Labor and Employment Alert: SBA Issues Two More PPP Regulations

April 30, 2020 – On April 28, 2020, the Small Business Administration (SBA) issued two more interim final rules relating to the Paycheck Protection Program. (And you thought they were done!) The first relates to disbursements of the loan proceeds and the second relates to the amount of PPP loans any single corporate group may receive.

Loan Disbursement Regulation

- Clarifies that the disbursement of the loan proceeds by the lender to the borrower must be done within ten days of loan approval and in one disbursement.
- Requires lenders to cancel an approved, undisbursed loan if the borrower has not submitted the required loan documentation within 20 days of loan approval.

Corporate Group Regulation

- Limits the aggregate amount of PPP loans that any single corporate group may receive.
- A single corporate group (meaning businesses that are majority owned, directly or indirectly, by a common parent) shall in no event receive more than $20 million of PPP loans in the aggregate.
- The limit shall apply to any loan not yet fully disbursed as of April 30, 2020.
- Renders the borrower responsible to notify the lender if the aggregate limit applied for or received has been exceeded, and to withdraw or request cancellation of any PPP loan application or approved loan not in compliance with the aggregate limit. Failure by the applicant to do so shall be deemed use of the PPP funds for unauthorized purposes and will render the loan unforgiveable.
- The single corporate group rule is in addition to the affiliate rules and limitations.

As always, we are here for you. For more information about this Alert or any other Labor and Employment issue, please contact:

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