



CONGRESS PASSES \$484 BILLION CORONAVIRUS RELIEF PACKAGE

On April 23, 2020, Congress passed a \$484 billion coronavirus relief package, after \$349 billion was previously allocated to small business in COVID-19 relief loans under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was depleted after only two weeks. The new bill replenishes those exhausted funds in two existing programs for small business aid, namely the Paycheck Protection Program and the Economic Injury Disaster Loan Program. In addition, the bill provides increased funding for hospitals and healthcare providers related to the COVID-19 pandemic, funding to expand nationwide COVID-19 testing capabilities, and funding for research and development of testing not only for active COVID-19 infection, but also for prior exposure. The bill will now be sent to the desk of President Trump, who has expressed support for the legislation, and indicated that he will sign it.

The bill puts approximately \$320 billion in additional funds towards the Paycheck Protection Program, which provides government-guaranteed loans to small businesses during the COVID-19 pandemic. Previously allocated funds were quickly exhausted after the Paycheck Protection Program was enacted last month. As discussed in our recent client alert regarding the CARES Act, small businesses with 500 or fewer employees (including both full-time and part-time) during the period of February 15, 2020 to June 30, 2020, including self-employed individuals, are eligible for loans from approved FDIC lenders of approximately 2.5 times their monthly payroll, plus certain other costs, up to \$10 million dollars, with a cap of \$100,000.00 per employee. These loans can be used to pay salaries; provide paid medical/sick leave; pay insurance premiums; and make rent and utility payments. Further, the loans can be forgiven if businesses show that they used at least 75% of the proceeds for payroll. In an effort to better serve small businesses, the new stimulus will allot approximately \$60 billion of the funds to smaller financial institutions, while approximately \$30 billion will go to larger financial institutions.

The bill also puts \$60 billion towards the Economic Injury Disaster Loan Program. These loans offer up to \$2 million in assistance, and can provide economic support to help small businesses overcome temporary losses of revenue, as the loans can be used on fixed debts; payroll; accounts payable; and other bills that cannot be paid due to the COVID-19 pandemic. The interest rate on these loans is 3.75% for small businesses. In addition, this program provides small businesses with emergency advances on these loans up to \$10,000.00, which does not have to be repaid. The funds previously allocated to the Economic Injury Disaster Loan Program were exhausted, and the additional

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\$60 billion in funds from the bill will restart the program.

Furthermore, the bill provides \$75 billion in additional funding to hospitals that provide diagnosis, testing, and care for individuals with COVID-19, as well as \$25 billion to individual states in order to scale up and expand nationwide COVID-19 capabilities, including research and development of tests both for active infection and prior exposure, and the distribution of testing equipment and testing supplies.

In addition to the bill, the House also created a new panel with authority to oversee the federal response to the COVID-19 pandemic. The panel, which will be a select investigative subcommittee of the House Oversight Committee, will investigate how the trillions of dollars already approved by Congress for coronavirus relief are being used. It will be able to issue subpoenas; review U.S. preparedness for the pandemic; and examine decisions about the pandemic within the administration.

Oved & Oved LLP continues to actively monitor all legislative and regulatory efforts during this difficult time. We are monitoring not only legislation under the CARES Act, but also New York's pending legislative and regulatory efforts that impact our clients, as well as the status of the New York Court System and all pending litigation matters. Please do not hesitate to call or email us with any questions that you might have.