

# Come out of Your Corners—Round 2 of PPP Funding is Here

By: David Stewart on January 8, 2021 on [graydon.law](https://graydon.law)

President Trump recently signed the Consolidated Appropriations Act, 2021 (the “Act”). The much-debated Act contains \$900 billion of COVID-19 relief including \$284 billion for a second round of the Paycheck Protection Program (PPP).

The Small Business Administration will soon issue guidance related to this new PPP round. The Graydon team continues to monitor all PPP developments and is available to help you navigate the PPP process. We will provide updates as the SBA issues additional guidance, but for now here is a general overview of the new PPP round:

**Eligibility for Second-Time Borrowers:** If you received a PPP loan in the first round, you will still be eligible for another loan of up to \$2 million, subject to certain eligibility requirements. Second-time borrowers must: (1) have 300 or fewer employees (including employees of domestic and international affiliates); (2) have used the full amount of their first round loan prior to receiving the second loan; and (3) be able to show a 25% gross revenue decline in any quarter in 2020 when compared to the same quarter in 2019.

**Eligibility for First Time Borrowers:** First-time borrowers have the same eligibility requirements as established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, unless modified by the Act. The maximum loan amount remains \$10 million. Additionally, Section 501(c)(6) not-for-profit organizations may now apply for PPP funds. To be eligible, 501(c)(6) organizations must have 300 or fewer employees and must not participate in or receive receipts from lobbying activities above certain thresholds. Please visit [Graydon’s COVID-19 resource page](#) for more information regarding the first PPP round.

**Calculating Loan Amounts:** For most borrowers, maximum PPP loan amounts will be calculated based on 2.5x the borrower’s average monthly payroll costs in (1) a one year period prior to the loan, or (2) the calendar year of 2019.

**Expanded Uses for PPP Funds:** Funds can still be used for payroll, rent, health insurance, retirement contributions, covered mortgage interest and utilities. The Act expands possible uses for the funds to include—subject to certain conditions—operations expenditures (e.g.

business software, sales and accounting expenses), property damage expenses incurred during the public disturbances in 2020 not covered by insurance, supplier costs, and expenditures related to complying with COVID-19 safety requirements/guidance (e.g. PPE, physical barriers).

**Loan Forgiveness:** The Act retains the requirement that 60 percent of funds be spent on payroll expenses. Only funds used in the limited “Covered Period” may be forgiven. Borrowers may now elect a “Covered Period” of anywhere from 8 weeks to 24 weeks, providing additional flexibility.

Prospective borrowers should ensure they understand the PPP loan program and the changes under the Act before applying. If you have any questions, or if you require assistance with your PPP Loan application, please let us know - Our [\*\*Coronavirus Task Force\*\*](#) stands ready to help.