



PECOCONNECT

PPP LOANS RE-OPEN ON JANUARY 11, 2021

Round two of the Paycheck Protection Program (“PPP”) is here. Open to both new and previous qualifying borrowers, this program is designed to help businesses as they deal with the challenges presented by the COVID-19 situation. What does this mean for our Neighbors? It’s an additional opportunity to seek relief funding to help your business through the crisis. Here’s what you need to know*:

What is the CRRSA and is this part of it?

On December 27, 2020, the Federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act (the “CRRSA”) to supplement the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) that was passed in March of 2020. The CRRSA provides relief measures for individuals and businesses negatively impacted by the COVID-19 pandemic, including \$284.45 billion in additional funding for a second round of Paycheck Protection Program (PPP) for small businesses.

PECO Connect has compiled a summary of the CRRSA for our Neighbors, which can be found on the [COVID-19 Information and Resources page](#) of PECO’s website or by going to <https://bit.ly/3qIM6Oq>.

When can we apply for loans and who is eligible?

The Paycheck Protection Program (PPP) will re-open the week of January 11. Initially, only community financial institutions will be able to make First Draw PPP Loans on **Monday, January 11**. They will be able to

make Second Draw PPP Loans on **Wednesday, January 13**. The PPP will open to all participating lenders shortly thereafter.

First time borrowers will be subject to the PPP eligibility rules established under the CARES Act. Existing PPP borrowers may apply for a second PPP loan subject to a \$2 million cap, but they must satisfy more stringent eligibility requirements than first-time borrowers.

How much can a business borrow through the PPP?

Each PPP borrower is eligible to receive up to 2.5 times its average total monthly payroll during either (1) 2019 or (2) the one-year period prior to the date of the loan. An eligible business in the food services and accommodations sector can receive up to 3.5 times its average total monthly payroll. As noted above, there is a \$2 million cap for second-time PPP borrowers.

What is the process for PPP loan forgiveness?

Eligible borrowers who receive \$150,000 or less in PPP loans will be able to apply for loan forgiveness using a simplified one-page loan application to be issued by the SBA. The loan application will only require borrowers to state the total loan amount, the number of employees retained as a result of the loan, and the estimated amount of the loan used on payroll.

How do I apply for the PPP loan program?

Call your lender right away. Funds ran out quickly in Round 1 of the PPP loans, so don’t wait to submit your application.

Start gathering the information you will need now. This includes 2019 and 2020 profit and loss statements; 2019 and 2020 tax returns; W-2 forms for all employees and other payroll information.

If you tried but failed to get a PPP loan the first time, you may want to consider trying again with a different lender. Some lenders are better able to handle the volume or are more focused on small businesses than others.

More information is available on the Small Business Administration (“SBA”) website at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-0>

*This information is provided for informational purposes only and nothing herein shall be construed as legal, tax, or business advice. You should consult with your own advisors prior to pursuing any forms of economic relief discussed here.



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