



Important SBA Program Updates

The President has signed legislation designed to provide economic relief for communities, small businesses, families, and individuals affected by the COVID-19 pandemic as well as public health measures.

As a recipient of a Paycheck Protection Program (PPP) loan with Quad City Bank & Trust, you are well aware of the impact this program has had on businesses and nonprofits in our community. We wanted to provide you with some information on what will be included in the new legislation as is known at this time. We expect to receive additional guidance after the New Year and will share that information as soon as it becomes available.

As always, we remain committed to helping you navigate these unprecedented times. Please reach out to your lender or relationship manager if you have any questions.

Reforms to Current PPP

- **EIDL Advance fix.** Repeal of the EIDL Advance deduction of the CARES Act.
- **Simplified forgiveness for smaller loans.** For PPP loans of \$150,000 or less, the borrower submits to the lender a one-page attestation of compliance with program requirements. The inclusion of demographic information is discretionary
- **Lender held harmless.** The bill provides that a PPP lender may rely on all documentation and certifications submitted by a borrower and is not subject for enforcement action for any falsehoods contained therein if (i) the lender acts in good faith relating to loan origination or forgiveness; and (ii) all relevant federal, state, local and other statutory and regulatory requirements are satisfied
- **Expense are tax deductible.** Provides that business expense paid with forgiven PPP loan proceeds may be deducted from taxable income 4
- **Agent fees.** Provides that a PPP lender shall only be responsible for paying fees to an agent for services for which the lender directly contracts with the agent. This applies to the original PPP as well as the second draw program described below.

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PPP Second Draw Loans

- **Authorizes \$325 billion for PPP, EIDL and other small business assistance**
 - **Eligible borrowers:**
 - Fewer than 300 employees
 - Must have a reduction in quarterly revenues of at least 25% compared to the same quarter in 2019
 - Stock not traded on a national exchange
 - 501(c)(6) are eligible, but any entity for which lobbying comprises more than 15% of receipts or activities is not eligible
 - **Maximum loan.** 2.5 times average monthly payroll or \$2 million, whichever is less. Businesses in the restaurant and hospitality industries are eligible for loans for 3.5 times average monthly payroll
 - **Lender fees: three tiers.**
 - For loans up to \$50,000, the lender processing fee is the lesser of 50 percent of the principal amount or \$2,500
 - For loans between \$50,000 and \$350,000, the lender fee is 5%
 - For loans \$350,000 and above, the lender fee is 3%
 - **Interest rate and term.** 1%, 5 years
 - **Set asides:**
 - \$15 billion for PPP loans (initial and second draw) issued by community financial institutions, including community development financial institutions (CDFIs) and minority depository institutions (MDIs).
 - \$15 billion for PPP loans (initial and second draw) issued by depository institutions with under \$10 billion in assets.
 - **Eligible expenses.** The bill expands eligible expenses to include PPE expense, costs associated with outdoor dining, and supplier costs, but payroll expenses must still comprise no less than 60 percent of eligible expenses.
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SBA Debt Relief Payments Extended

- Resumes the payment of principal and interest (P&I) on small business loans guaranteed by the SBA under the 7(a), 504 and Microloan programs, established under the CARES Act

Modifications to 7(a) Program

- Increased guarantees on SBA 7(a) loans
- Reduced fees on 7(a) and 504 loans

New EIDL Advances

- Authorizes \$20 billion through the end of 2021
- The maximum grant is equal to \$10,000

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