

CLIENT ALERT

The SBA Extends the Safe Harbor Deadline for Return of PPP Loans to May 18, 2020

May.14.2020

Yesterday we reported on the publication of FAQ 46 by the Small Business Administration (SBA) regarding the economic necessity certification contained in the Paycheck Protection Program (PPP) application and that the safe harbor deadline of May 14, 2020 remained in place. Late last night though, the SBA issued FAQ 47 in which it automatically extended the safe harbor deadline to May 18, 2020 for borrowers to return their PPP loan and still be deemed by the SBA to have made the necessity certification in good faith.

Yesterday, the SBA also issued an interim final rule authorizing all lenders to increase existing PPP loans to partnerships and seasonal employers who applied before SBA guidance specific to their type of business had been issued and, as a result, received lower loan amounts than they would have ultimately been entitled to. By this rule, lenders may now (1) increase existing PPP loans to partnerships to cover partner compensation in accordance with the SBA's interim final rule posted on April 14, 2020, and (2) permit seasonal employers to calculate a maximum loan amount using the alternative criteria posted in an interim final rule on April 28, 2020.

Crowell & Moring will continue to monitor and provide updates regarding developments in the PPP.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Mana Elihu Lombardo

Partner – Los Angeles
Phone: +1 213.443.5563
Email: melombardo@crowell.com

Olivia Lynch

Partner – Washington, D.C.
Phone: +1 202.624.2654
Email: olynch@crowell.com

Amy Laderberg O'Sullivan

Partner – Washington, D.C.
Phone: +1 202.624.2563
Email: aosullivan@crowell.com

Paul J. Pollock

Partner – New York
Phone: +1 212.895.4216
Email: ppollock@crowell.com