

# Insights

## PPP - Get Ready - Again

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By: Robert A. Greising and Corben A. Lee

On April 16, 2020, the \$349 billion allocated for the Payroll Protection Program ("PPP") authorized by the CARES Act had been fully allocated. Due to the wide-ranging success of the PPP, Congress is working towards expanding the program to replenish the funds. It has been widely reported that the amount to be made available for the PPP in the second iteration could be up to \$310 billion, which is likely to be available at any time pending Congressional approval and signing by the President.

At this time, with the replenishment of the funds seemingly imminent, we are currently unaware of any changes to the PPP from how it was implemented during the first round of disbursement. However, given various criticism and some reported bank negotiating positions during the initial funding, additional limits or other guidance on how the funds will be allocated or prioritized can be anticipated.

Due to the rapid allocation of the PPP funds in the first iteration, we recommend that, if you missed out on the first round but are still interested in the PPP, you consider a few of the thoughts below to give your company the best opportunity possible to be successful in the second iteration:

1. If you have not already done so, review the loan application and fill it out. The loan application can be found **here**.
2. If you do not have a preexisting relationship with an SBA lender, reach out and establish a relationship now. A list of SBA lenders can be found **here**.
3. If you do have a preexisting relationship, make sure you know who your client relationship contact is and have a clear understanding of the documents the lender will need to process your application.
4. If you previously prepared and submitted an application to your SBA lender, but the funds were all disbursed prior to the submission of your application to the SBA, reach out to your lender now and confirm that your application, without changes, will be submitted as soon as the funds are replenished.
5. Ask your SBA lender for copies of any loan documentation that you will need to sign. While the documentation may not be negotiable, you may still find some questions that need to be answered.
6. If your application has not been accepted and approved, determine what is needed and submit any missing documents as soon as possible.
7. Once everything has been submitted to your SBA lender, check to see if your SBA lender has submitted your application to the SBA. If they have, request a loan number from the SBA lender, which number is assigned by the SBA.
8. As you look toward qualifying for the loan forgiveness aspect of the PPP, you will need to demonstrate that you used the proceeds for permitted purposes and subject to established limits of at least 75% for payroll costs and not more than 25% for non-payroll costs of permitted rent, utilities, interest on mortgages, interest on some debt and EIDL loans. In order to more easily track the funds



spent, consider using a separate bank account for depositing and disbursing the PPP loan proceeds. In addition, be sure you can produce the supporting documentation your SBA lender will need to confirm that you satisfy the loan forgiveness requirements.

Krieg DeVault is committed to helping you and your business during these unprecedented times. With your needs in mind, we have established a **COVID-19 Resource Center** to assist you through this process.

If you have any further questions, comments or concerns, please feel free to contact **Robert A. Greising, Corben A. Lee** or a member of our **Business, Acquisitions & Securities team**.