

Paycheck Protection Program and Health Care Enhancement Act to Appropriate Additional Funds for Small Business Loans

The Bottom Line

- The President signed into law the Paycheck Protection Program and Health Care Enhancement Act (the PPPHCE Act), an approximately \$484 economic stimulus package in response to the COVID-19 pandemic.
- The PPPHCE Act replenishes the funding for the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan Program (EIDL) made available by the Coronavirus Aid, Relief and Economic Security Act to enable additional loans to be provided to small businesses facing economic hardship due to COVID-19.
- Small businesses should monitor the reopening of PPP and EIDL applications and be prepared to apply as soon as possible.

President Trump signed the Paycheck Protection Program and Health Care Enhancement Act (PPPHCE Act) into law on April 24, 2020 to infuse approximately an additional \$484 billion of stimulus funds into the economy in response to the coronavirus pandemic (COVID-19).

The PPPHCE Act expands upon, and replenishes the funding of, the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program (EIDL), which were enacted under the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Additional Funding for the PPP

The PPPHCE Act appropriates an additional \$310 billion to the PPP, which includes a \$60 billion set-aside for smaller lenders. Of the \$60 billion allocated to smaller lenders, \$30 billion is reserved for insured depository institutions and credit unions with consolidated assets of between \$10 billion and \$50 billion; and \$30 billion is reserved for insured depository institutions and credit unions with consolidated assets of less than \$10 billion and community financial institutions.

This set-aside is intended to increase funding to rural businesses, minority owned businesses and businesses in under-banked neighborhoods. The PPPHCE Act will provide many more small businesses the ability to secure PPP loans of up to \$10 million that are subject to partial or full loan forgiveness.

For additional details on the PPP, see Davis+Gilbert's prior alert.

Additional Funding for the EIDL

The PPPHCE Act also appropriates an additional \$50 billion for direct loans under the EIDL and another \$10 billion to make advance grants under the EIDL. This additional funding will permit the Small Business Administration (SBA) to make additional Economic Injury Disaster Loans (EIDLs) of up to \$2 million that include upfront grants of up to \$10,000 available to small business facing financial hardship in light of COVID-19.

Additional details on EIDLs can be found [here](#).

Public Health and Social Services Emergency Fund

Lastly, the PPPHCE Act appropriates funds to the Public Health and Social Services Emergency Fund to prevent, prepare for and respond to COVID-19. Specifically, \$75 billion was allocated for reimbursement of eligible healthcare providers for healthcare related expenses or lost revenue related to COVID-19 and \$25 billion was allocated to developing and expanding capacity for COVID-19 testing.

Loan Applications

Within two weeks of the enactment of the CARES Act, the funding to support small business loans ran out and the SBA stopped accepting loan applications for the PPP and the EIDL (statistics on PPP loans approved through April 16, 2020, including loan amounts and borrower industries, can be found [here](#)).

As a result of the additional funding provided by the PPPHCE Act, the SBA will resume accepting applications on Monday, April 27 for the PPP. When applications for EIDLs reopen, they can be found [here](#).

To the extent a small business has a PPP application pending with a bank, it should contact its lender to determine how the lender plans to treat pending applications upon the program's reopening. Interested small businesses that have not yet applied should begin preparing their PPP application and gathering the applicable payroll information as soon as possible, as many expect this second tranche of funding to be oversubscribed as well.

The SBA has indicated that it will continue to provide additional guidance on these programs, including addressing details of the loan forgiveness calculations.

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