

# On Feb. 22, Changes to The Paycheck Protection Were Announced. Here's a Quick Summary For Small Business Owner

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[/EINPresswire.com/](https://EINPresswire.com/) -- On Monday, Feb. 22, the Biden Administration announced several changes to the popular Paycheck Protection Program (PPP) - some of which will go into effect as early as Feb. 24. According to a White House press release, these changes are intended to further target “the smallest businesses and those that have been left behind in previous relief efforts.”<sup>1</sup>

If you're a small business owner in need of financial assistance, you may find these changes helpful in securing a PPP loan.

What's Changing?



While Biden has indicated that the trillion-dollar American Rescue Plan is still on its way, these new changes are meant to make help more accessible to those who've had trouble obtaining financial assistance in the past.

## Change #1: Two-Week Exclusive Application Period

Beginning Feb. 24, the PPP will only accept applications from businesses with 20 or fewer employees. According to the White House, approximately 98 percent of small businesses in America have fewer than 20 employees, yet these small businesses have found it difficult to compete with larger companies for PPP loan access.<sup>1</sup>

There will be a 14-day exclusive application period, which is designed to help lenders focus solely on serving these small businesses.

## Change #2: Adjustments to the Loan Calculation Formula

The Biden administration has announced that adjustments will be made to the current loan calculation formula. This will be done in an effort to address challenges faced by small businesses without employees. These include sole proprietors, independent contractors and self-employed individuals.

In past instances, these business owners have received as little as \$1 in PPP assistance or been excluded from receiving funding altogether.<sup>1</sup> In conjunction with an adjustment to the loan calculation formula, \$1 billion will be set aside for businesses without employees that are located in low- and moderate-income areas.<sup>1</sup>

### Change #3: Reduce Non-Fraud Felony Restrictions

A business is considered ineligible for a PPP loan if it is 20 percent or more owned by someone who was either:<sup>1</sup>

1. Arrested or convicted on felony charges for financial assistance fraud within the last five years or
2. Arrested or convicted for any other felony within the last 12 months or
3. Currently delinquent or defaulted within the last seven years on federal student loans.

With bipartisan support, the administration is rolling out the PPP Second Chance Act, which will eliminate the second restriction business owners currently face. Businesses will no longer be ineligible if a 20 percent or greater owner was convicted of a non-financial assistance related felony in the last 12 months - unless they are incarcerated at the time the PPP loan application is filed.

In addition, the SBA will remove the restriction on business owners with delinquent student loan debt. The removal of these restrictions will broaden eligibility for business owners who previously were unable to utilize PPP loan assistance.

### Change #4: Establish Access for Non-Citizen U.S. Residents

When the PPP was established, it was stated that all legal U.S. residents were eligible to access the program (granted they met the other eligibility requirements).

However, there was inconsistency and confusion amongst non-citizen residents, including ITIN holders who held Green Cards or lived and worked in America on a visa. According to the White House, the SBA is expected to release clear and consistent information regarding the application process for ITIN holders who are eligible for PPP loans and may have been previously denied access.

Small business owners have been impacted greatly by the ongoing pandemic. While vaccination rollouts are helping to slow the spread of COVID-19, businesses across the country are continuing to grapple with capacity limitations, shutdown orders and other economic hurdles. If you're a small business owner struggling to make ends meet, now may be an opportune time to apply for a PPP loan. If you have any questions regarding this process or your eligibility, your financial advisor may be able to help.

1. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/22/fact-sheet-biden-harris-administration-increases-lending-to-small-businesses-in-need-announces-changes-to-ppp-to-further-promote-equitable-access-to-relief/>

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