

Labor and Employment Alert: PPP Update: Loan Review Procedures

May 29, 2020 – The Small Business Administration (SBA) recently issued a regulation titled “SBA Loan Review Procedures and Related Borrower and Lender Responsibilities” under the Paycheck Protection Program (PPP). Here are the key takeaways:

- For loans the SBA reviews, it may review borrower eligibility, loan amounts and use of the proceeds, and the loan forgiveness amount.
- The SBA may conduct its review up to six years after the date the loan is forgiven or repaid in full.
- The borrower’s failure to respond to the SBA’s inquiry during an audit may result in the determination that the borrower was ineligible for a PPP loan or loan amount, or for loan forgiveness.
- If the SBA determines that the borrower is ineligible for the PPP loan, it will direct the lender to deny the loan forgiveness application. If the SBA determines that the borrower is ineligible for the loan amount or loan forgiveness amount claimed by the borrower, the SBA will direct the lender to deny the loan forgiveness application in whole or in part, and may seek repayment of the outstanding loan balance and other remedies.
- The SBA will issue a regulation providing an appeal of the SBA’s determination that the borrower is ineligible for a PPP loan or ineligible for the loan amount or forgiveness amount.

As always, we are here for you. If you have any questions about this alert or if we can assist in any other way, please reach out.

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