



EXPECTED ADDITIONAL FUNDING OF PPP AND EIDL PROGRAMS, IMPACT ON BUSINESSES AND LENDERS

On April 21, 2020, the United States Senate passed the Paycheck Protection Program and Health Care Enhancement Act (“Act”) that increased funding of the Paycheck Protection Program (“PPP”) and Emergency Insurance Disaster Loan (“EIDL”) program under the CARES Act. The United States House is expected to approve the Act on Thursday, April 23. President Trump stated he will sign the Act as written into law.

\$310 Billion Dollars Added to Paycheck Protection Program Funding, \$10 Billion Dollars Added to Emergency Insurance Disaster Loan Program Funding

The most-anticipated provision of the Act provides an additional \$310 billion to the now-depleted PPP loan fund. The Act will also add \$10 billion in funding to the EIDL program. For more information on the PPP and EIDL program, please visit our COVID-19 Task Force [here](#).

\$60 Billion of PPP Loans Reserved for Disbursement by Small Financial Institutions, Community Banks, Minority-Owned Banks, Development Companies

The SBA has set aside \$60 billion worth of guaranteed PPP loans to be disbursed by community banks and small financial institutions. Banks and credit unions with consolidated assets between \$10 to \$50 billion are provided at least \$30 billion in guaranteed PPP loans. An additional \$30 billion in guaranteed PPP loans is reserved for:

1. Banks and credit unions with consolidated assets less than \$10 billion;
2. Community Development Financial Institutions, as defined by the Riegle Community Development and Regulatory Improvement Act of 1994 to be an institution that:
 - a. “has a primary mission of promoting community development;”
 - b. “serves an investment area or targeted population;”
 - c. “provides development services in conjunction with equity investments or loans, directly or through a subsidiary or affiliate;”

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- d. “maintains, through representation on its governing board or otherwise, accountability to residents of its investment area or targeted population; and”
 - e. “is not an agency or instrumentality of the United States, or of any State or political subdivision of a State.”
3. Minority Depository Institutions, as defined by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, to be any of the following institutions:
- a. “if a privately owned institution, 51 percent is owned by one or more socially and economically disadvantaged individuals;”
 - b. “if publicly owned, 51 percent of the stock is owned by one or more socially and economically disadvantaged individuals;” or
 - c. “in the case of a mutual institution where the majority of the Board of Directors, account holders, and the community which it services is predominantly minority...the term ‘minority’ means any black American, Native American, Hispanic American, or Asian American.”
4. Development companies certified by the SBA; and
5. Intermediaries, as defined by Section 7 of the Small Business Act to be any of the following:
- a. “a private, nonprofit entity;”
 - b. “a private nonprofit community development corporation;”
 - c. “a consortium of private, nonprofit organizations or nonprofit community development corporations;”
 - d. “a quasi-governmental economic development entity (such as a planning and development district), other than a State, county, municipal government, or any agency thereof, if ... (I) no application is received from an eligible nonprofit organization; [and] (II) the [SBA] determines that the needs of a region or geographic area are not adequately served by an existing, eligible nonprofit organization that has submitted an application;”
 - e. “an agency of or nonprofit entity established by a Native American Tribal Government, that seeks to borrow or has borrowed funds from the [SBA] to make microloans to small business concerns under this subsection[.]”

The entire text of the Paycheck Protection Program and Health Care Enhancement Act passed by the Senate can be found [here](#).

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Additional Guidance Anticipated:

Based on comments from Treasury Secretary Steven Mnuchin on April 21, 2020, it is anticipated that the [Frequently Asked Questions](#) will be updated in the coming days to address additional affiliation issues, including the mandatory return of funds by disqualified entities. Additionally, the SBA has set a deadline of Sunday, April 26, 2020 to post the final rules and regulations related to loan forgiveness. GRSM will provide updates on each when available.

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Source: GRSM COVID-19 HUB

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