

LEGAL UPDATES

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SBA Extends Safe Harbor for PPP Fund Repayment

As businesses continue to apply for and receive funds through the Paycheck Protection Program (PPP), the Small Business Administration (SBA) is providing ongoing guidance. Notably, the SBA published FAQ 31 on April 23, 2020 reminding borrowers to carefully review the required certification that the “[c]urrent economic uncertainty makes [the] loan request necessary to support the ongoing operations of the Applicant.” You can view our previous client alert regarding FAQ 31 and related guidance [here](#).

The SBA provided a safe harbor for borrowers who applied for a PPP loan prior to April 24, 2020 based on a misunderstanding or misapplication of the above necessity standard. The safe harbor allows the borrower to repay the funds in full by a certain date and be deemed by the SBA to have made the certification in good faith. The original date to repay such funds was May 7, 2020.

Extension of repayment date

However, on May 5, 2020, the SBA released FAQ 43 which extended the safe harbor repayment date to May 14, 2020. The SBA clarified that borrowers do not need to apply for this extension. With this new extension, borrowers should continue to review their application and certifications based on the SBA guidance provided. To assist borrowers in this evaluation, the SBA stated that it intends to provide additional guidance, prior to May 14, 2020, on how the agency will review the necessity certification.

Contact us

If you have further questions or require more information regarding this update, please contact your Husch Blackwell attorney.

Comprehensive CARES Act and COVID-19 guidance

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Husch Blackwell's CARES Act resource team helps clients identify available assistance using industry-specific updates on changing agency rulemakings. Our COVID-19 response team provides clients with an online legal Toolkit to address challenges presented by the coronavirus outbreak, including rapidly changing orders on a state-by-state basis. Contact these legal teams or your Husch Blackwell attorney to plan a way through and beyond the pandemic.