

Paycheck Protection Update April 29th, 2020



Last week, Congress approved an additional coronavirus relief package, providing \$310 billion more in funding for the Paycheck Protection Program (PPP). The new package is geared toward making it easier for smaller businesses to obtain PPP loans, with \$60 billion of the appropriation set aside for community lenders and small to medium sized banks and credit unions.

The SBA began accepting PPP loan applications again this morning. It's very likely that substantial numbers of applications that had not been processed when the original funding ran out will be among the first applications processed this time. If your PPP loan application falls in this category, you should call your lender today and find out where your application stands and whether the lender needs any additional information from you in order to submit your application to the SBA. Once your application has been submitted, you will want to make sure you receive the E-Tran number, which essentially confirms the successful transmission of your application to the SBA. Upon approval of your PPP loan, your lender will send you loan documents for review and electronic signature. Some of our clients reported a delay of up to two weeks in obtaining their loan documents. Under new guidance issued by the SBA on April 26th, lenders are required to make the first disbursement of the loan no later than 10 calendar days from the date of loan approval.

If you have not yet submitted your PPP loan application, it may be best to avoid submitting through a large institutional lender as they likely have a substantial number of applications already lined up to process. It may be a better strategy to submit through a community lender, small bank or credit union in your area. Many of our clients who used smaller lenders reported a quicker turn-around time on receipt of an E-Tran number. When you submit your application, be sure to include all of your supporting documentation to avoid having your application delayed or rejected. Finally, time is of the essence. Loans are approved on a first-come, first-served basis, and with the large backlog of applications waiting to be processed, the additional PPP funding is expected to be exhausted within a matter of a few days.

As a reminder, independent contractors are entitled to submit their own PPP loan applications. Some contractors have reported that as a result of receiving PPP loan proceeds, they have been able to pass along service discounts to their clients/employers, giving them a strategic advantage during this economic crisis.

If you have any questions about the PPP loan program, please submit your question to inquiry@shieldslegalgroup.com

Take care and be well.