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SBA Grants Safe Harbor to Borrowers with PPP Loans Less than \$2 Million

In an update to the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) FAQs, the SBA and Treasury have announced that borrowers with an original principal amount less than \$2 million “will be deemed to have made the required certification concerning the necessity of the loan request in good faith.”

Released just ahead of the May 14 repayment deadline, the SBA indicated in FAQ #46 that this safe harbor was introduced because borrowers who requested less than \$2 million were less likely to have access to alternative funding options. The access to other capital was the sticking point in FAQ #31, which requested businesses that could not certify in good faith their need for funds to repay them by May 14. On May 13, the SBA and Treasury made an eleventh-hour decision to add FAQ #47, which extends the repayment date for safe harbor to May 18, giving borrowers the chance to review and consider the information in FAQ #46.

Borrowers with a principal amount greater than \$2 million can still meet the good faith certification. Still, the SBA continues to emphasize that they will be reviewing those larger loan applications for compliance with program requirements.

Contact us at VSH for assistance with your PPP loan obligations!