

Paycheck Protection Program (PPP) Update – Saturday, January 23, 2021

SBA, in continuing established communications messaging, provides the following:

SBA is receiving a significant number of questions from lenders regarding the revised rules on First Draw PPP loans, First Draw Loan Increases, Second Draw PPP loans, and streamlined Forgiveness. SBA wants to assure all participants and their small business customers that we understand that there are many changes that businesses have undergone since the beginning of the pandemic in order to maintain operations and continue employing America's workers. These changes may include entity size, location or staffing, methods of operation, organizational structure, and changes in ownership. SBA is working with national lender trade associations and stakeholder groups along with lenders to identify these potential program and system updates. Your partnership, commitment, input and patience greatly assist in this effort.

SBA is providing this information along with recently released additional PPP guidance and resources. To assist lenders in how to best access PPP as amended by the Economic Aid Act, here are a couple of reminders related to existing program guidance:

Reminder – First Draw PPP Loans Under Review May Be Delayed Getting Second Draw PPP Loan number

As described in SBA's interim final rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, SBA may review any PPP loan, of any size, at any time, as the Administrator deems appropriate. If a borrower's First Draw PPP Loan is under review by SBA for any reason, including if information in SBA's possession indicates that the borrower may have been ineligible for the First Draw PPP Loan it received or for the loan amount it received, the lender will receive notification from SBA when the lender submits an application for a guaranty of a Second Draw PPP Loan, and will not receive an SBA loan number until the issue related to the unresolved borrower's First Draw PPP Loan is resolved. SBA is working to improve the information provided to lenders about the issues and how lenders can help clear issues as expeditiously as possible.

Reminder - Second Draw loan applications require an SBA loan number used for the First Draw PPP loan that was originated in 2020. Please verify that the applicant has the correct SBA loan number, and the correct Borrower TIN to assure that the portal can match up the two loans.

Recent Guidance Issued:

- [Second Draw Paycheck Protection Program \(PPP\) Loans: How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide](#)

(Released 1/19/2021) provides detailed information regarding calculating and documenting the mandatory 25% reduction in revenues and maximum loan amount.

- [PPP: How to Calculate Maximum Loan Amounts for First Draw Loans and What Documents to Provide \(sba.gov\)](#) (released 1/17/2021) provides updated guidance, by business type, regarding calculating and documenting payroll costs in order to determine the maximum amount of a First Draw loan.
- Interim Final Rule: [Loan Forgiveness Requirements and Loan Review Procedures](#) as Amended by Economic Aid Act (01-19-21)
- [PPP LOAN FORGIVENESS APPLICATION FORM 3508](#) (REVISED 1/19/21)
- [PPP LOAN FORGIVENESS APPLICATION FORM 3508EZ](#) (REVISED 1/19/21)
- [PPP LOAN FORGIVENESS APPLICATION FORM 3508S](#) (REVISED 1/19/21)
- [BORROWER'S DISCLOSURE OF CERTAIN CONTROLLING INTERESTS FORM 3508D](#) (RELEASED 1/19/2021). THE 3508-D ONLY NEEDS TO BE COMPLETED BY BORROWERS THAT RECEIVED A PPP LOAN BEFORE 12/27/20 **AND** WERE DIRECTLY OR INDIRECTLY CONTROLLED BY CERTAIN GOVERNMENT OFFICIALS (PRESIDENT, VP, MEMBER OF CONGRESS, HEAD OF EXECUTIVE DEPARTMENT AND THEIR SPOUSES) AT THE TIME THE LOAN WAS MADE.

For more information and updates, visit [SBA.gov/PPP](https://www.sba.gov/ppp) or [Treasury.gov/CARES](https://www.treasury.gov/cares)

Thank You.

