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New PPP Loan FAQ: Safe Harbor Extended to May 14, 2020

May 5, 2020

A key aspect of the CARES Act relief package is the now-well-known Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). As many are aware, the PPP loan application requires, among other things, that applicants certify that the "current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant."

As we previously noted in our prior alerts on April 23 and April 24, the SBA specifically provided that any borrower that applied for a PPP loan prior to the issuance of FAQ 31 on April 23 will be deemed to have made the necessity certification in good faith if the loan is repaid in full by May 7, 2020. On May 5, the SBA issued new FAQ 43, extending the deadline for this safe harbor until May 14, 2020 (which will also be housed in a new interim final rule to be released). The FAQ also states that the SBA intends to provide additional guidance on how it will review the necessity certification prior to May 14, 2020. ***Accordingly, borrowers considering repaying the loan should strongly consider doing so prior to May 14, 2020, but may wish to await for additional guidance.***

Coronavirus resource hub

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