

Latest SBA Guidance on PPP Loans

April 23, 2020

In a [Q&A](#) published this morning, the Small Business Administration (SBA) made some significant clarifications concerning the certification every PPP Borrower is required to make that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” Noticeably, despite the fact that under the CARES Act, the SBA rule that a borrower be unable to obtain credit elsewhere does not apply to the PPP, the new guidance states that in making the certification, a borrower should take into account other sources of liquidity it has. It also specifically notes that it is unlikely that a public company with “substantial” market value and access to the capital markets would be able to make the certification.

There are many aspects of the certification and new guidance that remain unclear but the clear message is that any borrower that obtained PPP funds has until May 7 to return the funds without being questioned on the good faith of its certification.

You can view the full Q&A here: <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

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