



# CCM COVID-19 ALERT

April 3, 2020

Clingen Callow & McLean, LLC

## SBA Issues Paycheck Protection Program Guidance to Lenders and Sample Loan Application

On Tuesday, March 31, the US Small Business Administration issued a Payroll Protection Program (“PPP”) [Information sheet](#) for lenders.

### **The PPP Fact Sheet provides:**

#### ***The following lenders are eligible lenders:***

- All existing SBA-certified lenders will be given delegated authority to speedily process PPP loans.
- All federally insured depository institutions, federally insured credit unions, and Farm Credit System institutions are eligible to participate in this program.
- A broad set of additional lenders can begin making loans as soon as they are approved and enrolled in the program. New lenders will need to submit their application to DelegatedAuthority@sba.gov to apply with the SBA.

#### ***Lenders must follow the following underwriting guidelines:***

You will need to verify that a borrower was in operation on February 15, 2020. You will need to verify that a borrower had employees for whom the borrower paid salaries and payroll taxes. You will need to verify the dollar amount of average monthly payroll costs. You will need to follow applicable Bank Secrecy Act requirements.

### **SBA Sample PPP Loan Application**

The SBA Also issued a sample form for borrowers to complete in order to apply for a Payroll Protection Plan Loan as authorized by the CARES Act. The sample form is linked [here](#).

The form is fairly simple. In addition, to reporting average monthly payroll, which is multiplied by 2.5 to determine the eligible loan amount, the applicant must answer the following questions:

1. Is the Business or any owner presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?
2. Has the Business, any of its owners, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?
3. Is the Business or any owner an owner of any other business or have common management with any other business? If yes, attach a listing of all Affiliates and describe the relationship as addendum A.
4. Has the Business received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.

***Applicants who are individuals and all 20% or greater owners of the business must answer the following questions. If questions (5) or (6) are answered "Yes" or question (7) is answered "No", the loan will not be approved.***

5. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?
6. Within the last 7 years, for any felony or misdemeanor for a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?

7.  I am a U.S. Citizen OR  
 I have Lawful Permanent Resident status

**CCM will continue to monitor the Paycheck Protection Program and available PPP Loans. If you have any questions about the Paycheck Protection Program Loans or any other aspect of the CARES Act, please contact CCM.**

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