

# Additional Funding for Paycheck Protection Program and Economic Injury Disaster Relief Loans

## Insight — April 27, 2020

On Friday, April 24, 2020, President Trump signed the Paycheck Protection Program and Health Care Enhancement Act (the “PPP & HCE Act”), which includes provisions for \$310 billion of additional funding to replenish the Paycheck Protection Program first introduced under the CARES Act and \$60 billion in additional funding for emergency disaster loans and grants.

Under the PPP & HCE Act, \$60 billion of the additional \$310 billion to replenish the Paycheck Protection Program is required to be set aside for loans by smaller financial institutions. Specifically, \$30 billion of this funding is set aside for loans made by federal and state-chartered banks and credit unions with consolidated assets between \$10 billion and \$50 billion, and \$30 billion is set aside for loans made by community financial institutions, insured depository institutions and credit unions with consolidated assets under \$10 billion. This \$60 billion specifically set aside for small and mid-sized financial institutions should allow these lenders to better participate in the Paycheck Protection Program, which in turn should help small businesses most likely to rely on their relationships with local lenders.

The PPP & HCE Act also includes \$60 billion for the SBA's economic injury disaster loans (“EIDL”) program. Of this amount, \$10 billion is for emergency grants of up to \$10,000, and \$50 billion is to fund loans under the EIDL. The PPP & HCE Act creates new eligibility under the EIDL for agricultural enterprises (as defined in section 18(b) of the Small Business Act (15 U.S.C. 647(b)) with not more than 500 employees.

The PPP & HCE Act does not alter the application requirements for either the Paycheck Protection Program or the EIDL. The SBA is expected to resume accepting applications for these loans from participating lenders on Monday, April 27. As before, these loans and the funding being made available will be on a first-come, first served basis, meaning the time to apply is limited.

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