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SBA Issues Interim Final Rule Capping Aggregate PPP Loan Amounts at \$20M for Single Corporate Groups

The Small Business Administration (SBA) recently released additional guidance that businesses that are part of a single corporate group shall in no event receive more than \$20 million of Paycheck Protection Program (PPP) loans in the aggregate. For purposes of this limit, businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent. This limitation shall be immediately effective with respect to any loan that has not yet been fully disbursed as of April 30, 2020 (for loans that have been partially disbursed, this limitation applies to any additional disbursement that would cause the total PPP loans to a single corporate group to exceed \$20 million). It is the responsibility of an applicant for a PPP loan to notify the lender if the applicant has applied for or received PPP loans in excess of the amount permitted by this interim final rule and withdraw or request cancellation of any pending PPP loan application. *Failure by the applicant to do so will be regarded as a use of PPP funds for unauthorized purposes, and the loan will not be eligible for forgiveness.*

This rule is most likely to impact franchisors and franchisees and others in the hospitality industry that can take advantage of the special exemptions to the affiliation rules, and corporate groups that had multiple operating companies apply for PPP loans.

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If you have questions about this guidance or any other matters related to the PPP program, please contact Chadwick Hoyt, Michael Gray, Bruce Fox, Robert Gerber, David Milligan, Tom Wolford or your Neal Gerber Eisenberg attorney.

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