



RESTRUCTURING | Continued Uncertainty Regarding Whether Companies in Bankruptcy Are Eligible for PPP Loans Under the US CARES Act

As discussed in earlier posts, substantial uncertainty exists over whether companies in bankruptcy are eligible to pursue funding pursuant to the SBA's Paycheck Protection Program, or PPP, which was established by the CARES Act to support small businesses by offering SBA-guaranteed loans on advantageous terms. Litigation has ensued, with jilted companies looking to restructure in bankruptcy challenging the SBA's ability to block their loan requests. Recent decisions in certain of those actions have, to date, yielded a mixed bag, leading to increasing uncertainty in some jurisdictions and much-needed (if bleak) clarity in others. Of particular note, the Fifth Circuit Court of Appeals recently came down in favor of the SBA's position likely strengthening the SBA's stance in other cases.

Continue reading on [MayerBrown.com](https://www.mayerbrown.com).

Authors

- [Brian Trust](#)
- [Sean T. Scott](#)
- [Aaron Gavant](#)
- [Kyle J. Tum Suden](#)

If you wish to receive periodic updates on this or other topics related to the pandemic, you can be added to our COVID-19 "Special Interest" mailing list by [subscribing here](#). For any other legal questions related to this pandemic, please contact the Firm's COVID-19 Core Response Team at FW-SIG-COVID-19-Core-Response-Team@mayerbrown.com.

The post [Continued Uncertainty Regarding Whether Companies in Bankruptcy Are Eligible for PPP Loans Under the US CARES Act](#) appeared first on [COVID-19 Response Blog](#)