

ADVOCACY FAQ SHEET

Applying for the U.S. Small Business Administration's Paycheck Protection Program (PPP)

Is my co-op eligible for the Paycheck Protection Program?

With the passage of the latest COVID relief bill in December 2020, all cooperatives are eligible for PPP loans.

My co-op received a PPP loan in 2020, is the co-op eligible for a second PPP loan?

Borrowers must demonstrate financial impact to be eligible for the second round of PPP loans. To qualify, a borrower must:

- Show all proceeds from the first PPP loan have been spent
- Employ 300 or fewer workers
- Demonstrate that the co-op has lost at least 25 percent of gross receipts in any fiscal quarter of 2020 compared to 2019

How long are PPP funds available?

The Consolidated Appropriations Act of 2021 provides \$284 billion for PPP loans. Borrowers may apply for loans through March 31, 2021 or until funds are exhausted.

What is the maximum amount for PPP loans?

For first-time PPP borrowers, loans are the lesser between \$10 million or 2.5 times your average monthly payroll. For second-time borrowers, PPP loans may be up to \$2 million.

Are PPP loans forgivable?

If borrowers use PPP loan proceeds towards eligible uses, the loan may be up to 100 percent forgivable. For more information on applying for PPP loan forgiveness, visit [SBA's guide](#).

Are forgiven PPP loans tax-deductible?

Yes. The recent omnibus legislation ensures that forgiven PPP loans are tax deductible.

Where can I apply for a PPP loan?

While 100% guaranteed by the US Small Business Administration, PPP loans are administered by private lending institutions. You should contact your financial institution, including credit unions, Community Development Financial Institutions, Farm Credit institutions and banks.

How does my co-op's PPP loan interact with an EIDL advance?

The recent law makes clear that EIDL grants will not impact the amount of PPP funds eligible for forgiveness. This clarifies earlier interpretation of the law, which deducted the EIDL advance from the PPP amount, essentially requiring the advance to be repaid.

Are Economic Injury Disaster Loans and Grants still available?

Yes. All cooperatives are eligible for EIDLs and grants (also referred to as EIDL advances), which are available through December 31, 2021. Congress provided an additional \$40 billion for EIDL grants of up to \$10,000. EIDL grants are not taxable income.

Note: Some cooperatives have continued to report challenges working with SBA on ownership information needed to process and EIDL application. If your co-op faces these challenges, please contact Kate LaTour, Director of Government Relations, at klatour@ncba.coop.