

SBA's PPP Portal Opens for Second Round of Loans

The U.S. Department of Treasury and the U.S. Small Business Administration (SBA) recently [announced](#) that beginning Monday, Jan. 11, applications will be accepted for the second round of loans in the SBA's Payment Protection Program (PPP). This second round includes \$284 billion in funding that was allocated for the PPP in the stimulus bill passed on Dec. 27, 2020. This round of funding will run through March 31, 2021.

The second round of PPP loans provides eligibility to new borrowers and certain existing PPP borrowers. As eligibility opens up, small businesses and lenders should prepare to adhere to the new requirements detailed below.

APPLICATION SCHEDULE

Monday, Jan. 11, marked the opening of the portal. Initially, the portal opened to borrowers applying for their first PPP loan (known as "First Draw PPP Loans") through "community financial institutions." These "community financial institutions" are lenders that serve minority, underserved, veteran and women-owned businesses.

On Wednesday, Jan. 13, borrowers applying for a second PPP Loan (known as "Second Draw PPP Loans") also became eligible. Again, at this date, the SBA is only accepting applications from lenders designated a "community financial institution."

On Friday, Jan. 15, borrowers applying for First and Second PPP Draw Loans are eligible to apply through PPP-eligible lenders with \$1 billion or less in assets.

Lastly, on Tuesday, Jan. 19, the portal will open for borrowers to apply for First and Second Draw PPP Loans through all participating lenders.

INFORMATION ABOUT THE SECOND ROUND OF PPP LOANS

For the most part, the rules for this round are very similar to the initial round of PPP loans. However, there are updates to the first round of funding. According to the Treasury, key PPP updates include:

- PPP borrowers can set their PPP loan's covered period to be any length between eight and 24 weeks to best meet their business needs;
- PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs and worker protection expenditures;
- The program's eligibility is expanded to include 501(c)(6)s, housing cooperatives and direct marketing organizations, among other types of organizations;
- The PPP provides greater flexibility for seasonal employees;

IN THE KNOW

- Certain existing PPP borrowers can request to modify their First Draw PPP Loan amount; and
- Certain existing PPP borrowers are now eligible to apply for a Second Draw PPP Loan.

A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

For more specifics about the second round of PPP funding, the SBA has provided [additional details](#).

WHATS NEXT?

Borrowers should review the criteria for this second round of PPP loans. Borrowers considering applying should prepare and have on hand all relevant documentation. Lastly, borrowers should direct any questions regarding PPP loans to their lender.

We will continue to monitor any additional developments regarding the PPP and deliver updates as necessary. For more information about the PPP, contact Sterling Insurance Group.