

Paycheck Protection Program Application Process

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Porzio Client Alert

DISCLAIMER: Given the changing PPP guidance, this information may no longer be applicable

The Small Business Administration (SBA) has published guidance for the \$349 billion Paycheck Protection Program (PPP) contained in The CARES Act. The PPP is designed to help small and mid-sized businesses offset the economic impact of the COVID-19 pandemic. For additional background and to see if your business is eligible for loans under this program, please see: [SBA – Paycheck Protection Program Guidance](#).

Qualified borrowers can apply for a loan through the PPP with any existing SBA 7(a) lender or through any participating federally insured depository institution, federally insured credit union or Farm Credit System institution. The PPP also allows for other regulated lenders to be authorized to issue PPP loans once they are approved by the SBA. Additional information and a list of approved lenders can be found at www.sba.gov.

What documentation is required for a PPP loan?

All businesses and individuals will need to complete a Paycheck Protection Program loan application, and submit to an approved lender. Applicants should confirm that their lender is able to process the application by June 30, 2020. Early application is critical as funding is limited and lender processing time may be significant. Applicants are encouraged to approach banks they have a current relationship with as banks will likely service existing customers first and resources are limited.

To apply Borrowers must calculate their “average total monthly payroll costs” from their 2019 year end. This is a complicated analysis that must account for a variety of items such as:

- Excluding salary in excess of \$100,000 for highly paid employees
- Backing out certain amounts such as Federal withholding, the employees share of FICA, Federal Unemployment
- Annualizing compensation for newly hired employees
- Including benefits such as :
 - Vacation, parental, family, medical or sick leave
 - Group health care payments
 - Retirement payments

- Adding dismissal or separation payments

Lenders will require all applicants to provide payroll and tax documentation. Unlike other loans under SBA, applicants do not need to try to apply for loan funds from other sources as part of the PPP application process. Based on the sample from that is available on the SBA website, applicants will be required to provide information for any individual owners of a business who hold a 20% or greater ownership stake.

Required Certifications

To apply for a loan under PPP, the business or individual must certify that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- Funds will be used to retain workers and maintain payroll or to make mortgage, lease and utility payments.
- Borrower has not and will not receive another loan under this program.
- Borrower will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments and covered utilities for the eight weeks after getting this loan.

Porzio attorneys are available to assist clients and lenders in the SBA process. Businesses are able to use PPP loan proceeds for qualified purposes and may be eligible for loan forgiveness.

For more information on qualified uses of loan proceeds and PPP loan forgiveness, please see: SBA Paycheck Protection Program Loans – Use of Proceeds and Loan Forgiveness.