

Lenders May Submit PPP Forgiveness Applications to SBA on August 10; SBA Issues New Procedural Notice with Guidance for Lender Forgiveness Review/Submission

July 28, 2020

On July 23, SBA announced that lenders may begin submitting PPP loan forgiveness requests to SBA on August 10. To assist lenders, SBA issued a Procedural Notice with new guidance regarding lenders' reviews of forgiveness applications. The Notice may be found here:

<https://www.sba.gov/sites/default/files/2020-07/5000-20038.pdf>

The Notice reaffirmed forgiveness guidance and rules previously issued. Additionally, it:

- Sets forth the information and documentation a lender must confirm when it receives a borrower's forgiveness application, including borrower calculations it must confirm;
- The specific confirmations the lender must make, as described below;
- Describes the availability of a secure SaaS platform (the PPP Forgiveness Platform) to enable SBA to accept loan forgiveness decisions, supporting documentation, and requests for forgiveness payments from lenders;
- States that if the PPP Forgiveness Platform's initial screen of a submission results in a rejection, the lender must correct and resubmit the submission;
- Sets forth the documentation the lender must provide to SBA if SBA informs the lender that it is reviewing a loan;
- Indicates that SBA intends to publish an interim final rule setting forth the process by which a borrower may appeal an SBA determination that the borrower is ineligible for a PPP Loan or ineligible for the loan amount or the loan forgiveness amount claimed by the borrower.

Lenders must confirm the following for each PPP forgiveness submission before SBA will accept the submission:

- 1) this submission accurately reflects the Lender's decision regarding the borrower's loan forgiveness application;
- 2) the information provided by the Lender to SBA with this submission accurately reflects the Lender's records for the PPP loan;

- 3) the Lender has made its decision in accordance with the requirements set forth in Part III.2.a. of the PPP Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, as amended;
- 4) the PPP loan has not been cancelled or repaid; and
- 5) the Lender has not issued a previous loan forgiveness decision to SBA for this PPP loan, unless this is a resubmission following a rejection or a reconsideration of a denial without prejudice.

Additionally, when the lender approves only a part of a forgiveness request, the Lender must enter its own data for each line item for which it determined a different amount than the amount on the borrower's loan forgiveness application. SBA will use the line item amounts entered by the lender to verify the calculations and facilitate the final forgiveness payment amount and associated interest calculation.

Buchalter's team of SBA PPP experts can help you understand these ever-changing program requirements.

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