



U.S. Small Business  
Administration

## Apply for the Paycheck Protection Program with Confidence!

by Tom Salisbury, Region 7 Great Plains Administrator



The Paycheck Protection Program (PPP), which was signed into law on March 27 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act “has already saved tens of millions of jobs. The program still has approximately \$100 billion available to small businesses of the total allocation through the Act of \$659 billion.

Up to \$10 million in a forgivable loan to cover eight weeks of business costs, which include payroll and other forms of compensation, utilities, rent, and mortgage interest payments. The loan can be used for expenses generated from Feb. 15 to June 30, 2020. If the loan is used for those set purposes, it is forgiven. There is no loan.

From a one-person shop to a 500-employee operation, small businesses across the U.S. qualify. Small businesses in Region 7 states of Kansas, Missouri, Nebraska and Iowa represent an average of 99% of all businesses. Even some businesses with more than 500

employees can apply if they meet the Small Business Administration (SBA) industry standards.

Still, there remain fears by some borrowers about obtaining PPP loan forgiveness. No doubt you have heard public reports on some of the companies that have been asked to return their PPP loans by Treasury Secretary Steve Mnuchin.

The rules state you have to use at least 75 percent of your PPP loan on employees and spend the same amount on your payroll as you did before, for it to be forgiven. “The remaining 25 percent of the loan can be used for rent, utilities, and interest payments.” SBA Regional Administrator Tom Salisbury said, “If a borrower is a small business and they appropriately represented the needs of their business at the time they requested the loan, they have absolutely nothing to be concerned about.”

Decreased demand, shifting markets, and a slowed economy is affecting us all in different ways. Most public-facing small businesses are learning to practice proven mitigation techniques like social distancing, modifying workspaces, shifting work schedules, and sanitizing surfaces. But small businesses are the bread and butter of our communities and the PPP is one tool business owners can use to help manage the economic downturn.

If you have already applied for a PPP loan and haven't heard anything about your application, confirm your application status with the lender through whom you applied.

If you are having trouble getting an application for a PPP loan with one bank, try another; prioritize the list of what you need and research a variety of lenders; be wary of online lenders; do not let a rejected application discourage you.

All businesses will be required to make a good faith self-certification (made under penalty of perjury) that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant" and be aware that businesses that have "other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business," and public companies "with substantial market value and access to capital markets," are barred from applying for a PPP loan, according to SBA and U.S. Department of the Treasury rules. Lenders are being asked to confirm that each PPP borrower should be "prepared to demonstrate to the SBA, upon request, the basis for its [good faith] certification."

If SBA determines in the course of a review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request, SBA will seek repayment of the outstanding PPP loan balance and will inform the lender that the borrower is not eligible for loan forgiveness.

If your PPP loan request is below \$2 million, there will be no further scrutiny. The SBA has clarified that any borrower that, together with its affiliates, who received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith. This safe harbor rule helps promote economic certainty as PPP borrowers with more limited resources endeavor to retain and rehire employees.

The SBA can help you make sure your accounting will "count" along the way! Take it from this small business owner her own words: <https://www.kshb.com/news/coronavirus/small-business-owners-need-to-meet-criteria-so-they-dont-have-to-pay-back-ppp-loan>

Most small businesses can confidently apply for a PPP loan today and I encourage you to do so if you haven't done so already. The SBA will accept applications until June 30, 2020, or until the funds run out, whichever occurs first.

Visit [www.sba.gov/paycheckprotection/find](http://www.sba.gov/paycheckprotection/find) to find a list of participating banks, credit unions, CDFIs and online lenders processing PPP loans.

