

If You Received A PPP Loan, You May Need SBA Consent for Certain Corporate Actions

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While we wait for possible legislative updates to the [Paycheck Protection Program \(PPP\)](#) following the August 8 deadline, we thought it was a good time to turn attention to one of the less publicized aspects of Small Business Administration (SBA) loans - SBA consent requirements for corporate actions.

Under SBA 7(a) loans (including PPP), notice to or consent from the SBA is required when a borrower takes certain actions. This has most often come up for our clients in the M&A context where the target company in the transaction has an outstanding PPP loan and needs to get both the lender and the SBA's consent to this change in ownership. We wrote a more in-depth analysis and guide about these specific consent requirements [here](#).

The SBA has a very handy 7(a) Loan Matrix (linked [here](#)) that outlines different types of actions a company may take and whether SBA notice or consent will be required. Examples of actions we've received questions

on recently from PPP borrowers include:

- **Change in legal structure:** any adjustment or change in ownership of a borrower, including a change in percentage of ownership, within the first 12 months after a loan is disbursed - requires the SBA's consent
- **Change in borrower's EIN** - notice to the SBA required

We recommend keeping this Loan Matrix handy for reference over the life of your loan or during the first 12 months after the loan is disbursed.

If you are contemplating taking any of the actions in the matrix that require notice to or consent from the SBA, you will work with your lender so that they can take the required steps on behalf of your entity (as borrower) to submit these notices or requests for consent. Borrowers are responsible for keeping lenders informed of these actions and working with the lender to provide all information or documents needed to submit to the SBA.