



Refilling The Well: Senate Passes \$300 Billion Spending Package For Strained Paycheck Protection Program

Insights

4.22.20

Less than a week after the Small Business Administration (SBA) announced that the \$350 billion in small business loan funds had been exhausted, the Senate passed a \$484 billion spending bill yesterday which adds an additional \$300 billion to the much strained Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The emergency spending bill, titled the Paycheck Protection Program and Health Care Enhancement Act, is expected to pass the House tomorrow, April 23, closely followed by President Trump's signature.

It is no surprise that the Program quickly reached its limits considering the current financial strain on American businesses, the relaxed application requirements from traditional SBA loans, and the eligibility to have the entire loan forgiven, all on the government's dime. The emergency spending package is welcome news for small businesses who missed out on the first round of funding. What do employers need to do to ensure they don't miss out on these forgivable loans a second time?

Review The Requirements

Small businesses may be unsure about the requirements and whether their business actually needs the loan. In addition to an assessment of necessity of the loan funds, during the first round of funding, there was great confusion regarding the SBA's complicated "Affiliation Rules". Due to a lack of clear and timely guidance from the SBA, many businesses missed out on the opportunity for a loan due to the mistaken belief that they were ineligible.

Fisher Phillips' SBA Task Force is equipped to guide you through the SBA's cumbersome Affiliation Rules and size standards to determine if your business is eligible for a PPP loan. Our collection of attorneys devoted to this project can help you understand the process and the conditions on any loan you are applying for or for which you have already received funds. The rules and exemptions are confusing, but Fisher Phillips previously answered your most frequently asked questions and the SBA Task Force is standing by to guide you through the process

Contact A Lender

If you haven't already, reach out to your bank to determine what information it needs to process your PPP Loan application. Time is of the essence and it is expected that this second round of funding will indeed dry up again. Do not wait until the president signs the spending package.

Complete Your Application

Complete your application today and gather all necessary documents that your lender may need to promptly process your application as soon as the funding is available, such as payroll documentation (including an accounting of which employees made more than \$100,000 in 2019), Form 941, Form 944 and verification of ownership of the business. The Fisher Phillips SBA Loans Task Force can also help you determine what may be included in “payroll costs” to calculate loan eligibility.

Begin Planning And Documenting To Ensure Maximum Forgiveness

Whether you have already received your loan or are planning to apply during the second round, it is important to understand the PPP’s forgiveness requirements. Although the loans are underwritten at an attractive 1%, businesses should do everything they can to reach maximum forgiveness.

The SBA Loan team stands ready to assist you in understanding how to maximize loan forgiveness: how your organization can qualify for forgiveness, what documentation is necessary to assist in forgiveness, and how to implement best practices for maximizing forgiveness. The team can also help you navigate the other benefits of the CARES Act, including the Employee Retention Program and Delay of Employer Payroll Taxes to determine which program(s) make the most sense for your business.

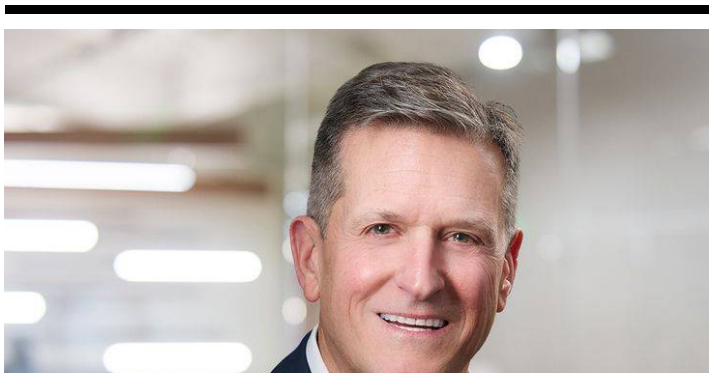
Conclusion

The SBA, Department of Labor, and the IRS continue to issue new guidance regarding the CARES Act and the Payroll Protection Program. Fisher Phillips’ SBA Loan Team will continue to monitor the ever-changing COVID-19 situation and provide updates. Make sure you are subscribed to Fisher Phillips’ Alert System to get the most up-to-date information.

For further information, contact your Fisher Phillips attorney, or any member of our SBA Loan Task Force. You can also review our FP BEYOND THE CURVE: Post-Pandemic Back-To-Business FAQs For Employers and our FP Resource Center For Employers.

This Legal Alert provides an overview of a specific developing situation. It is not intended to be, and should not be construed as, legal advice for any particular fact situation.

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