Alex Grishman in Law360: Four Key Issues Clouding COVID-19 Small Biz Loan Program

By Alexander T. Grishman | April 16, 2020

RELATED PRACTICES Finance

Haynes Boone Partner Alex Grishman talked with *Law360* about lenders' key concerns as the federal government reportedly closes in on deploying billions of dollars in loans that were dedicated to small businesses as part of the $2 trillion Coronavirus Aid, Relief and Economic Security Act.

Here is an excerpt:

The Small Business Administration's [SBA's] Paycheck Protection Program offers two-year loans of up to $10 million, at a 1% interest rate, to cover payroll costs, healthcare benefits, mortgage interest payments, rent and more, and they'll be forgiven if businesses keep their end of the deal by retaining employees on payroll through the crisis.

Amid media reports Wednesday indicating that the initial funding is nearly depleted and that talks are underway in Washington to strike a deal for additional funding, it will be crucial that the SBA and government regulators address ongoing concerns as lenders grapple with the existing guidance and others claim they're already overextended.

Know Your Customer (KYC) Requirements

"I don't know that lenders' KYC onboarding groups have enough bandwidth to process applications at the speed that the businesses need money," said Alexander Grishman, a partner within Haynes Boone's financial transactions practice group. "And there's no way a compliance department will be comfortable sending money out the door to a noncompliant business without getting specific waivers from the banking regulators."

Loan Forgiveness Reporting

In addition to reviewing initial applications, lenders will need to review documentation from businesses once the issue of loan forgiveness arises. Businesses will need to show they've used a majority of the funds for certain payroll requirements, based on average monthly payroll costs.

Grishman noted that the varying size and complexity of businesses' accounting practices will lead to nonuniformity in the documentation, with some businesses having the luxury of in-house accountants while others will defer to contractors or accounting software services.

"It's going to be interesting to see how the banks are reviewing documentation that might be nonuniform," he said.

"For loans to be forgiven, businesses will have eight weeks to spend the money on three baskets — payroll costs, utility costs and lease or mortgage interest payments," he added. "Lenders will have to aggregate all that documentation, review it and then submit the evidence to the SBA that the money was spent accordingly and that a loan should be forgiven."

© 2026 Haynes and Boone, LLP

To read the full article, click here. (Subscription required)

© 2026 Haynes and Boone, LLP