

## **Borrowers and Lenders May Rely on the Guidance Provided in the New FAQs**

On Oct. 13, 2020, the Small Business Administration (SBA) published a new set of answers to [frequently asked questions](#) about the forgiveness of loans issued under the federal Paycheck Protection Program (PPP).

The PPP was created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as a response to the current COVID-19 pandemic and was designed to provide a direct incentive for employers to keep their workers on the payroll. Small businesses and eligible nonprofit organizations, Veterans organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standards.

By law, the PPP closed on Aug. 8, 2020. The PPP operated by issuing loans to small employers. These PPP loans may be forgiven if the employee retention and fund use criteria for these loans are met.

The SBA, in consultation with the [Department of the Treasury](#), is providing this guidance to address borrower and lender questions concerning forgiveness of PPP loans, as provided for under section 1106 of the CARES Act, as amended by the Paycheck Protection Program Flexibility Act (Flexibility Act).

Employers that received loans through the PPP should review these FAQs carefully as they submit their applications for forgiveness of these loans. PPP loans will be fully forgiven if the funds were used for payroll costs, interest on mortgages, rent and utilities.