

CDBA MEMBERS CALL APRIL 8, 2020 -- Paycheck Protection Program Q&A

Video Time Stamp	Question	Answer	Answer Sources
Questions answered in Guidance or SOPs			
30:54	How much time does a lender have to fund a loan from the point it is accepted in E-Tran?	1) Ten days	REFER TO GUIDANCE, ANSWER 20: https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf
37:50 and 38:25	Is the SBA providing notes? Are they returned through E-Tran?	1) Lenders may use their own or an SBA form. 2) Recommend to document and not fund until actual SBA authorization.	REFER TO GUIDANCE, ANSWER 19: https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf Members
39:28	Does the SBA prohibit the lender from requiring that borrower open a segregated checking account at the bank for disbursement of PPP loan funds?	1) One bank is setting up two accounts—one for 25% and one for 75%. For non-customers too.	Have not identified guidance. Referring to SBA.
40:28	Is there any guidance on interest accrual e.g. actual over 360 vs 365?	1) SBA SOPs state a lender may choose accrual method unless a loan is sold into the secondary market, in which case 365 is required. (Strongly consider whether your bank aims to take advantage of the Federal Reserve PPP liquidity facility).	REFER TO SOPs, "Accrual Method," PAGE 157: https://www.sba.gov/sites/default/files/2019-02/SOP%2050%2010%205%28K%29%20FINAL%202.15.19%20SECURED%20copy%20paste.pdf
46:20	Where should we go if we get locked out of E-Tran?	1) Call 1-833-572-0502	REFER TO SBA WEBSITE: https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp
1:04:38	If a business lays off or drops pay for workers after eight weeks, will loan still be forgiven?	1) This would be forgiven.	REFER TO GUIDANCE, QUESTION "o": https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf

1:07:35	How will we sell loans in secondary market?	1) Through Fed's PPP facility.	REFER TO FED TERMSHEET: https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a6.pdf
1:13:26	Are people interpreting the to require 10 calendar or business days for initial disbursement?	1) 10 calendar days from date of loan approval.	REFER TO TREASURY FAQs, PAGE 6: https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf
1:11:07	How are you advising self-employed individuals, independent contractors and the like to document their eligible loan amounts?	1) Refer to the FAQs: You must also submit such documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount "	REFER TO INTERIM FINAL RULE, PAGE 6: https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf
Questions Answered by Members			
37:50	Has anyone yet received a loan authorization and promissory note from SBA after submitting on e-tran?	1) We've been assigned SBA loan numbers, but haven't created loan document for customers yet. We're successful in getting them into system, but not funded. 2) We have gotten the loan number from E-Tran.	Members
41:28	How are you deciding what percentage of capital and what percentage of liquidity you are willing to allocate to PPP loans?	1) Warm regulators up if you are planning to go sub-8% leverage ratios	Members
57:55	Is a personal guarantee permitted?	Yes, but not needed	Members

58:40	Is everyone planning to disburse funds at once? (All at same time or as individual documents come in?) Is there an option to release in tranches? Or can borrowers get approved and then choose a later disbursement date?	1) No clear answer found in SOPs, guidance or FAQs 2) Potential implications for both borrowers (delay accrual of interest, get pre-approved to tap when absolutely necessary), and banks (liquidity).	Members
1:00:55	What are people's concerns if borrowers don't make it long enough to ask for forgiveness?	1) Will have to go through claims process at SBA.	Members
1:01:45	May lenders set repayment as a balloon payment?	1) Some are doing that, but ask SBA	Members
1:05:33	What if the lender pays employees to stay at home and cannot resume operations. Is this fraud or non-compliance?	1) Consensus that this is line with program, but guidance does not specify.	Members
1:08:32	Do we know yet how the banks will receive the 5% fee?	1) A third party vendor assisting with SBA process advised that SBA would electronically deposit fee into checking account provided by lender.	Members
1:14:25	Are any lenders requiring that borrowers go back to 2019, get 1099, and average out earnings over 12-month period?	1) It is easier to utilize the year-end statement and divide it by 12. That is your monthly average.	Members
1:18:10	Can any lenders provide any info on actually submitting funded loan to SBA?	1) We'd be doing that in our typical 1502 reporting which happens electronically.	Members
58:15	When you get the loan number and CFD in the code box does that mean you can fund the loan?	1) As soon as you get the SBA loan number assigned, you can fund it.	Members
1:17:43	For the IRS, is this considered a forgiven debt, whereby we need to issue a 1099?	No, they have specifically said that the forgiveness portion of the loan will not be taxable income.	Members