



BULLETIN #4/2021 JANUARY 11, 2021

PPP LOAN UPDATE

SBA RE-OPENING PAYCHECK PROTECTION PROGRAM THIS WEEK

SBA To Commence New PPP Loan Program

The Small Business Administration (SBA) is re-opening the Paycheck Protection Program (PPP) this week in accordance with the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act by making \$284 billion available to new (First Draw) and certain existing (Second Draw) borrowers.

First Draw PPP loan applications are being accepted starting today, January 11, by a limited number of community financial institutions. Lenders will start accepting Second Draw PPP Loan applications this Wednesday, January 13.

The SBA has issued the following new PPP loan guidance:

- [Top-Line Overview of First Draw PPP Loans](#);
- [Form 2483 – First Draw Borrower Application](#);
- [Top-Line Overview of Second Draw PPP Loans](#);
- [Form 2483-SD: Second Draw Borrower Application](#);
- [Guidance on Accessing Capital for Minority, Underserved, Veteran, and Women-owned Business Concerns](#);
- [Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act](#); and
- [Interim Final Rule on Second Draw PPP Loans](#).

Under the new PPP loan program:

- there may be a time lapse between loan application and loan funding, but the loan forgiveness process should be quicker;
- the maximum potential loan amounts for Second Draw PPP loans is \$2 million per loan and \$4 million per corporate group;
- borrowers can adopt covered periods of between eight and 24 weeks;
- in addition to previously allowed expenses, new loan proceeds may be used for certain operational, property damage, supplier and worker protection expenditures;
- in addition to eligible business entities, potential PPP borrowers now include 501(c)(6) nonprofits and several other specialized organizations; and
- certain First Draw PPP Loan borrowers are eligible to modify their loan amounts.

A PPP borrower is generally eligible to apply for a Second Draw PPP loan if it:

- has received a First Draw PPP loan and fully uses the proceeds for authorized expenses only;
- has no more than 300 employees; and



- has no more than 300 employees; and
- can show at least a 25% reduction in gross receipts between comparable calendar quarters in 2019 and 2020.

Important: Dealerships applying for a new PPP loan must certify that the loan is “necessary to support ongoing business operations in light of current economic conditions.” This parallels the certification dealerships made when applying for PPP loans in 2020. But for many dealerships, current market conditions and economic circumstances are better than what they were when PPP loan applications were filed between April and August 2020.

SBA is expected to issue additional guidance on the new PPP. Meanwhile, dealers interested in applying for a new PPP loan should take the time to consult with legal counsel, accountants, and prospective lenders.

MSADA - YOUR DEALER ANSWER PLACE

If you have any questions regarding this bulletin, please contact Robert O'Koniewski, Esq., MSADA Executive Vice President, by e-mail at rokoniewski@msada.org, or Peter Brennan, Esq., MSADA staff attorney, by e-mail at pbrennan@msada.org, or either by phone at (617) 451-1051.