

More Funds Coming for Paycheck Protection Program

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More funding is coming for a federal stimulus program after the fund ran out of money earlier this month.

Congress approved and President Donald Trump has signed the Paycheck Protection Program and Health Care Enhancement Act, which will provide an additional \$310 billion in funding for the Paycheck Protection Program (PPP). The legislation includes approximately \$250 billion of unrestricted funds for the Paycheck Protection Program and also reserves an additional \$60 billion for smaller lending institutions with \$30 billion reserved for lenders with assets valued at less than \$10 billion and \$30 billion for lenders with assets between \$10 to \$50 billion dollars.

The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll, according to the Small Business Administration. In general, all or a portion of PPP loans will be forgiven if employees are kept on the payroll and the PPP loan proceeds are used for payroll (at least 75%), rent, mortgage interest or utilities.

The act also provides an additional \$10 billion for grants provided under the Economic Injury Disaster Loan program, while also expanding the program to be available to agricultural businesses.

Other than an increase in the amount available under the PPP, at this time there do not appear to be any further changes to the program from the first round of funding. There had been some speculation as to whether the SBA affiliation rules, as applicable to the PPP, would continue to apply to this "second round". As a result, for example, PPP loans are generally not available to portfolio companies of private equity firms. There has been some indication that there may be changes to the affiliation rules in the context of the PPP in a subsequent round of funding.

If you have any questions on the updates to the Paycheck Protection Program, please contact [Paul Mattaini](#), [Tim Malloy](#) or any member of the [Barley Snyder Business Practice Group](#).

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