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# Hughes Hubbard & Reed

## CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of January 15, 2021

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**January 15, 2021** – This week the Small Business Administration reopened the Paycheck Protection Program to new and existing borrowers, and implemented program expansions, with \$284 billion in funding. There were no significant legislative proposals.

### **Regulatory Developments Relating to the Pandemic**

#### **Small Business Administration Reopens the Paycheck Protection Program**

On January 13, the Small Business Administration (SBA) announced that it would reopen the Paycheck Protection Program (PPP) for new borrowers and certain existing PPP borrowers on January 15. Starting today, only community financial institutions, i.e. those with \$1 billion or less in assets, are authorized to make first and second draw PPP loans. The SBA announced that it would open the PPP to all participating lenders on January 19. \$284 billion has been authorized for this phase of the PPP. Updated PPP guidance outlining program changes was released on January 6. Key points of the guidance include:

- PPP borrowers can choose a covered period between 8 and 24 weeks;
- PPP loans can cover additional expenses, including operational expenditures, property damage costs, supplier costs, and worker protection expenditures;
- Housing cooperatives, direct marketing organizations, business leagues, professional football leagues, real estate boards, boards of trade, chambers of commerce, and other types of organizations are now eligible to participate in the program;
- Certain existing PPP borrowers can request modification of their first draw PPP loan amount; and
- Certain existing PPP borrowers are now eligible to apply for a second draw PPP loan; generally, such a borrower must (a) have already received a first draw PPP loan and will or has used the full amount of the first

draw loan for authorized uses only, (b) have no more than 300 employees, and (c) can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Sources:

- Press Releases: <https://home.treasury.gov/news/press-releases/sm1230> and <https://home.treasury.gov/news/press-releases/sm1235>
- [SBA PPP Guidance](#)
- [Interim Final Rule re PPP Amendments](#)
- [Interim Final Rule re Second Draw Loans](#)

### **Legislative Proposals**

None.

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