

Paycheck Protection Program Loan Repayment “Safe Harbor” Extended to May 14

05/06/20

On May 5, the Small Business Administration (SBA) issued new guidance (Frequently Asked [Question No. 43](#), May 5, 2020) extending the “safe harbor” time period during which borrowers under the Paycheck Protection Program (PPP) could return their loan proceeds from May 7 to May 14, 2020 thus avoiding possible scrutiny (and in the case of loans over \$2 million, review or audit by SBA). Additional guidance from SBA is promised on this topic.

As described in our post on May 4, ["Paycheck Protection Program Loan Forgiveness Now Conditioned on SBA Review."](#) earlier guidance clarified that in order to certify the necessity for their PPP loans in good faith, borrowers must consider their ongoing operations and access to other sources of liquidity. Borrowers that received loan proceeds but that have determined they are unable to demonstrate their need for Paycheck Protection Program loans in good faith could repay their loans in full by May 7, 2020 and be deemed to have made the required certification of need in good faith, thus avoiding investigation and possible prosecution. The date by which loan proceeds can be repaid has been extended to May 14, 2020.

If you have concerns about your determination of need or any other questions concerning the Paycheck Protection Program, please contact [Douglas W. Lubic](#), [Peter Greenbaum](#), or another member of the Wilentz [Corporate team](#).

Attorney

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Practice

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