



## Increases in Paycheck Protection Loan Amounts for Partnerships and Seasonal Employers

Hinckley Allen Corporate & Business

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On Wednesday, May 13, 2020, the SBA released an Interim Final Rule regarding increased loan amounts for partnerships and seasonal employers. This rule allows lenders to make a second disbursement of loan proceeds to a partnership or seasonal employer that received PPP funds before the SBA issued guidance on how those types of borrowers should calculate their maximum loan amount.

Specifically, on April 14, the SBA issued an Interim Final Rule clarifying that partnerships can include partner income as a payroll cost, up to \$100,000 annualized. Then, on April 28, the SBA issued an Interim Final Rule giving seasonal employers the option to calculate their loan amount using any consecutive 12-week period between May 1, 2019 and September 15, 2019 as the base period.

With the new May 13 guidance, lenders may now submit a request through SBA's E-Tran Servicing site to increase a borrower's loan amount accordingly. The borrower must provide the lender with documentation to support the new calculation. The new guidance makes clear that this second disbursement for loan increases does not violate the general requirement that lenders make a one-time disbursement of PPP funds.

However, it is important to note that a loan increase is **only** available if the lender has not yet submitted its first SBA Form 1502 report for that loan. SBA Form 1502 is required to be submitted within 20 calendar days after a PPP loan is approved or, for loans approved before the SBA Interim Final Rule issued on May 8, 2020, by the later of: **(1) May 29, 2020, or (2) 10 calendar days after disbursement or cancellation of the PPP loan (while the SBA initially said the deadline for these loans was May 22, 2020, SBA FAQ #48 issued on May 19, 2020 extended the deadline)** After the first Form 1502 has been submitted, or after the date on which the Form 1502 was required to be submitted in accordance with the foregoing, the loan **cannot** be increased.

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*This summary does not include or address every provision of Paycheck Protection Program under the CARES Act, which should be read in its entirety. Furthermore, pursuant to the CARES Act, the SBA continues to promulgate regulations for the implementation of the Paycheck Protection Program and, as such, there is still uncertainty relating to details of implementation.*

This article was originally posted on May 14, 2020 and updated on May 22, 2020.

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