

COVID-19: Increased Funding for Paycheck Protection Program Loans, Economic Injury Disaster Loans and Emergency Grants

April 23, 2020

On April 23, 2020, Congress passed and President Donald Trump is expected to sign into law the “Paycheck Protection Program and Health Care Enhancement Act” (Act) to increase funding for paycheck protection program loans (PPP Loans), economic injury disaster loans (EIDLs) and EIDL emergency grants under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and to provide \$75 billion in funding for hospital and other eligible health care providers and \$25 billion for COVID-19 testing.

Following is a summary of the amendments to the PPP Loan, EIDL and EIDL emergency grant features of the CARES Act:

Increased Funding:

- An additional \$310 billion for PPP Loans
- An additional \$50 billion for EIDLs
- An additional \$10 billion for EIDL emergency grants

Added Agricultural Enterprises as Eligible Entities for EIDL and EIDL Emergency Grants:

The Act amends Section 1110(a)(2) of the CARES Act to add agricultural enterprises with not more than 500 employees as eligible entities for EIDLs and EIDL emergency grants. Agricultural enterprises are defined in Section 18(b) of the Small Business Act as “businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries.”

Established Set Asides for Insured Depository Institutions, Credit Unions and Community Financial Institutions:

The Act further amends the CARES Act to require the Small Business Administration to make loan guarantees of not less than the following amounts to the following lenders:

- \$30 billion to:
 - *Insured depository institutions* with consolidated assets of \geq \$10 billion and $<$ \$50 billion; and
 - *Credit unions* with consolidated assets of \geq \$10 billion and $<$ \$50 billion.
- \$30 billion to:
 - *Community financial institutions*;
 - *Insured depository institutions* with consolidated assets of $<$ \$10 billion; and
 - *Credit unions* with consolidated assets of $<$ \$10 billion.

“Community financial institution” and “credit union” are defined as:

Continued

- Community financial institution means: (a) a *community development financial institution* as defined in Section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994, (b) a *minority depository institution* as defined in Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989; (c) a *development company* certified under title V of the Small Business Investment Act of 1958; and (d) an intermediary as defined in Section 7(m)(11) of the Small Business Act; and
- Credit union means a state credit union or federal credit union as defined in Section 101 of the Federal Credit Union Act.

If you have any questions about the paycheck protection program, EIDLs, EDIL emergency grants or the Act amendments, please contact the authors or your Miller Canfield attorney.

This information is based on the facts and guidance available at the time of publication, and may be subject to change.