



The Prioritized Paycheck Protection Program, or “P4” Loan (As of June 22, 2020)

Posted by Michel Platt on June 22, 2020

- Companion bills were introduced in the U.S. House and Senate:
 - H.R.7241 sponsors are Representatives Angie Craig (MN) and Antonio Delgado (NY). The bill was referred to the House Committee on Small Business on 6/18/2020.
 - S.4014 sponsors are Senators Benjamin Cardin (MD), Bob Casey (PA), Christopher Coons (DE), and Jeanne Shaheen (NH). The bill was read twice and referred to the Committee on Small Business and Entrepreneurship on 6/18/2020.
- The companion bills authorize new lending under the Payment Protection Program (PPP) for non-publicly traded borrowers that are self-employed or have not more than 100 employees and that have a demonstrable revenue loss of 50% or more due to the coronavirus pandemic. To be eligible, borrowers would be required to have fully used an initial PPP loan or be in the process of using PPP proceeds.
- P4 loans would be capped at 2.5 times the borrower’s monthly payroll and a \$2 million maximum.
- A P4 borrower that has met the program’s payroll requirements would be able to apply for forgiveness as early as 8 weeks after loan disbursement.
- Otherwise, the P4 loans would be subject to the same criteria that apply to PPP loans.
- Lenders would receive a processing fee of at least \$2,500 per loan for both PPP and P4 loans.

- The bills would:
 - Reserve the lesser of \$25 billion or 20% of PPP funds for employers with 10 or fewer employees.
 - Require that SBA within five days issue guidance instructing lenders to prioritize loan processing for, and disbursement to, underserved borrowers, rural borrowers, and veterans.
 - Require that SBA update the loan application to collect demographic information on P4 loan recipients.

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Michael Platt, President, KPN Management Partners has over 30 years of corporate leadership experience, Mr. Platt is expert in healthcare operational and financial optimization and is highly skilled in strategic planning, financial ...
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