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This week's Paycheck Protection Program (PPP) update focuses on recently released guidance for two commonly asked questions. We encourage you to reach out to your Cerity Partners advisor to learn more.

What Should Employers Do When Employees Refuse to Return to Work?

Like many business owners, you may be worried that employees who don't return to work could jeopardize your loan forgiveness. According to the Small Business Administration (SBA), an employee's decision will not impact your eligibility as long as you make a good faith rehiring effort. What is a good faith effort? You have to give the employee a written offer for the same position, hours and pay.

Be sure to keep extensive records that include the official offer letters and the employees' formal refusals. Having this documentation allows you to revise your forgiveness calculation and exclude these individuals from your number of full-time employees. Another reason to keep the rejections on file is that these employees no longer qualify for unemployment benefits.

How will the SBA Review the Good Faith Certification of a Loan's Necessity?

The SBA has updated its PPP review protocol based on the loan amount. If your PPP loan is for \$2 million or less, you're automatically deemed to have met the good faith certification.

If your PPP loan is for more than \$2 million, you may still be able to rely on the good faith certification, depending on your circumstances. However, if the SBA determines you don't qualify for this certification in the course of its review, the SBA will seek repayment of the outstanding PPP loan balance. You will also not be eligible for loan forgiveness. Importantly, if you repay the loan after receiving the SBA's determination, the SBA will not pursue administrative enforcement.

Note: The May 14 deadline for business owners who were approved for a PPP loan but may not qualify under the "needs" clause definition in the PPP application has been extended to May 18.

Source: SBA, <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

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