

On April 24, 2020, the President signed the Paycheck Protection Program and Health Care Enhancement Act (H.R. 266). This Act provides an additional \$310 billion in funding for the PPP, \$60 billion of which is earmarked for community banks and small lenders. It also provides \$75 billion for hospitals and \$25 billion for COVID-19 testing.

The CARES Act provided \$349 billion of funding for the PPP when it was enacted on March 27, 2020.

If you did not obtain a Paycheck Protection Program (PPP) loan during the first round, prepare your application now and submit it to your favorite SBA lender as soon as possible, preferably over this weekend. If you already applied with a lender, there is no need to resubmit your application. But, check with your lender to be safe. We think your application needs to be in tomorrow to be considered.

Given that funding in the first round was exhausted within 13 days and there remains a tremendous backlog of applications from the first round, we would expect that this funding will be exhausted quickly.

On April 23, 2020 the SBA published a series of frequently asked questions. The most concerning was the response that borrowers that (i) have access to adequate sources of liquidity (either directly or from their parent entities) to support the ongoing operations of their business in a manner that is not significantly detrimental to their business, or (ii) are public companies with substantial market value and access to capital markets should **not apply** for a PPP loan. This has created much confusion amongst businesses that have borrowed under the PPP program already and those that will be applying.

While we believe the SBA intended to discourage all but the neediest small and mid-size businesses from applying, we cannot be sure of their intent until they provide further guidance.

If you have any questions, please reach out to us.

We hope you and your family are safe and well.

The Day Seckler Team

