

PPP Update and EIDL Funding Update

OVERVIEW:

Phase 3.5 Legislation Enacted, New Tranche of \$310B Provided for PPP. On April 24, President Trump signed a \$483B package which is generally referred to as the Phase 3.5 coronavirus package. The bill includes \$310B in additional funding for the Paycheck Protection Program (PPP), **\$60B in funding EIDL small business grant/loan programs**, \$75B for hospitals, and \$25B for testing efforts. Notably, of the \$310B PPP funding, \$30B is for mid-sized depositories (i.e., \$10B to \$50B in assets) and \$30B is for community financial institutions and smaller depositories (i.e., <\$10B in assets).

Effectively, the statute creates three separate funding pools and it is unclear at this stage how the SBA will police those volumes. The initial tranche of PPP funding was exhausted in roughly two weeks and it is expected this tranche to be disbursed in a relatively similar time period, which suggests that Congress will be forced to consider a third tranche of PPP funding as part of the forthcoming Phase 4 negotiations.

PPP New FAQ

There is only one new question: To determine borrower eligibility under the 500-employee or other applicable threshold established by the CARES Act, must a borrower count all employees or only full-time equivalent employees?

Answer: For purposes of loan eligibility, the CARES Act defines the term employee to include "individuals employed on a full-time, part-time, or other basis." A borrower must therefore calculate the total number of employees, including part-time employees, when determining their employee headcount for purposes of the eligibility threshold. For example, if a borrower has 200 full-time employees and 50 part-time employees each working 10 hours per week, the borrower has a total of 250 employees.

By contrast, for purposes of loan forgiveness, the CARES Act uses the standard of "fulltime equivalent employees" to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions.

SBA Funding Availability - Available Monday, April 27, 2020 10:30 AM

www.sba.gov/disaster-assistance/...

Notice: Additional Economic Injury Disaster Loan Funding

With the additional funding provided by the new COVID-19 relief package, SBA will resume processing EIDL Loan and Advance applications that are already in the queue on a first come, first-served basis.

We will provide further information on the availability of the EIDL portal to receive new applications (including those from agricultural enterprises) as soon as possible.

The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, the SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available statewide to small businesses and private, nonprofit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19). This will apply to current and future disaster assistance declarations related to Coronavirus.
- The SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made, the information on the application process for Economic Injury Disaster Loan assistance will be made available to affected small businesses within the state.
- The SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- The SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- The SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.
- For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.