



## We Are Here To Help



As a prudent business owner, you are doing your best to weather the coronavirus storm without being destroyed. You are committed to keeping your company intact and maintaining all, or most, of your employees. Leaders like you who are looking ahead and preparing for a profitable recovery are considering all options. But without a relevant road map or an end in sight, you will most likely need financial assistance to accomplish your short term or long goals.

### ***How can you survive the next two, maybe three months as the world waits for a breakthrough that will put an end to COVID-19?***

One solution is to apply for a loan made under the Small Business Administration's (SBA) new Paycheck Protection Program (PPP). A wide range of lenders are participating in the PPP in order to help businesses like yours that have been impacted by the economic impact from COVID-19. Congratulations to you if you have already taken step one and completed the form and submitted it for approval by the SBA. As you probably know, a loan under the PPP also comes with loan forgiveness provisions subject to strict rules and compliance measures. The challenge then is make sure the rules are followed so that most, if not all, of the loan is forgiven.

But several factors will present significant challenges to a smooth and seamless process. First of all, what you may not realize is that there is only limited funding available. As a result, every application will not be approved. The lenders anticipate high volume and there may be processing delays and system failures along with other issues that interfere with submission of your application to SBA. As such you must consider that the lender does not represent or guarantee that it will submit the application before SBA funding is no longer available or at all.

What this means for you is that your application for this loan is subject to review and you may not receive the loan. The loan remains subject to availability of funds under the SBA's Payment Protection Program and to the SBA issuing an SBA loan number.

***However, once your application is finally approved, you must educate yourself so that you fully understand what you have agreed to, including all waivers and releases in the documentation.***

The following points are integral any business owner's comprehensive approach to the PPP's borrowing process:

- To begin with, by signing the application you have agreed that the lender is not responsible or liable to you if either the application is not submitted to the SBA until after SBA stops approving applications for any reason, or if the application is not processed. This means you forever release and waive any claims against the lender concerning your failure to obtain the loan. Therefore this agreed-to release and waiver supersedes any prior communications, understandings, agreements or communications on the issues set forth.
- Because forgiveness of the loan is an essential component, it is also essential that as the borrower you understand that forgiveness is only available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements. To obtain forgiveness, the borrower must request it and must provide documentation in accordance with the SBA requirements, certifying that the amounts the borrower is requesting to be forgiven qualify under those requirements. To stress that point again, *forgiveness is not automatic and the borrower must request it.*
- You also understand that as the borrower you are responsible under the loan for any amounts not forgiven, and that interest payable under the loan will not be forgiven, but that the SBA may pay the loan interest on forgiven amounts.
- As the borrower you will not rely on the lender for its understanding of the requirements for forgiveness such as eligible expenditures, necessary records/documentation, or possible reductions due to changes in number of employees or compensation. Instead, the responsibility lies with you to consult the SBA's program materials.

You can see that navigating the loan application is just the beginning of the process. Once you have submitted the forms, you will be subject to the guidelines listed here, understanding that several mitigating factors can occur that will result in you not receiving the loan. It will also be up to you to request forgiveness and follow the criteria in order to qualify. One of the most interesting aspects of administering the PPP is that the final rules regarding the forgiveness portion of the program have not even been announced yet! So there is more to come. We will keep you advised as soon as the rules are released.

If you have any questions, please feel free to contact us at 973-994-9494.