

Client Alert

SBA Releases Procedural Notice for PPP Borrowers Engaging in M&A Transactions

Please note that this alert updates prior publications made by our firm pertaining to the subject matter discussed below.

The SBA recently released a [procedural notice](#) for borrowers under the Paycheck Protection Program (PPP) seeking to enter into one or more transactions that will result in a change of ownership.

The procedural notice defines what constitutes a “change of ownership” and, in the event that a transaction will result in a change of ownership, (a) when SBA approval will be required, and what documentation the SBA will require, and (b) what actions the PPP borrower may take to avoid the necessity of obtaining such SBA approval. In any case, prior to closing a transaction involving a change of ownership, a PPP borrower must notify its PPP lender in writing of the proposed transaction and provide the PPP lender with a copy of the proposed agreement or other document that would effectuate the proposed transaction.

The procedural notice also states that there are no restrictions on change of ownership if, prior to closing the sale or transfer, the PPP borrower has (a) repaid the PPP loan in full, or (b) completed the loan forgiveness process.

If you would like additional information, please contact:

Brian A. Haskel, Esq. | bhaskel@sillscummis.com | (212) 500-1541

Alan E. Sherman, Esq. | alansherman@sillscummis.com | (973) 643-5959

Jason L. Sobel, Esq. | jsobel@sillscummis.com | (973) 643-5295

Lori M. Waldron, Esq. | lwaldron@sillscummis.com | (973) 643-5158

Oct 12
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.