

***Based on the Interim Final Rules from the SBA released yesterday,
This is what Lenders Need to Know and Do for a PPP loan:***

Who is eligible to make Paycheck Protection Program (“PPP”) loans?

- All SBA 7(a) lenders are automatically approved to make PPP loans on a delegated basis, and authority has been extended to: (1) all federally insured depository institutions; (2) federally insured credit unions; and (3) Farm Credit System institutions, which will be automatically qualified under delegated authority. Additional financing providers that meet certain requirements set forth in the PPP may be eligible but must apply for approval.

What do lenders have to do in terms of underwriting?

- To underwrite the loans, lenders will need to verify the following: (1) borrower certifications contained in the PPP application, (2) the borrower was in operation on February 15, 2020, (3) the borrower had employees for whom the borrower paid salaries and payroll taxes, (4) the dollar amount of average monthly payroll costs, and (5) the Bank Secrecy Act requirements are being followed (or comparable anti-money laundering procedures if the BSA does not apply.)

Can lenders rely on borrower documentation for loan forgiveness?

- Lenders may rely on borrower documentation for loan forgiveness. Lenders do not need to conduct any verification if the borrower submits documentation supporting the borrower’s request for loan forgiveness and attests that the borrower has accurately verified the payments for eligible costs. The Administrator will hold harmless any lender that relies on such.

What fees will lenders be paid?

- The SBA will pay lenders processing fees in the following amounts:
 - 5.00% for loans of not more than \$350,000.00;
 - 3.00% for loans of more than \$350,000.00 and less than \$2,000,000.00; and
 - 1.00% for loans of at least \$2,000,000.00. Lenders may not collect any fees from the applicant.

Do lenders have to apply the “credit elsewhere test”?

- Lenders do not have to apply the “credit elsewhere test” when evaluating an applicant’s eligibility.

What are the loan terms and conditions?

- The SBA guarantees 100% of the outstanding balance, and the guarantee is backed by the full faith and credit of the U.S.
- The SBA will also waive all SBA guaranty fees, including the upfront and annual servicing fees.
- No collateral or personal guarantees will be required.
- The interest rate will be 100 basis points, or 1.00%.

- The agent who assists the borrower will be paid a percentage of the loan amount out of the fees the lender receives from the SBA; the fees may not be collected from the borrower or be paid out of the PPP loan proceeds.
- The total amount an agent may collect from a lender (including referral to the lender) may not exceed:
 - 1.00% for loans of \$350,000 and under;
 - 0.50% for loans of more than \$350,000 and less than \$2,000,000; and
 - 0.25% for loans of at least \$2,000,000.