



Western Building Material Association

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NLBMDA Member Update April 30, 2020

New SBA Guidance Clarifies PPP Loan Certification Requirements

Late yesterday, the U.S. Small Business Administration (SBA) and Department of the Treasury issued updated guidance for the Paycheck Protection Program (PPP). The guidance specifies, among other things, that borrowers and potential borrowers should be able to prove in “good faith” that “[c]urrent economic uncertainty makes this loan request necessary to support [their] ongoing operations” to be eligible for the loan. The guidance specifically uses the example that it would be “unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company *should be prepared to demonstrate* [emphasis added] to SBA, upon request, the basis for its certification.”

This could signal the possibility of federal audits and investigations to come, although that has yet to be specifically stated in any official documents. The guidance goes on to state that any “borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.”

For more information, see question #31 of the guidance found at www.wbma.org

Please note this update does not constitute legal or financial advice. Information contained may be subject to interpretation and companies should consult with their own counsel and specialized professionals.