

Friday, January 8, 2021 -- Update # 2
To: New York Community Banks

As noted in our first update this morning, we are providing new information released this morning by the SBA and Treasury regarding the re-opening next week of the Paycheck Protection Program (PPP) and related new guidance. We will continue to provide additional information as it becomes available.

-- John

SBA and Treasury Announce PPP Re-Opening; Issue New Guidance

WASHINGTON— The [U.S. Small Business Administration \(SBA\)](#), in consultation with the Treasury Department, announced today that the Paycheck Protection Program (PPP) will re-open the week of January 11 for new borrowers and certain existing PPP borrowers. To promote access to capital, initially only community financial institutions will be able to make First Draw PPP Loans on Monday, January 11, and Second Draw PPP Loans on Wednesday, January 13. The PPP will open to all participating lenders shortly thereafter. Updated PPP guidance outlining Program changes to enhance its effectiveness and accessibility was released on January 6 in accordance with the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act.

This round of the PPP continues to prioritize millions of Americans employed by small businesses by authorizing up to \$284 billion toward job retention and certain other expenses through March 31, 2021, and by allowing certain existing PPP borrowers to apply for a Second Draw PPP Loan.

“The historically successful Paycheck Protection Program served as an economic lifeline to millions of small businesses and their employees when they needed it most,” said [SBA Administrator Jovita Carranza](#). “Today’s guidance builds on the success of the program and adapts to the changing needs of small business owners by providing targeted relief and a simpler forgiveness process to ensure their path to recovery.”

“The Paycheck Protection Program has successfully provided 5.2 million loans worth \$525 billion to America’s small businesses, supporting more than 51 million jobs,” said [Treasury Secretary Steven T. Mnuchin](#). “This updated guidance enhances the PPP’s targeted relief to small businesses most impacted by COVID-19. We are committed to implementing this round of PPP quickly to continue supporting American small businesses and their workers.”

Key PPP updates include:

- 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;
- 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, direct marketing organizations, among other types of organizations;
- The PPP provides greater flexibility for seasonal employees;
- 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.

The new guidance released includes:

- [PPP Guidance from SBA Administrator Carranza 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](#).

For more information on SBA's assistance to small businesses, visit sba.gov/ppp or treasury.gov/cares.

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

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