

Additional Paycheck Protection Program Funding Approved by Congress, Awaiting President's Signature

04/23/20

A new coronavirus (COVID-19) stimulus bill entitled the "Paycheck Protection Program and Health Care Enhancement Act" was passed by Congress on April 23, 2020 and presented to President Trump for signature. The President has indicated he will sign the bill into law. The law will include over \$300 billion of additional funding to restart the Paycheck Protection Program (PPP) and an additional \$10 billion for the Small Business Administration (SBA) economic injury disaster (EIDL) loans. Both the EIDL loans and PPP were very popular; the PPP quickly oversubscribed its initial appropriation. It is expected that the new appropriation will be committed within a matter of days.

In an effort to make PPP accessible through smaller borrowers and lending institutions, the law allocates \$60 billion of the total PPP funding to lenders having less than \$50 billion in assets, and \$30 billion of that amount to lenders having less than \$10 billion.

No changes were made to the rules and regulations governing PPP. As with the initial appropriation, PPP loans are made to small businesses to enable them to maintain staff on payroll and pay for other overhead expenses. If the proceeds are properly used, the loans may be forgiven.

Small businesses which did not apply for PPP participation before the prior appropriation was exhausted, or which applied but did not receive approval, now have another chance to participate in the program.

Businesses which applied for PPP but were not approved should immediately contact their lenders for advice as to whether their existing applications need to be updated or resubmitted. Businesses which did not apply should promptly reach out to their lenders for instructions on how to submit an application.

While we await guidance from SBA, it is likely that the funds again will be made available on a "first-come, first-served" basis and that the new funds will be exhausted within a few days of authorization.

The application process is straightforward but the rules for eligibility, use of proceeds and forgiveness are complex. Please contact [Douglas Watson Lubic](#), [Peter Greenbaum](#) or any member of our [business law](#) or [commercial finance](#) teams for assistance.

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