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Press Release

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Federal Paycheck Protection Program Targets Smallest Businesses for the Next 2 Weeks

President Joe Biden on Monday announced changes to the Paycheck Protection Program (PPP) aimed at providing more federal pandemic assistance to the nation's smallest businesses. Among the policy changes, the Small Business Administration (SBA) is opening an exclusive 14-day period, from February 24 through March 9, when only businesses with fewer than 20 employees can apply for forgivable PPP loans. The exclusive application window is one of several moves the White House is making to further target the PPP to the smallest businesses, including sole proprietors, independent contractors, and self-employed individuals.

Policy changes to the PPP also include the following:

- Changing the PPP loan calculation formula to help sole proprietors, independent contractors, and self-employed individuals receive more financial support. In addition, \$1 billion will be set aside for businesses in this category that don't have employees and are located in low- and moderate-income areas.
- Eliminating a restriction preventing small business owners with prior non-fraud felony convictions from obtaining relief through the PPP.
- Removing a rule preventing small business owners who are delinquent on federal student loan payments from securing a PPP loan.
- Allowing noncitizen small business owners who are lawful U.S. residents to use individual taxpayer identification numbers (ITINs) to apply for PPP relief.

The Biden administration said the 14-day exclusive application period is designed to help the 98% of small businesses that have fewer than 20 employees. Noting that these businesses often struggle more than larger businesses to collect the necessary paperwork and secure a PPP loan through a lender, the White House statement said the targeted application window will free up lenders to focus on serving these smallest businesses. The administration will also continue to work with lenders to address PPP processing delays caused by anti-fraud validation checks that must be completed before loan guaranty approval is granted.

Greenville's five local banks are very familiar with the PPP process and have been busy processing applications for the second round of the PPP. During a recent SMART Talk sponsored by Greenville SMART and the Chamber of Commerce, representatives of local banks explained that the process is straight-forward and does not require a lot of time. Sole proprietors, independent contractors, and self-employed individuals are encouraged to call their local banker for help. Remember, loans under the PPP are fully forgivable based on SBA guidelines: www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/ppp-loan-forgiveness. Additional information about PPP loans and other SBA relief options is available from the SBA at: www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources.

First rolled out in the earliest days of the coronavirus pandemic and renewed in December, the Paycheck Protection Program was meant to help keep Americans employed during the economic downturn. It allows small and mid-size businesses suffering loss of revenue to access federal loans, which are forgivable if 60% of the loan is spent on payroll and the balance on other qualified expenses. The latest round of PPP, which began January 11 and runs through the end of March, has already paid out \$133.5 billion in loans — about half of the \$284 billion allocated by Congress.

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