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Insights



Finish your homework, but you don't need to give back your PPP loan funds tomorrow.

The twisting in the wind is over, at least concerning whether borrowers should return their Paycheck Protection Program loans. This morning, the Small Business Administration and Department of Treasury updated the FAQs for the Program to clarify what borrowers should do in the face of tomorrow's expiration of the "safe harbor." Recall that borrowers having second thoughts about signing the "necessity certification" on the loan application had until May 14, 2020, to return the loan proceeds with no questions asked. While the clarification received wasn't as expected, it works.

In short, borrowers with loans less than \$2,000,000 will be "deemed to have made the required certification ... in good faith." For loans of \$2,000,000 or more, if the borrower repays the loan after receiving notification from the SBA of the lack of good faith, the "SBA will not pursue administrative enforcement or referrals to other agencies based on the certification concerning the necessity of the loan."

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Questions?

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