

## **Coming Soon to a Bank Near You: More Money for Small Businesses**

By Thomas McCally Esq. and Janette Blee Esq.

On April 21, 2020, the Senate passed the Paycheck Protection Program and Health Care Enhancement Act (PPP & HCE Act or “Enhancement Act”), providing supplemental funding for the Paycheck Protection Program (PPP) that was implemented as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The CARES Act earmarked \$349 billion for the PPP to help small businesses cover their payroll, benefits, utilities, and rent and mortgage payments. These loans are forgivable if the employer maintains employer salaries, benefits, and workforces for eight weeks after receiving a loan. The \$349 billion set aside for loans through the PPP was exhausted almost before it became available – leaving many small businesses without access to the relief that the PPP was intended to provide. In response, the Senate passed the Enhancement Act to provide additional funding and relief to the many businesses impacted by Covid-19 and related restrictions imposed on businesses.

The Enhancement Act includes:

- An additional \$310 billion for the SBA's Paycheck Protection Program, with \$60 billion specifically allocated for loans made by small lenders and community-based institutions. The set-aside is intended to provide protection and relief to smaller businesses, which typically deal with community lenders;
- An extra \$50 billion for the SBA's Economic Injury Disaster Loan (EIDL) program;
- An extra \$10 billion for the SBA's Emergency Economic Injury Grant program;
- A clarification that agricultural enterprises with 500 or fewer employees are eligible to receive EIDLs and emergency grants; and
- An additional \$2.1 billion for the SBA's administrative expenses.

The bill also provides an additional \$75 billion for hospitals and medical facilities to fight coronavirus and \$25 billion for COVID-19 testing.

### What Should Small Businesses Do Now?

Businesses seeking loans under the PPP & HCE should be mindful of how quickly funds from the original PPP were exhausted. If you have not yet submitted your PPP Loan application, prepare your application immediately so that you are ready to submit the application as soon as the SBA announces that funds are available for new PPP Loans. Remember, loans are to be made on a first come, first serve basis.

If you already applied for a loan under the PPP but did not receive it, you should contact your lender now to see if they still have your application, to clarify whether any additional action is necessary and to determine if whether or not your application will be submitted when the SBA begins accepting new PPP loan applications. Notably, the Interim Final Rule specifically states you can only apply for one PPP Loan.

### A Word of Warning

Although it is important to act quickly to submit your application, it is also important to ensure that the information provided in the application is accurate. Obtaining government funds under the PPP using inaccurate or false information can lead to liability under the CARES Act's Accountability and Oversight provisions, as well as the False Claims Act.

### What's Next?

The House is scheduled to vote on the legislation on April 23 after which President Trump is expected to sign it into law.

Employers should keep apprised of all developments as they occur and should consult with counsel to determine the best way to navigate these laws as they continue to evolve.