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FAQs on Paycheck Protection Program Loans

The COVID-19 public health emergency has had a devastating impact on all businesses, particularly small businesses and their workforce, as most states have implemented non-essential business closures, shelter-in-place orders and work-from-home mandates. Congress has tried to address this by implementing a new loan program for small businesses to provide immediate funding to promote job retention and business support. This new loan program is the Payroll Protection Program (PPP) included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This FAQ addresses many of the issues and questions raised regarding this new loan program. There are still a number of unanswered questions and clarifications needed as this PPP program is implemented. We expect that additional guidance will be provided by the Small Business Administration (SBA) and Treasury Department, which will provide more clarity and may in fact change some of the answers provided in this FAQ.

1. Question: What is the Payroll Protection Program (PPP)?

Answer: The PPP is a new loan program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) intended to provide immediate relief in the form of loans from the SBA to small businesses to promote continuation of paychecks to America's small business workforce. Subject to certain conditions, the full principal amount of the PPP loans may qualify for loan forgiveness. (See information below).

2. Question: Who is eligible for a PPP loan?

Answer: All businesses - including nonprofits, veterans' organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees (whose principal place of residence is in the United States) can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries. If a business has affiliates, the business must include the employees or receipts of the affiliates when determining the size of the business to see if it qualifies as a small business. Whether an "affiliation" exists depends on several factors, including ownership, control, management, or identity of interest (such as where close relatives operate concerns in the same or similar industry in the same area). If an affiliation is deemed to exist, then the number of employees of the business and its affiliates is aggregated to determine if the business qualifies as a small business. The SBA affiliation standards are waived for small businesses (1) in the hotel and food service industries, (2) that are franchises in the SBA's Franchise Directory, or (3) that receive financial assistance from small business investment companies licensed by the SBA. A PPP-eligible small business must also have been in operation on February 15, 2020, and had either employees for whom it paid salaries and payroll taxes or paid independent contractors as reported on Form 1099-MISC.

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3. Question: Under what circumstances would a small business that meets the above requirements be ineligible for a PPP loan?

Answer: The small business would be ineligible for a PPP loan if:

- it is engaged in any activity that is illegal under federal, state, or local law;
- it is a household employer for household employees such as nannies or housekeepers;
- an owner of 20% or more of the equity of the small business is incarcerated, on probation, on parole, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought, or has been convicted of a felony within the last five years;
- if any business owned or controlled by the small business or any of its owners has ever obtained a loan from the SBA or other federal agency that is delinquent or was in default within the last seven years and caused a loss to the government.

4. Question: What is the maximum amount that can be requested for a PPP loan?

Answer: The maximum is the lesser of $10 million or an amount calculated by the small business applicant using a payroll-based formula explained below.

5. Question: How does a small business applicant calculate the maximum amount of PPP loan that can be requested?

Answer: The small business applicant would calculate the following:

1. Aggregate the total “payroll costs” (defined below) in the prior 12-month period or the 2019 calendar year for employees with a principal place of residence in the US.
2. Subtract any compensation (salary, wages, tips, bonuses etc.) paid to an employee in excess of an annual salary of $100,000.
3. Calculate average monthly payroll costs (divide amount from Step 2 by 12).
4. Multiply the average monthly payroll costs from Step 3 by 2.5.
5. Add any outstanding amount of an EIDL loan made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under the EIDL COVID-19 loan (which amount does not have to be repaid).
6. An EIDL loan is an Economic Injury Disaster Loan from the SBA as part of a long-standing loan program that was created to assist businesses, renters, and homeowners located in regions affected by declared disasters like hurricanes and tornadoes. The CARES Act expanded the SBA EIDL program to add a special COVID-19 loan for small businesses, which includes a $10,000 grant of “advance” to eligible applicants. If a business gets an EIDL grant and also gets a PPP loan, the grant amount ($10,000) will be subtracted from the PPP loan forgiveness amount, as discussed below.

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6. Question: What is included as “payroll costs” which can be included in the calculation of the maximum amount of the PPP loan?

Answer: Payroll costs consist of:

- Compensation paid to employees (who reside in US) in the form of salary, wages, commissions, tips, or similar compensation (capped at $100,000 on an annualized basis for each employee);
- Payment for leave time including vacation, parental, family, medical, sick leave, severance compensation;
- Payment for employee benefits, e.g., group health insurance coverage including insurance premiums, and retirement benefits;
- Payment of state and local taxes on employee compensation.
- For a sole proprietor or independent contractor, payroll costs would include wages, commissions, income, or net earnings from self-employment (capped at $100,000 on an annualized basis for each).

7. Question: What is EXCLUDED from payroll costs?

Answer:

- Any compensation paid to an employee who resides outside of the US;
- Any compensation of an individual employee in excess of an annual salary of $100,000;
- All federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020 (including both employee’s and employer’s share of FICA); income taxes required to be withheld from employees; ***(Note: A recent clarification on April 6, 2020 from the Treasury Department advised that payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as FICA and income taxes. Thus, payroll costs are not reduced by federal taxes imposed on employees and do not include employer’s share of payroll taxes.***); and
- Any qualified paid sick leave or family leave wages for which credit is allowed under the Families First Coronavirus Response Act.

8. Questions: Do independent contractors (paid under Form 1099-MISC) count as “employees” for purposes of PPP loan calculations?

