

Interim Final Rule Issued on Paycheck Protection Program

Last night, the Small Business Administration (SBA) issued an interim final rule providing additional implementation guidelines and requirements for the Paycheck Protection Program (PPP). The SBA has made considerable changes from the original information provided and has clarified several issues.

Key highlights include:

- Provides examples on how to calculate required information for the Application.
- The fixed interest rate on loans made under the program was raised from 0.5% to 1%.
- Independent contractors (1099 expense) do not count as employees for determining payroll cost.
- Underwriting specifications are limited to the lender obtaining the application form and the certifications in it, the borrower's payroll documentation and applicable Bank Secrecy Act Requirements.
- Lenders may rely on borrower documentation for loan forgiveness, providing greater protection for lenders should borrowers misrepresent information in their application. 'The lender does not need to conduct any verification if the borrower submits documentation supporting its request for loan forgiveness and attests that it has accurately verified the payments for eligible costs.'
- Interest will accrue immediately (during six-month payment deferment).
- Specifics regarding how to calculate payroll cost/maximum loan amount are provided.
- After seven weeks, lenders may request the SBA purchase the expected forgiveness amount of PPP loans (requests can be submitted in advance) and the SBA will purchase the expected forgiveness amount of the loan within 15 days after receiving the complete request.
- Banks already certified as 7(a) lenders may begin approving the PPP applications today. All other banks (not in troubled condition) must submit Form 3506 along with the official application form and the form lenders must submit to receive the 7(a) guaranty to be qualified to make the loans.

See the Interim Final Rule here: <https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf>

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