
Paycheck Protection Program - Treasury Department Issues Guidance Regarding Review and Repayment of Loans in Excess of \$2 Million

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The Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) (the “CARES Act”) implemented the Paycheck Protection Program through which small businesses and not-for-profit organizations with fewer than 500 employees can receive low-interest, small business loans to provide a much-needed cash infusion to help weather the storm created by COVID-19. The Treasury Department and the Small Business Association (the “SBA”) recently issued guidance to ensure that the loans are provided to the most vulnerable small businesses by clarifying what it means for a loan to be “necessary” — a requirement for receiving one under the CARES Act — and by excluding and discouraging certain larger borrowers from receiving loans who were able to do so under the original statute. On May 13, 2020, the Treasury Department issued additional guidance related to the good faith certification that “the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient.”

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