



BULLETIN-PPP Program – (updated)

April 3, 2020

We have fielded a significant amount of “information calls” about the PPP (Paycheck Protection Program) under the Cares Act. I am pleased to say we have done a significant amount of report running and hopefully as clients, you’ve found our HR Cloud portal easy to use to acquire the Small Business Administrations’ requirements.

That being said, please remember this is a FEDERAL PROGRAM, not a bank program. The standards will be issued by the SBA. Late last night interim final rules were established (the IFR), and we share the following key points:

The IFR provides additional flexibility regarding the documentation that will be needed to establish a company’s eligibility for a PPP loan. Specifically, it states that the company “must submit such documentation as is necessary to establish eligibility *such as payroll processor records, [or] payroll tax filings...*” Moreover, the IFR goes on to state, “For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.” Accordingly, PPP lenders should accept payroll reports provided by PEOs in support of their client company’s PPP application.

Elsewhere in the IFR it also expressly states that “[e]ach lender’s underwriting obligation under the PPP is limited to effectively (i) confirming receipt of the applicant’s certifications, (ii) confirming receipt of information demonstrating the applicant was a going concern on or around February 15, 2020, and (iii) confirming the dollar amount of average monthly payroll costs for the preceding year “by reviewing the payroll documentation submitted with the borrower’s application.” In other words, PPP lenders’ ability to request documentation outside of items strictly necessary to confirm payroll is very limited.

The IFR also provides that a lender may rely on a borrower’s attestation and supporting documentation with respect to amounts for which the borrower seeks loan forgiveness. This should ease the process for client employers in seeking and obtaining loan forgiveness.

We strongly recommend that clients work with their existing banks. Secondly, we can prepare a letter for you which further explains the PEO relationship with BCN and assures the lender that we have the information for you to confirm the required information with your bank/agent for the SBA.

I look forward to everyone’s successful journey into this program. It will be good for everyone as we move to restarting our economy.

Sincerely,

BCN Services