

## SBA Authorizes PPP Loan Increases for Certain Partnerships

The U.S. Small Business Administration (SBA) issued guidance on May 13, 2020 which authorizes lenders to increase the amount of Paycheck Protection Program (PPP) loans previously disbursed to partnerships that did not have partner compensation costs included in the original PPP loan amount. This guidance applies both to partnerships and limited liability companies.

On April 14, 2020, the SBA issued guidance indicating that partners in partnerships should not submit separate PPP loan applications as self-employed individuals and instead should report their self-employment income as a payroll cost of the partnership as a part of the partnership's PPP loan application. However, many partnerships had already applied for and were granted PPP loans prior to the issuance date of that guidance. Therefore, these partnerships did not include the self-employment income of its partners in the payroll cost calculation for its PPP loan application. The new guidance recognizes that as a result of this issue, many partnerships did not receive PPP loans in the maximum amount that they were actually eligible for.

The new guidance seeks to correct this issue by authorizing PPP lenders to increase PPP loan amounts to include partner compensation costs up to \$100,000 annualized per partner and make an additional disbursement of PPP loan proceeds to include such partner compensation costs. However, a PPP loan amount may not be increased if the PPP lender has already submitted the SBA Form 1502 report to the SBA.

Partnerships that previously submitted PPP loan applications that did not include partner compensation costs in their payroll cost calculations should contact their lenders to request an increase in their PPP loan amount to include those partner compensation costs. Partnerships will need to submit documentation to their lenders supporting the calculation of the increased payroll costs as well.

The attorneys at Bond, Schoeneck & King can help you determine whether your company qualifies for an increase in PPP loan proceeds under the SBA's new guidance. Please contact [Jeffrey B. Scheer](#), any of the [attorneys](#) in the [Business and Transactions practice](#), or the attorney at the firm with whom you are regularly in contact.



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