

PPP UPDATE: SBA ISSUES IMPORTANT NEW RULING

LEGAL ALERT

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The **SBA's new rule** enables lenders to increase existing PPP loans to partnerships and seasonal employers. In addition, it provides additional clarification on the return of funds and self-certification aspects of the PPP funds.

Partnerships who completed their loan applications before April 14: PPP lenders are now allowed to increase existing PPP loans to partnerships to include appropriate amounts to cover partner compensation in accordance with the April 14 interim final rule.

The April 14 interim rule prohibited partners in partnerships from submitting a separate PPP loan application for themselves as self-employed individuals. Instead, the self-employment income of general active partners was to be reported as a payroll cost (up to \$100,000 annualized). Partnerships, including accounting firms, that had submitted PPP applications prior to April 14th without including partner self-employment income likely did not receive the maximum amount of PPP loans for which they were eligible.

Seasonal Employers: PPP lenders are now allowed to increase existing PPP loans to seasonal employers to include appropriate amounts based on the seasonal employer's maximum loan value using the alternative criterion posted on April 24.

Extension of date to return PPP funds: Borrowers who received PPP loans now have until May 18th to return the PPP funds if they are unable to make good-faith certification of the necessity of their loan requests.

Businesses who accepted less than \$2 million in PPP funds: The SBA will take these businesses' self-certifications of necessity on good faith and will not require them to prove the necessity of their loan.

If you have any questions or need assistance with your PPP loan, please do not hesitate to contact **Darlene Chiang**.



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