



CCM COVID-19 ALERT

April 9, 2020

Clingen Callow & McLean, LLC

Treasury and SBA Update Paycheck Protection Program Loan Guidance

On April 8, 2020, the Small Business Administration (SBA), in consultation with the Department of the Treasury, updated its Paycheck Protection Program Loans frequently asked questions (FAQs), linked [here](#).

According to the SBA, “Borrowers and lenders may rely on the guidance provided in the document as SBA’s interpretation of the CARES Act and of the Paycheck Protection Program interim final rule (“PPP Interim Final Rule”) linked [here](#). The U.S. Government will not challenge lender PPP actions that conform to this guidance,¹ and to the PPP Interim Final Rule and any subsequent rulemaking in effect at the time.”

In addition to addressing a number of questions on affiliation and calculation of payroll costs, the April 8 version of the FAQ’s contains these two additional FAQ’s that address the form of note that can be used to memorialize the PPP Loan, and the timing of funding of the PPP Loan, which is important for determining the “covered period” to measure payroll costs that can be later forgiven in accordance with the CARES Act and SBA guidance:

19. Question: Do lenders have to use a promissory note provided by SBA or may they use their own?

Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. Question: The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin?

Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. **The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.**

If you have questions about the PPP Loan Program, please contact CCM.

Kenneth W. Clingen
Clingen Callow & McLean, LLC
2300 Cabot Drive, Suite 500
Lisle, Illinois 60532
www.ccmlawyer.com
630-871-2608

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