

LESSONS LEARNED FROM GETTING PPP FUNDING

The following advice is shared by the Chief Financial Officer of three construction businesses who was ultimately successful in receiving loans within 10 days of application for each of those businesses. The key to success was understanding in advance what would be asked for, starting to prepare it early and managing communication.

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The following were the keys to receiving three loan packages:

✓ **Start Communication as soon as possible and keep it going until you receive the deposit:**

1. Contact your bank and ask how they are processing loans
 - a) If you have an SBA loan already, contact the bank that processed it
 - b) If you have different banks for commercial different accounts (e.g. loans vs checking), contact both and see if they are able to process SBA loans
 - c) If your bank is processing loans but your account manager isn't actively involved, ask them to personally introduce you to the person(s) who is and make sure you have that person's contact details so you can liaise directly
2. If you're not happy with your bank and were already considering leaving, ask your network for a recommendation and an introduction – tell them you're considering shifting your business
3. Keep in frequent contact with the person processing your application and build a rapport in what is a stressful situation for you both

We immediately reached out to the banks where we had a history and relationship and asked what they were looking for. We kept all of the banks informed of what the others were telling us, and what we were hearing from trusted contacts, creating a two-way information flow to keep the conversations going.

✓ **If you have a CPA, use them**

1. Even if the firm is local, they are usually part of a larger CPA network, and can help not only with preparing the needed documentation, but interpretation of the rules and assistance with any difficulties you may have in gathering information.

We worked closely with our CPA, who was particularly helpful in making sure we understood how the rules were evolving in the week between the Act passing and the PPP being implemented, sharing information he was hearing from other clients as to how they were approaching data collection and presentation, as well as what was being accepted vs questioned by the banks.

✓ **The loan is based on payroll information and you need to be able to prove it – for the loan and for forgiveness**

1. Understand the definition of payroll costs – it includes salary, commissions, tips, vacation and sick pay, severance, certain state and local taxes, and employer contributions to healthcare and retirement
 - a. Payroll costs are capped at \$100,000 annualized per employee
2. If you have a payroll provider, talk to them.
 - a. Most have now developed reports that meet the requirements of the PPP, that can be run for 2019 and Q1 2020
 - b. They can also provide copies of your tax filings for forms 940 and 941
3. If you don't have a payroll provider but do payroll in-house, you will need to provide forms 940 and 941, as well as summary of information by person as back up for the payroll information used in the application
4. Copies of invoices or payments for any healthcare and retirement contributions are needed
5. Create a summary page clearly listing what is included and calculating an average monthly payroll number and employee headcount number that you will use on the application
6. Put all of the information together in one place – preferably a pdf – that you can easily attach to the application or send to your bank contact
7. Although 25% of the final loan amount can be put towards non payroll costs such as mortgage interest, or utility payments, this information is not part of the loan calculation

✓ **Send in your application as soon as possible – do not wait for additional instructions, for the new money to be formally released or for the bank to tell you that they are “ready”**

1. Although each Bank uses its own form, the application itself is a simple four-page document – with input required on two pages
2. The form is available on the [SBA](#) website, the [Treasury](#) website and on most bank's websites
3. Information required includes basic company information (a); the payroll information created above (b); Yes/No answers to eight questions (c); a series of certifications (d) and an authorized signature
 - a. Name, Structure, Tax ID, Contact details, Owner details
 - b. The monthly payroll information from the back up data is entered and multiplied by 2.5 to generate the loan amount
 - c. There are eight Yes/No questions, two of which require initials. Most of the questions relate to felony records and payment history with current or prior SBA loans. One question pertains to the Economic Injury Disaster Loan, which you may also be eligible for, and requires additional information to be submitted
 - d. The certifications confirm identity, the accuracy of the data, the need for support and that the funds will be used to maintain payroll
4. The bank is not required to confirm your data – although they may have questions – nor are they required to independently attest to the accuracy of the data.
5. Many banks are using web portals to gather applications – most simply duplicate the information requested on the application form and once submitted send a message that someone will reach out. If your bank requests this and you have prepared everything above, this should take no more than a few minutes

6. Regardless of the above, send a PDF of the application and a pdf of the back up to your contact, clearly stating that you have applied through the portal but attached is all the information requested and to let you know if they have questions

✓ **You cannot over communicate**

1. Follow up frequently with your contact but be polite, they are stressed and overwhelmed as well
2. Respond to any questions or requests for further information as quickly as possible – the bank will not enter your information into the system until it is complete
3. Ask your contact how long the SBA processing is currently taking once the application is entered and approved – our first application took 3 days to be accepted, including the weekend, and the second took almost a week – with the funds following about a week later in both cases

Every bank is processing the loans differently, although they should by now have entered a consistent rhythm and are asking different questions and being particular about different things.

✓ **The 8 week clock starts ticking when the funds arrive in your account**

1. Final guidance on how the forgiveness program will work are still being drafted but,
2. Start keeping records now of what the money is being spent on – use your CPA for help
3. Know that forgiveness is based on:
 - a. The amounts used for payroll and other specific expenses which can be no more than 25% of the total loan
 - b. The number of headcount reduced and not restored by June 30
 - c. The % of wages reduced and not restored by June 30

Additional information on the PPP loan and other programs available to small businesses are available here:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

https://www.sbc.senate.gov/public/_cache/files/9/7/97ac840c-28b7-4e49-b872-d30a995d8dae/F2CF1DD78E6D6C8C8C3BF58C6D1DDB2B.small-business-owner-s-guide-to-the-cares-act-final-.pdf