



NATIONAL AFFAIRS

January 14, 2021

Paycheck Protection Program Update

The Small Business Administration (SBA) has [released](#) updated guidance outlining program changes to the Paycheck Protection Program (PPP) as a result of [legislation](#) passed by Congress on December 21, 2020. The program has been reinstated to allow new borrowers and some existing borrowers to secure loans through March 31, 2021.

Currently the SBA is offering "First Draw" loans for first time participants and "Second Draw" loans for certain borrowers that previously received a PPP loan. In general, a borrower is eligible for a Second Draw loan if the borrower has less than 300 employees, can demonstrate a 25% reduction in gross revenue between comparable quarters in 2019 and 2020, and has used their first PPP loan.

In addition, existing PPP borrowers that did not receive loan forgiveness by December 27, 2020, may reapply for a First Draw loan if they previously returned some or all of their loan funds, or may request to modify their First Draw loan amount if they did not receive the full amount for which they are eligible. For instance, one of the changes made by the SBA allows farmers who file as sole-proprietors to use gross income rather than net income in determining loan amounts.

All PPP updates and loan applications may be found at the following: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>. Members that have taken out PPP loans should continue to consult with their bank, accountant, tax preparer and/or financial advisor about the PPP application and loan forgiveness process to ensure all the proper documentation has been completed and reviewed. Interested new borrowers are encouraged to reach out to their local lender to learn if it is participating in the program and to discuss qualifications further.

For additional updates from Kentucky Farm Bureau and resources related to COVID-19 you may visit: <https://www.kyfb.com/federation/covid-19-resources/>.