

Expansion of SBA Loan Program under the CARES Act: Implications for Private Equity Sponsors

March 29, 2020 | Client Update

The CARES Act provides for a \$349 billion expansion of the existing Small Business Administration loan program for small businesses. However, the CARES Act does not appear to have overridden the applicability of the affiliation rules that apply to the existing program, and if so, most portfolio companies controlled by private equity sponsors would exceed the size limitations. That said, there is some ambiguity in the CARES Act, and it is possible that the SBA will issue interpretive guidance that could allow for many controlled portfolio companies to access the program.

[Read the Full Memo >](#)

Related Memo: [Key CARES Act Provisions and Fed Programs for Corporates](#) (Published April 6, 2020)

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

John A. Atchley III

+1 212 450 3469
john.atchley@davispolk.com

Cheryl Chan

+1 212 450 4503
cheryl.chan@davispolk.com

William J. Chudd

+1 212 450 4089
william.chudd@davispolk.com

Lee Hochbaum

+1 212 450 4736
lee.hochbaum@davispolk.com

Margaret E. Tahyar

+1 212 450 4379
margaret.tahyar@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.