



In our Delaware-Maryland Synod, we strive to make information available to you that may be of assistance to your ministry and service within our synod during these challenging times. Below I have compiled some preliminary guidance regarding the newest round of funds being made available by our U.S. government in the form of the **Paycheck Protection Program**. Please feel free to contact me, Pastor Dave Shank at dshank@demdsynod.org if you have any questions regarding starting points if you are considering a PPP loan. I will do my best to supply the information you need or find answers to your questions.

JANUARY 2021 Paycheck Protection Program (PPP) Updates

The U.S. government passed a stimulus package that includes new funding for the Paycheck Protection Program (PPP) with the goal of helping smaller businesses that have been harder hit by COVID-related closures and restrictions. The legislation reopens the program for first-time borrowers seeking a first draw PPP loan and creates a second draw PPP loan option for existing PPP borrowers. It also includes changes that will impact current and future forgiveness for certain borrowers, and amends provisions for some PPP loans that borrowers already have received.

The U.S. Small Business Administration (SBA) has published interim final rules and application forms for the PPP and announced that, initially, only community financial institutions will be able to make First Draw PPP Loans, beginning Jan. 11, and Second Draw PPP Loans beginning Jan. 13.

The program will open to all participating lenders, shortly thereafter as determined by the SBA.

Here is a summary of the basic terms of the second PPP loan program -- based on our review of the SBA guidance released to date.

Second Draw PPP Loans

You may be eligible to apply for a second draw PPP loan if you:

- are a business, certain type of non-profit organization, housing cooperative, veterans' organization, tribal business, self-employed individual, sole proprietor, independent contractor, or small agricultural co-operative;
- employ not more than **300** employees;
- have used or will use the full amount of your first PPP loan on eligible expenses; and
- demonstrate at least a 25 percent reduction in gross receipts in the first, second, third or fourth quarter of 2020 relative to the same 2019 quarter (or under the applicable timelines for businesses that were not in operation in Q1, Q2, and Q3, and Q4 of 2019).

Businesses that are not eligible to apply include:

- entities listed in [13 CFR 120.110](#) (**note that non-profits and religious organizations are eligible**);
- entities in which certain federal officials or their spouses (refer to SBA rules), directly or indirectly, hold a controlling interest;
- entities that have permanently closed;
- entities involved in political and lobbying activities, as well as think tank entities, public policy or political strategy advocacy businesses;
- entities with certain relationships or affiliations with people or entities in the People's Republic of China;
- registrants under the Foreign Agents Registration Act;
- entities that receive a grant under the Shuttered Venue Operator Grant program; and
- publicly traded companies.

Refer to SBA Rules for more information on eligibility requirements.

Basic Loan Terms:

In general, borrowers may receive a loan amount of up to 2.5X the average monthly payroll costs in the one year prior to the loan or the calendar year 2019 or 2020, with a maximum loan amount of **\$2 million**. Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning Feb. 15, 2019 through Feb. 15, 2020. New entities may receive loans of up to 2.5X the sum of average monthly payroll costs. Entities in industries assigned to [NAICS code 72](#) (Accommodation and Food Services) may receive loans of up to 3.5X average monthly payroll costs. Loans are 100% guaranteed by the SBA and forgivable if the proceeds are used for forgivable expenses. Loan amounts will accrue interest at a fixed rate of 1.00% and have a 5-year maturity.

Refer to SBA Rules for more information on other applicable terms, conditions and limitations.

First Loans for New PPP Borrowers

Businesses that have not previously received a PPP loan may apply for a first-time loan. Note that the rules and eligibility requirements for new PPP borrowers is different than those for second loans.

Resources

Additional resources available to help you prepare for a new or second PPP loan application are provided below:

The SBA's Coronavirus (COVID-19) [Small Business Guidance & Loan Resources](#).