

Paycheck Protection Loan Program Receives Additional Funding from Congress

Congress has approved an additional \$320 Billion for the PPP loan program with \$60 Billion set aside solely for smaller lending institutions, particularly community-based lenders. More than 1.6 Million PPP loans totaling almost \$350 Billion were approved by SBA before the original \$349 Billion allocation was used up.

The key components of the PPP loan program largely remain the same, as follows:

- If you have 500 or less full time and/or part time employees, you are eligible to receive a very favorable loan from any lender participating in the Program which will be guaranteed by the SBA. This includes sole proprietors, independent contractors and self-employed individuals as well as corporations, partnerships, limited liability companies and similar.
 - You can borrow up to \$10,000,000.00 based upon your average monthly payroll multiplied by 2.5.
 - The PPP loan proceeds can be used not only for payroll expenses (which are very broadly defined to include benefits and not just actual payment amounts) but up to 25% can be used for the interest component for debt service, utilities and rent.
 - The interest rate is 1%.
 - The loan matures in two (2) years.
 - If you keep your current full-time equivalent employee headcount and do not reduce any employee's compensation by more than 25%, or if you eliminate any reduction of employees and reduction in compensation made between February 15, 2020 and April 26, 2020, by hiring or rehiring employees and/or restoring compensation levels by June 30, 2020, up to the entire amount of the Loan may be forgiven.
 - The PPP loan program provides that the Lender pays your attorney fees, although some lenders are declining to do so.
- * Please note that the comments made herein may be subject to further revision depending upon what type of guidance is issued by the SBA and/or U.S. Treasury.

Hand Arendall Harrison Sale has considerable knowledge of the PPP loan program, the attendant regulations and forms required. We will be glad to work with you to make the necessary application, assist you with the loan closing process and give you specific guidance for your enterprise.

CARES Act Alert

This alert was prepared by Hand Arendall Harrison Sale's CARES Act Team. For further information or assistance, please contact the attorney with whom you normally work or any of the team members listed below.

R. Preston Bolt, Jr.
pbolt@handfirm.com
Mobile, AL

J. Cole Davis
cdavis@handfirm.com
Panama City, FL

Christopher M. Gill
cgill@handfirm.com
Mobile, AL

Benjamin S. Goldman
bgoldman@handfirm.com
Birmingham, AL

T. Bruce McGowin
bmcgowin@handfirm.com
Mobile, AL

Sarah Outlaw McLaughlin
smclaughlin@handfirm.com
Mobile, AL

Brooks P. Milling
bmilling@handfirm.com
Mobile, AL

Dion J. Moniz
dmoniz@handfirm.com
Destin, FL

Kevin D. Obos
kobos@handfirm.com
Panama City, FL

Yanya O'Hara
yohara@handfirm.com
Fairhope, AL

Alabama: MOBILE • BIRMINGHAM • ATHENS • FAIRHOPE
Florida: DESTIN • PANAMA CITY • SANTA ROSA BEACH

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