

## CLIENT ALERT

### SBA Issues Application Forms for New and "Second-Draw" PPP Loans

Jan.11.2021

On January 8, 2021, the Small Business Administration (SBA) issued revised Paycheck Protection Program (PPP) Borrower Application forms for new "first-draw" loans and "second-draw" loans for prior PPP borrowers. SBA and the Treasury Department also announced that the PPP will re-open the week of January 11 for new borrowers and certain existing PPP borrowers eligible for second-draw loans.

Congress has set aside \$284 billion for this next round of PPP loans. At the outset, in furtherance of Congress' expressed intent to provide access to underserved communities, only community financial institutions will be able to make first-draw loans starting on Monday, January 11, and second-draw loans on Wednesday, January 13. The PPP will open to all lenders shortly thereafter. While this new round of loans is theoretically open through March 31, 2021, prospective borrowers are reminded that the initial round of PPP funding in April 2020 dried up quickly.

As discussed in prior alerts, this latest round of PPP funding comes with changes to borrower eligibility requirements (which differ between first and second-draw loans), the use of loans proceeds, loan forgiveness coverage, the loan forgiveness application for loans under \$150,000, and more. Borrowers should pay close attention to the new requirements and be prepared to submit supporting documentation in response to a future audit for, among other things, the economic necessity of its new loan request.

Crowell & Moring stands ready to assist with any questions regarding the new loan applications, the eligibility requirements for either first or second-draw loans, the myriad "good faith" certifications required in the applications, or any other questions arising from the application process.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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