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BC Phone: 604 531-6638 AB Phone: 587 293-9595**PPP Economic Uncertainty Clarification Update Gets Extended Repayment Deadline**

The original May 7 deadline for repayment of Paycheck Protection Program (PPP) loans that could not be certified necessary was extended to May 14 following concerns stemming from the business community over qualification uncertainties. On April 23, the SBA updated their [FAQs](#) with question #31 which clarified that borrowers would have to be able to certify that “current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant” and set the original May 7 repayment safe harbor deadline for those who applied prior to April 23.

While the question asked in FAQ #31 was for businesses owned by large companies with adequate resources, the answer provided states “all borrowers,” leaving many small businesses questioning if their funding request would qualify.

Adding to the concern is the fact that the SBA has announced that it plans to audit the PPP loans following applications for forgiveness, and borrowers could face criminal penalties if their loan is found to be not “necessary.”

Additionally, complicating matters, the safe harbor to seek relief for incorrectly certifying need could lead a business down the road to borrower or bank fraud from the U.S. Attorney’s Office as it could be seen as an admission of guilt. Regardless of circumstances, borrowers will want to be prepared to certify their need for the PPP loan.

Further guidance is expected from the SBA on how it will review the economic uncertainty certification, but in the meantime, businesses concerned about their loan meeting the “necessary” guidelines should prepare supporting documents such as:

- Current financial statements, cash flow projections, and forecasts for covering costs, especially payroll
- Proof of uncertainties in their market/industry as a result of COVID-19
- Analysis of customer spending trends and vendor costs

Borrowers who are forced to repay the loan and do so by May 14 receive some relief in the clarification that they will be eligible for the Employee Retention Credit, according to FAQ #45.

For assistance with preparing your supporting documentation for your PPP loan, contact us today.