

CARES Act Funding Update

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The CARES Act

On March 27th, 2020, the CARES Act became law.

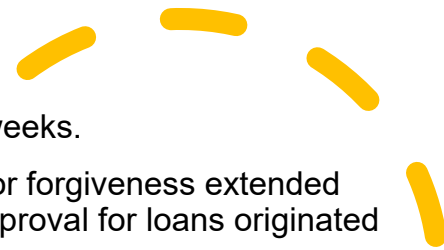
The Small Business Administration received funding and authority for 2 programs:

- 1) The Paycheck Protection Program (two tranches which together total \$669bb);
- 2) Grants and relaxed lending standards for standard SBA Economic Injury Disaster Loans (knowns as EIDLs) (\$10k grant combined with up to a \$2mm loan).



Evolving Landscape

- Original CARES Act rushed through Congress by necessity.
- Since enactment, various industries have been exerting pressure for specific change to benefit their members.
- 48 confusing and constantly evolving FAQs.
- A lot of confusion surrounding the certification of need on the original application (safe harbor for loans below \$2mm and the ability to repay loans if the SBA determines there was no need).



The Paycheck Protection Program Flexibility Act: Signed into law on June 5, 2020

Covered Period tripled from 8 weeks to 24 weeks.

Maturity Dates on loans that do not qualify for forgiveness extended from 2 years to 5 years (subject to lender approval for loans originated prior to June 5, 2020).

Payroll use requirement reduced from 75% to 60%.

Workforce reductions restoration date pushed to December 31, 2020 from June 30, 2020.

Enhanced ability to qualify for forgiveness by demonstrating an inability to rehire the same or similar employees [OR] to operate business due to health and safety regulations.

Increased deferment of principal, interest and fees on PPP loans from 6 months to the date on which the amount of forgiveness is actually determined (outside date of 10 months following new covered period for those who do not apply).

PPP borrowers who qualify for forgiveness may continue to delay payment of employer payroll taxes (the original CARES Act prohibited further deferrals for borrowers who qualified for forgiveness).