



# Community Bankers Association of Illinois

*One Mission. Community Banks.®*

## **SBA Provides Some Assurance on Loan Guarantees**

Earlier this week, concerns were raised regarding borrower certifications of the necessity for a PPP loan. Lenders need safe harbor for instances in which a PPP loan was approved and later determined by the Treasury to have been inappropriately accessed by the borrower.

In an [FAQ #39](#) issued by the Treasury overnight last night, lenders were given further protection that, if they complied with their obligations previously set forth, then Treasury's determination against a borrower would not compromise the SBA guarantee.

**Question:** Will SBA Review Individual PPP Loan Files?

**Answer:** Yes. In [FAQ #31](#), SBA reminded all borrowers of an important certification required to obtain a PPP loan. To further ensure PPP loans are limited to eligible borrowers in need, the SBA has decided, in consultation with the Department of the Treasury, that it will review all loans in excess of \$2 million, in addition to other loans as appropriate, following the lender's submission of the borrower's loan forgiveness application. Additional guidance implementing this procedure will be forthcoming.

The outcome of SBA's review of loan files **will not affect SBA's guarantee** of any loan for which the lender complied with the lender obligations set forth in paragraphs III.3.b(i)-(iii) of the [Paycheck Protection Program Rule \(April 2, 2020\)](#) and further explained in [FAQ #1](#).

In addition to the sections referenced above, the Interim Final Rule also provides the following assurance:

*"Lenders must comply with the applicable lender obligations set forth in this interim final rule, but will be held harmless for borrowers' failure to comply with program criteria"* (Section III.1).



CONTACT CBAI