

Congress Passes Additional PPP Loan Measures

The U.S. Senate and the House have passed additional CARES Act Relief Legislation that extends the PPP Loan Program. This is being sent to President Trump, who is expected to sign it.

The key provisions are as follows:

- The PPP Program would be restarted with an additional \$284 Billion assistance package that would do away with numerous of the restrictions that were in the original version.
- In addition to small businesses, the PPP Program would allow Loans to 501(c)(3) and 501(c)(6) entities and small businesses having up to 500 employees.
- The maximum amount of the PPP Loan would continue to be \$10,000,000.00.
- Hotels and food service businesses would be eligible for up to three (3) times their average payroll as opposed to all other businesses which are limited to 2.5 times payroll.
- Publicly traded companies are not eligible as they were during the first phase of the Program.
- Expenses that the PPP Loan can be used to pay have been expanded to include not only payroll, rent and utilities but also expenses to buy supplies from vendors, cost of safety protective equipment for COVID defense, and to fix property damage “due to public disturbances”.
- Even though small businesses may have already received PPP Loans during the first phase, they can now get a second helping. Small businesses with fewer than 300 employees that had a 25% drop in sales from a year earlier in at least one (1) quarter can qualify for an additional loan of up to \$2,000,000.00.
- The process would remain the same with potential small business borrowers applying through their Bank lenders who would, in turn, have the loans approved by SBA, with SBA eventually approving forgiveness applications.

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.
rbolt@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

J. Fred Kingren
fkingren@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

Copyright © 2020 Hand Arendall Harrison Sale LLC. All rights reserved.

This alert is for general information only and is not intended as and does not constitute legal advice or solicitation of a prospective client. It should not be relied on for legal advice in any particular factual circumstance. An attorney-client relationship with the Firm cannot be formed by reading or relying on this information; such a relationship may be formed only by a specific and explicit agreement with Hand Arendall Harrison Sale LLC.

NOTE: The following language is required by Rule 7.2 of the Alabama State Bar Rules of Professional Conduct: "No representation is made that the quality of the legal services to be performed is greater than the quality of legal services performed by other lawyers."

- The Bill clarifies that the expenses paid with PPP Loans are also deductible and the PPP Loans themselves are not classified as income. This corrects the position of the Treasury Department that such would constitute a “double dip”.
- The Bill, in aid of restaurants and bars, reinstates the deduction for the so-called “three martini lunch” that was dropped during the Reagan administration for business entertainment.

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.