

**From:** 7a Questions <[7aQuesti@sba.gov](mailto:7aQuesti@sba.gov)>

**Date:** May 15, 2020 at 2:58:30 PM CDT

**To:** "[jaime.vasquez@chamberlainlaw.com](mailto:jaime.vasquez@chamberlainlaw.com)" <[jaime.vasquez@chamberlainlaw.com](mailto:jaime.vasquez@chamberlainlaw.com)>

**Subject: RE: Purported PPP Ineligibility Due to IRS Tax Lien in Contradiction to the Cares Act in Interim Rules**

**\*\*EXTERNAL EMAIL\*\***

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Hi Jaime,

Thank you for contacting the 7a Loan Guaranty Processing Center with your inquiry.

Per the Interim Final Rule:

You are ineligible for a PPP loan if, for example: i. You are engaged in any activity that is illegal under Federal, state, or local law; ii. You are a household employer (individuals who employ household employees such as nannies or housekeepers); iii. An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years; or iv. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government.

c. How do I determine if I am ineligible? Businesses that are not eligible for PPP loans are identified in 13 CFR 120.110 and described further in SBA's Standard Operating Procedure (SOP) 50 10, Subpart B, Chapter 2, except that nonprofit organizations authorized under the Act are eligible. (SOP 50 10 can be found at <https://www.sba.gov/document/sop-50-10-5-lenderdevelopment-company-loan-programs>.)

There is no reference in the Interim Final Rule or the Federal Regulations at 13 cfr 120.110 to outstanding state and federal tax issues as a disqualifying factor under the PPP.

If you need anything else, feel free to contact us again.

*For loan submission instructions and additional information, please visit our LGPC webpage [here](#). For the current SOP 50 10 5(K), please click [here](#). If you need assistance with SBAOne, please contact SBAOne staff at: [sba.one@bnymellon.com](mailto:sba.one@bnymellon.com) or (877) 245-6159 (call option 5).*

*Please note that any opinions expressed on loan eligibility in this email are being given limited to the information you have provided and could change if new information is contained in your loan submission package.*

***“For information on Disaster Assistance Loans for Small Businesses Impacted by Coronavirus (COVID-19), please [CLICK HERE](#) or contact the SBA Disaster Assistance Division at 1-800-659-2955 (TTY: 1-800-877-8339) or [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).”***

Thank you,

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