

SBA Now Limits PPP for Corporate Groups to \$20 Million

The SBA issued a new Interim Final Rule yesterday, April 30, 2020, limiting PPP loans for corporate groups to \$20 million.

Key Highlights:

- Businesses that are part of a single corporate group cannot receive more than \$20 million in PPP loans in the aggregate.
- A non-bank lender or noninsured depository institution can be approved to be a lender if it has originated, maintained, and/or serviced more than \$50 million in business loans or other commercial financial receivables during a 12 month period in the last 36 months.
- Certain community development financial institutions or majority minority-, women-, or veteran/military-owned lenders can be approved to make PPP loans if it has originated, maintained or serviced more than \$10 million in business loans or other commercial financial receivables during a 12 month period in the past 36 months.

PPP's guidance is that, in view of the limited resources available to the PPP program, businesses that are part of a single corporate group shall, in no event, receive more than \$20 million of PPP loans in the aggregate. Businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent. This limitation is immediately effective with respect to any loan that has not yet been fully disbursed as of April 30, 2020. It is the responsibility of an applicant for a PPP loan to notify the lender if the applicant has applied for or received loans in excess of this amount and to withdraw or request cancellation of any pending PPP loan application or approved PPP loan not in compliance with the limitations set forth in the Interim Final Rule. SBA's affiliation rules, relating to eligibility for PPP loans, continue to apply this limitation independently.

In the first Interim Final Rule, SBA provided that a non-bank lender may be eligible to be a lender in the PPP if it has originated, maintained, and served more than \$50 million in business loans or other commercial financial receivables during a 12 month period in the past 36 months, in addition to satisfying certain requirements. In order to ensure broad and diverse lender participation, SBA and Treasury have determined that such lenders may be approved to make PPP loans if the lender has performed the required volume of any one of these three functions (originating, maintaining, or servicing).

SBA and Treasury have also determined that a non-bank lender meets the criteria to be a PPP lender if it has originated, maintained, or serviced more than \$10 million in business loans or other commercial financial receivables during a 12 month period in the past 36 months if the non-bank lender is a (1) community development financial institution, or (2) a majority minority-, women-, or veteran/military-owned lender. Applicants meeting this threshold should leave blank the attestation on CARES Act Section 1102 Lender Agreement or on SBA Form 3507 relating to the \$50 million threshold. Instead, such non-bank lenders should include with this application an attestation relating to the \$10 million in business loan origination.

See, Interim Final Rule, dated April 30, 2020: [Interim Final Rule Document](#)

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