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Client Alert: PPP Loan Safe Harbor Date Extended One Week to May 14

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As we wrote about in a [client alert on May 4](#), the SBA recently issued guidance to PPP loan borrowers (FAQ 31) about the required certification that the loan is necessary to support ongoing operations. Now, in determining whether to apply for or keep a PPP loan, businesses must make a good faith determination of the need for the funds considering other sources of liquidity, access to capital markets and current business activity. The SBA also declared that any business that applied for a PPP loan prior to the FAQ 31 guidance would be deemed to have made the necessity certification in good faith if the loan was repaid in full by May 7, 2020.

On May 5, the [SBA issued further guidance in the form of FAQ 43](#), which has extended the repayment deadline to May 14, 2020. Importantly, FAQ 43 also states that the SBA intends to provide additional guidance on how it will review the certification prior to May 14, 2020.

As a result of this extended safe harbor period, businesses should consider awaiting the SBA's further clarification and guidance regarding the necessity certification, and take advantage of the additional one week extension of the repayment deadline.