

Client Alert

Interim Final Rule: Ineligibility of Certain Borrowers under Paycheck Protection Program (PPP)

While the CARES Act generally eliminated certain SBA restrictions and relaxed the SBA's eligibility requirements to enable any business concern with no more than 500 employees to obtain a PPP loan, the SBA's Interim Final Rule announced on the evening of April 2, 2020 reincorporates regulatory provisions that now may make businesses within specified industries ineligible for PPP loans. The impacted industries include (a) financial businesses primarily engaged in the business of lending, such as banks, finance companies and factors (pawn shops, although engaged in lending, may qualify in some circumstances), and (b) passive businesses owned by developers and landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds (except eligible passive companies). For a complete list of ineligible businesses click [here](#). Notwithstanding their inclusion on the foregoing list, nonprofit organizations should be eligible for PPP loans unless they are engaged in an ineligible business.

If you would like additional information, please contact:

Brian A. Haskel, Esq.

Client Alert Co-Author; Member, Corporate Practice Group
bhaskel@sillscummis.com | (212) 500-1541

Alan E. Sherman, Esq.

Client Alert Co-Author; Member, Tax, Trusts and Estates Practice Group
alansherman@sillscummis.com | (973) 643-5959

Jason L. Sobel, Esq.

Client Alert Co-Author; Member, Real Estate Practice Group
jsobel@sillscummis.com | (973) 643-5295

Lori M. Waldron, Esq.

Client Alert Co-Author; Member, Corporate Practice Group
lwaldron@sillscummis.com | (973) 643-5158

April 4
2020

This Client Alert has been prepared by Sills Cummis & Gross P.C. for informational purposes only and does not constitute advertising or solicitation and should not be used or taken as legal advice. Those seeking legal advice should contact a member of the Firm or legal counsel licensed in their state. Transmission of this information is not intended to create, and receipt does not constitute, an attorney-client relationship. Confidential information should not be sent to Sills Cummis & Gross without first communicating directly with a member of the Firm about establishing an attorney-client relationship.