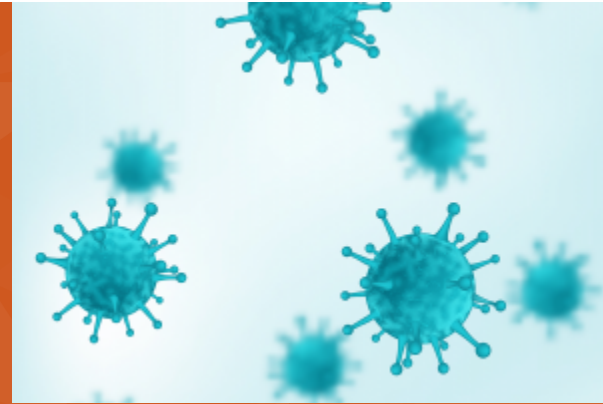


COVID-19 Alert: \$484 Billion Deal Approved

Senate Approves Deal To Expand PPP Small Business Loan Program

By: Matthew L. Mitchell
April 22, 2020



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On Tuesday, April 21, 2020, the Senate approved \$484 billion in new coronavirus aid for small businesses, hospitals, and COVID-19 testing. The House is expected to pass the bill, without conference committee modification, within days.

Review a summary of the bill, published by the Senate.

Of particular note to our clients, the Senate bill includes an authorization for an additional \$310 billion to replace the exhausted funds of the Paycheck Protection Program ("PPP"). Of that amount, \$60 billion is specifically reserved for small banks and community banks, to permit those lenders to process PPP loans for small businesses in under-banked and rural areas. In addition to the PPP authorization, another \$60 billion is authorized for small-business loans and grants delivered through an existing small-business disaster aid program, including the emergency Economic Injury Disaster Loan ("EIDL") grant program.

Subject to passage of the bill by the House, PPP loan application processing is expected to recommence as early as Thursday, April 23, 2020.

The additional \$310 billion is *not* expected to satisfy the total, remaining demand for the PPP, however. Some estimates suggest that there is close to a \$1 trillion of remaining demand for the program. In addition, the Consumer Bankers Association – the trade organization that represents the U.S. retail banking industry – estimates that the PPP has a processing "burn rate" of \$100 billion per day. As such, even with the additional amounts authorized by the Senate bill, it is expected that the PPP will, again, exhaust itself (*most likely by early next week*), leaving many qualified applicants, again, without access to the funds.

For our clients with pending PPP applications, and for clients in the process of applying: We recommend that you work closely with your bankers to ensure timely processing of PPP applications.

Morse is focused on assisting our clients through these unprecedented and challenging times. Please feel free to reach out to your Morse contact, or to speak with **Matt Mitchell** directly, should you have any questions concerning the PPP loan program, or any other COVID-19 response matters.

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