

SBA Paycheck Protection Program: Loan Documents Available

April 3, 2020

The Paycheck Protection Program (PPP) is now live and some authorized Lenders are already processing applications from Borrowers. As anticipated, there is very high demand.

Late yesterday, Treasury released the Interim Final Rule regarding the PPP loan program. The Interim Final Rule:

- Clarifies Payroll Costs Methodology (pp 8-11). We recommend potential Borrowers review the payroll costs methodology carefully to ensure all allowed costs are included and all prohibited costs are excluded.
- Adjusts the interest rate on the loan to 1% (pp 11-12)
- Establishes a requirement that at least 75% of the loan proceeds shall be used for payroll costs (p 14)
- Establishes a requirement that no more than 25% of the loan forgiveness amount may be attributable to non-payroll costs (p 16)
- Clarifies Borrower Application Requirements (pp 15-19)
- Clarifies Lender Application Requirements (pp 19 – 24).

As importantly, the Interim Final Rule does not resolve questions affiliation and forgiveness (in fact, the Rule indicates that further guidance is forthcoming on these topics).

Even later yesterday, Treasury also uploaded a revised Borrower Application Form. It is noticeably different than the previous form, and generally clarifies some of the procedural questions that were arising based on the original "sample" form. Note, however, that the revised Borrower form also adjusts and adds to the representations and certifications that must be made by each Borrower. Treasury also uploaded, for the first time, the Lender Application Form.