



More Funding Available for Employers to Meet Payroll

Syracuse ♦ Ithaca ♦ New York City

April 2020

Federal legislation authorizing additional funding for employers, hospitals and healthcare providers confronting Covid-19 pandemic is effective April 24, 2020. The Paycheck Protection Program Increase Act of 2020 ("PPPIA") is the fourth piece of major federal legislation adopted in response to Covid-19.

As the name suggests, the primary provision of the PPPIA legislation is to appropriate additional funds for two programs administered by the Small Business Administration ("SBA"), the Paycheck Protection Program ("PPP") and the Economic Injury Disaster Loan program ("EIDL"). Demand for both was so great that they exhausted their initial funding last week.

Although members of Congress and the Secretary of Treasury made emphatic public remarks that abuses of the programs will not be tolerated and the federal government will investigate abuse and enforce the rules for who is eligible to borrow and for use of the loan funds, the PPPIA does not alter eligibility criteria, nor does it appear to alter the process for applying for and receiving these loans and grants.

Most notably, the PPPIA:

- Adds \$310 billion in additional funding to the PPP
- Creates set-asides for small community based lenders including a set-aside of \$30 billion for PPP loans to be made by banks, savings and loans, other depository institutions and credit unions that have assets between \$10 billion and \$50 billion, and another set-aside of \$30 billion for PPP loans made by minority-owned depository institutions, certified development companies, microloan intermediaries and , and credit unions with assets less than \$10 billion
- Adds \$10 billion in funding for SBA to make EIDL grants of up to \$10,000 per applicant
- Adds \$50 billion in funding for SBA to make EIDL loans
- Allows agricultural enterprises with not more than 500 employees to receive EIDL grants and loans

The PPPIA also sets aside \$75 billion for reimbursement to hospitals and healthcare providers to support the need for COVID-19 related expenses and lost revenue and an additional \$25 billion for necessary expenses to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests.

Applicants continue to be required to certify to their lenders and the SBA that current economic uncertainty makes this loan request necessary to support their ongoing operations. The SBA issued guidance late on April 23 confirming that applicants must make the certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. SBA may request documents to support the facts underlying the certification.

If your organization has not already applied for relief, the PPPIA is an opportunity to get help to cover payroll and other costs for your business or not-for profit. If you have a PPP loan, pay attention to how you use the funds, to documenting expenditures and to submitting a forgiveness request. Our attorneys are available to answer your questions about these and other relief programs.

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