

CONGRESS APPROVES ADDITIONAL FUNDING FOR SMALL BUSINESSES; TREASURY ISSUES GUIDANCE CLARIFYING PPP LOAN ELIGIBILITY

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Today, Apr. 24, 2020, President Trump signed into law a new \$484 billion stimulus package, primarily to provide additional funding for the small business relief programs that Congress established under the CARES Act in March.

The new bill includes \$310 billion in additional funding for the Paycheck Protection Program (PPP), \$60 billion of which has been set aside for smaller businesses that are unbanked or underbanked. The bill also includes an additional \$10 billion for emergency grants and \$60 billion for emergency loans under the Economic Injury Disaster Loan (EIDL) program. Given the rapid depletion of the initial wave of coronavirus-related stimulus funding, it is expected that these additional funds for PPP loans and the EIDL grants and loans, once available, will be exhausted in a matter of days. Accordingly, for small businesses that are interested in applying under these relief programs, it is imperative that they reach out to their banks as soon as possible. The full text of the bill is available [here](#).

In a related move, the U.S. Treasury issued a new FAQ this morning regarding PPP loans eligibility in light of criticism that some larger businesses were able to access a substantial portion of the PPP loan funds. The updated FAQ now includes guidance regarding the eligibility of businesses owned by "large companies with adequate sources of liquidity to support the business's ongoing operations."

The Treasury emphasized that potential borrowers must assess whether they have an economic need for PPP loans. Borrowers must certify in good faith that the PPP loan request is "necessary," taking into account current business activity and access to other sources of liquidity sufficient to support their ongoing operations. Further, presumably to encourage larger borrowers to return unnecessary PPP loan proceeds, the additional guidance notes that the SBA will deem the borrower's certification of its

economic need to have been made in good faith if a loan is repaid by May 7, 2020. Click [here](#) for the full FAQ.

If you have questions or would like to discuss further, please contact [Trey DeLoach](#), [Nikki Gibson](#), Ed McQueen or Ira Perez.

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