

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2020/12/22/second-ppp-loan-congress-application-deadline.html>

A new round of PPP for small businesses is coming. Here's when it could open up for new applications.

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Small businesses should start preparing now for a new round of Paycheck Protection Program loans — even though it could take the agency weeks to roll out the new program.

That round, \$284.45 billion for both first and second PPP loans, passed Congress late Monday night and heads to President Donald Trump, who is expected to sign it. But the timing on when the Small Business Administration will start accepting new applications is unclear, with experts saying it could be just a few short days to more than a few weeks.

“The SBA could be ready to start accepting applications as early as Monday,” said Travis Miskowitz, a manager of the CFO advisory practice at accounting firm Wiss & Co. “I have heard most lenders would appreciate a rollout in January to prep their teams and systems.”

Ed Mills, a managing director and policy analyst at Raymond James Financial Inc., which has detailed out the new PPP loan provisions, also believes the rollout will happen relatively quickly.



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Once the new stimulus deal and new PPP round is signed by President Trump, the clock starts ticking for the SBA to roll out the loan program.

"I would expect it to be a matter of days, with the only delay the fact we are signing it the week of Christmas," Mills said, adding a longer delay into 2021 was unlikely. "It's possible, but the need is long past due, so timing is of the essence."

The initial PPP was created through the CARES Act, signed into law March 27, and the SBA started taking applications a week later.

The SBA declined to comment on when it would open up the PPP portal, stating it does not comment on pending legislation. And that legislation is silent on a specific deadline as to when the SBA would reopen the program. It does, however, outline a 10-day deadline under which the SBA must issue regulations to carry out the legislation, which could put a new PPP into January. The new PPP round, [laid out in detail here](#), would provide loans of up to \$2 million for the hardest-hit businesses, those that saw at least a 25% revenue drop in a quarter in 2020 compared to the same quarter in 2019. The loan would also cover additional costs beyond the original PPP, including damage to property, personal protective equipment and more.

The effort to get rules and regulations in place before the opening of the application process is a lesson learned from the sometimes chaotic rollout of the initial PPP, in which the SBA ended up issuing dozens of changes, tweaks and clarifications that often had important impacts on lenders and small businesses. A public backlash against larger and publicly traded companies getting PPP loans pushed the SBA to issue new guidance in May stating it would audit loans of more than \$2 million and warning public companies they might not be able to get forgiveness.

Other issues included the treatment of affiliated businesses, the payment of bonuses and salaries and even the evidence of economic hardship small businesses would need to provide during the forgiveness phase. The original program ultimately approved about \$522 billion in loans for more than 5.2 million small businesses.

Paul Merski, group executive vice president of congressional relations and strategy for the [Independent Community Bankers of America](#), said banks were prepared immediately to take applications but the Treasury Department and the SBA would need

to modify the applications to reflect the new changes in the law. But he stressed the infrastructure has been put in place, which means a major hurdle to the first round of PPP loans is now gone.

“I would think early January — the first couple weeks of January,” Merski said on when the SBA could open up its portal for new PPP loans. “The sooner the loan program can open, the better for small businesses to be able to access that.”

Merski added that small businesses need to start looking into these new PPP loans now and to start gathering the needed paperwork to document a loss in revenue in 2020 in case there is outsized demand.

Some experts believe the process could be drawn out. Stanley Jutkowitz, senior counsel with law firm Seyfarth Shaw LLP, said it could take longer, considering the passage of the law around major holidays, with his expectation the SBA will open the portal toward the middle of January.

“The good news is that the portal is already built out, so the infrastructure for the PPP already exists. The bad news is that this bill comes during what is always a very busy time in the financial services industry and at a time when many people both in and out of government are taking time off for the holidays,” Jutkowitz said. “Despite best intentions, if the bill becomes law today, it still will take a couple of weeks to modify the PPP application form and the software to incorporate the new rules, and for lenders to digest the changes.”

Scott Graham, senior public relations manager at M&T Bank, said that even as the bank awaits guidance on the new round of PPP loans, it is already providing its customers with guidance and getting its teams ready to process new applications. The bank ultimately got \$7 billion in PPP loans approved for more than 35,000 clients, with 92% of the applications for companies with fewer than 50 employees.

“We have taken the learnings from the previous rounds, and we stand ready to support clients again,” Graham said.

The roughly \$900 billion spending measure will include stimulus checks of \$600 per individual, an extended eviction moratorium

and enhanced unemployment insurance of about \$300 a week, according to a summary released by House Republicans, among a variety of school funding, vaccine and other public health-related measures. A host of other small business provisions also made it into the final legislation, which we have detailed here.

Andy Medici

Senior Staff Reporter

Washington Business Journal