

# CLIENT ALERTS

## U.S. Senate Passes the “Paycheck Protection Program and Health Care Enhancement Act,” Adding \$310 Billion to the PPP Fund

4.22.2020

### *Second Chance for Borrowers Who Missed the Initial PPP Funding*

On Tuesday, April 21, 2020, the U.S. Senate passed the “Paycheck Protection Program and Health Care Enhancement Act,” also referred to as the “Phase 3.5” relief bill (here is a link to the text of the package).

Phase 3.5 amended the Coronavirus Aid, Relief, and Economic Security Act of 2020 (or “CARES” Act) (Pub. L. No. 116-XXX) (H.R. 748), originally signed into law on March 27, 2020. The CARES Act was the third in a series of laws passed to address the economic effects of COVID-19.

The most popular aspect of the CARES Act was the Paycheck Protection Program (PPP), which provided small business loans that could potentially be forgiven. Initially funded with \$349 billion, the PPP loan money was gone within days. The incredible demand for loans, coupled with technical problems encountered by some lenders, left many small businesses who were otherwise eligible out of luck.

Phase 3.5, which awaits House approval and Presidential signature, provides the following:

- Increases PPP funding from \$349 billion to \$659 billion.
- Increases the pool for Emergency Economic Injury Disaster (EIDL) grants from \$10 billion to \$20 billion.
- Sets aside \$60 billion for smaller lending facilities, including “community financial institutions, small insured depository institutions and credit unions with assets less than \$10 billion.”

What does this mean for small business?

1. First, good news: Phase 3.5 increases the PPP funding pool but makes no other changes to the program. If you were in the

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act of applying when funds ran out, neither you nor your lender needs to learn any new rules.

2. If you need a PPP loan but have NOT yet applied, you should immediately consult with your service professionals (attorneys, accountants, and bank) to determine if you are eligible. If you are eligible, apply immediately as this second round of funding may also run out quickly.
3. If you previously applied for a PPP loan, but have not received approval or funding, you should immediately consult with your bank to make sure the application was submitted and/or whether it needs to be resubmitted. Thousands of loan applications were submitted, and many lenders had trouble processing the loan.
4. If you have received a PPP loan, congrats! Now you should consult with your service professionals to determine how to maximize your potential loan forgiveness.

The Butzel Long CARES Act Specialty Team previously issued a client alert summarizing the CARES Act and outlining the eligibility requirements and other details about the PPP (Butzel Long Client Alert) It has also been monitoring guidance provided by the Department of Treasury and the Small Business Administration (SBA), including concerns regarding eligibility, SBA affiliation rules, and loan calculations and forgiveness. The Team will continue to monitor this legislation as it goes through the House and is signed into law.

If you have any questions or concerns about how the CARES Act might affect your business (including the PPP), please feel free to contact a member of the Butzel Long CARES Act Specialty Team or any other Butzel Long attorney.

**Bernie Fuhs**

313.225.7044

[fuhs@butzel.com](mailto:fuhs@butzel.com)

**Justin Klimko**

313.225.7037

[klimkojg@butzel.com](mailto:klimkojg@butzel.com)

**Brett Miller**

313.225.5316

[millerbr@butzel.com](mailto:millerbr@butzel.com)

**Tom Kabel**

248.258.2602

[kabel@butzel.com](mailto:kabel@butzel.com)