

January 11, 2021

Dear Gurnee Business Partner:

The [U.S. Small Business Administration \(SBA\)](#), in consultation with the Treasury Department, has announced that the Paycheck Protection Program (PPP) will re-open this week for new borrowers and certain existing PPP borrowers.

**Initially, only community financial institutions (CFI) will be able to make PPP Loans (First Draw on Monday, January 11, and Second Draw on Wednesday, January 13).** CFI's include Community Financial Development Institutions (CDFI), Minority Depository Institutions (MDI), Community Development Corporations (CDC), and Microlender Intermediaries.

**PPP will open to all participating lenders shortly thereafter.** Try your local financial institution first; if needed, SBA's [Lender Match tool](#) can assist with identifying a participating lender.

PPP is designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will [forgive loans](#) if all employee retention criteria are met, and the funds are used for eligible expenses.

Key features of this round include:

- PPP loans have an interest rate of 1%
- Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years
- PPP borrowers can set their PPP loan's covered period to be any length between 8 and 24 weeks to best meet their business needs
- No collateral or personal guarantees are required
- Neither the government nor lenders will charge small businesses any fees
- PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs, and worker protection expenditures
- The PPP provides greater flexibility for seasonal employees
- Certain existing PPP borrowers can request to modify their First Draw PPP Loan amount
- 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

Other items of note:

- Expenses paid with PPP funds are now tax deductible
- SBA rescinded the condition requiring EIDL grant money to be deducted from PPP forgiveness
- The EIDL Loan deadline has been extended until Dec. 31, 2021
- Lender and borrower fees for SBA 7(a) and 504 loan programs are waived

#### **How To Apply**

Application can be made through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating; many local lenders are participating and provide expert assistance.

If you wish to begin preparing your application, download the following PPP borrower application forms to see the information that will be requested when you apply with a lender:

- [Paycheck Protection Program First Draw Borrower Application Form \(revised 01-08-21\)](#)
- [Paycheck Protection Program Second Draw Borrower Application Form \(01-08-21\)](#)

#### Supplemental Materials

- o [Top-line Overview of PPP First Draw Loans](#)
- o [Top-line Overview of PPP Second Draw Loans](#)
- o [Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act](#)
- o [Interim Final Rule on Second Draw PPP Loans](#)
- o [Frequently Asked Questions for Lenders and Borrowers \(12-09-20\)](#)
- o [How to Calculate Loan Amounts \(06-26-20\)](#)
- o [PPP Myth vs. Fact](#)

For more information, visit [sba.gov/ppp](http://sba.gov/ppp).

Regards,



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Village of Gurnee