, borrowers must retain relevant records related to employment for four years and other records for three years. The Administrator may review and audit these loans to ensure against fraud.