Answer: No. Independent contractors do not count for purposes of a borrower’s PPP loan calculation. Payments made to an independent contractor cannot be included in the calculation of the loan amount requested. Independent contractors may apply for a PPP loan on their own if they meet the eligibility requirements noted above.

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9. Questions: What are the special features of a PPP loan?

Answer:

- The interest rate will be 1%.
- No personal guarantees or collateral will be required from the borrower.
- The loan will mature in two years and must be repaid in full by that time.
- The loan may be pre-paid without penalty or fees.
- Payment of principal and interest is deferred for 6 months.

• There is no fee imposed on the borrower. (The lender’s fee is paid by the SBA, and any fee to an “agent” is paid by the lender.)

- Each eligible borrower may receive no more than one PPP loan. Accordingly, a borrower should consider applying for the maximum amount.
- All PPP loan applications must be made on or before June 30, 2020, but loans are given on a first come-first served basis, with a total of $349 billion authorized. Borrowers are advised to apply early to avoid being turned down for lack of funds.

10. Question: What documentation must be submitted to the lender to request a PPP loan?

Answer: In addition to the lender’s application form (SBA form 2483 (Paycheck Protection Program application form, but bank may use its own form), documentation is required to prove all payroll costs for the prior 12 month period. Applicants may choose to use the aggregate payroll costs from either the previous 12 months or calendar year 2019.

11. Question: Can the PPP loan be forgiven in whole or in part?

Answer: Yes. The PPP loan may be forgiven, including interest and principal; if the borrower uses the proceeds during the 8-week period, following receipt of the loan only for authorized purposes as follows:

- at least 75% of the loan proceeds are for “payroll costs”. (More than 75% of the loan proceeds may be used for payroll costs, including compensation to employees in excess of annual salaries over $100,000.)
- up to 25% of the loan proceeds for interest on mortgage obligations (provided the mortgage was in existence before February 15, 2020, but the loan cannot be used for mortgage pre-payments or principal payments); rent payments on leases dated before February 15, 2020; utility payments under service agreements dated before February 15, 2020; interest payments on any other debt obligation that was incurred before February 15, 2020; and refinancing of an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

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12. Question: What happens if PPP loan funds are misused or not used for authorized purposes?

Answer: The SBA will direct the borrower to re-pay the amounts used during the 8-week period following the loan date for unauthorized purposes. If the borrower knowingly or intentionally used the funds for unauthorized purposes, it will be subject to additional liability such as charges for fraud. If one of the owners of the borrower used the PPP loan funds for unauthorized purposes, the SBA will have recourse against such owner.

13. Question: What certifications or attestations must be made by the borrower?

Answer: On the application for the PPP loan, and when requesting loan forgiveness, an authorized representative of the borrower must certify in good faith all of the following:

1. The borrower was in operation on February 15, 2020 and had employees to whom it paid salaries and payroll taxes, or paid independent contractors as reported on a Form 1099-MISC.
2. Current economic uncertainty makes the PPP loan necessary to support the ongoing operations of the borrower.
3. The loan funds would be used to retain workers and maintain payroll, and make mortgage interest payments, lease payments and utility payments. The borrower must certify that it understands that if the funds are used for inappropriate purposes the government may hold the borrower legally liable, including charges for fraud. (Not more than 25% of loan proceeds may be used for non-payroll costs.)
4. Documentation confirming the number of full-time equivalent employees on borrower’s payroll and their pay rates, the dollar amount of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following receipt of the loan.
5. During the period of February 15, 2020 through December 31, 2020, the borrower has not and will not receive another PPP loan.
6. The information in the application and all supporting documentation is true and accurate in all respects and that if a false statement is knowingly made, it is punishable under the law, including possible imprisonment and a fine.
7. Acknowledgment by the borrower that the lender will confirm the eligible loan amount using tax documents supplied by the borrower and that such tax documents are identical to those submitted to the IRS.

The lender is expected to make a decision on the loan forgiveness request within 60 days.

14. Question: Do independent contractors count as employees for purposes of utilizing PPP loan proceeds and obtaining loan forgiveness?

Answer: No. Payments to independent contractors do not count for purposes of a borrower’s PPP loan forgiveness.

15. Question: When is the borrower required to begin paying principal and interest on a PPP loan?

Answer: No payments for principal or interest are required for six months following the date of disbursement of the loan. However, interest will continue to accrue on PPP loans during the six - month deferral period.

16. Question: Is it possible that a portion of the PPP loan may NOT be forgiven?

Answer: Yes. If the proceeds of the loan are used for unauthorized purposes, or if after the loan is received (but before June 30, 2020) the number of full-time employees on the payroll of the borrower is decreased, or the salaries/wages paid are decreased by more than 25% for any employee that made less than $100,000 annualized in 2019, this will cause a reduction in the amount of the loan that is forgiven, unless prior to June 30, 2020 the borrower restores the full-time employee headcount and salary levels for any changes made between February 15, 2020 and April 26, 2020. The PPP is intended to promote job retention and payroll continuation during the COVID-19 crisis.

17. Question: When can small businesses and independent contractors apply for PPP loans?

Answer: Eligible small businesses and sole proprietors were able to begin submitting applications as of April 3, 2020. Many banks were not yet set up to process applications on that date but many have subsequently begun to process the applications. Independent contractors and self-employed persons may submit applications as of April 10, 2020. (Although the PPP loan interim rules and guidance do not define “sole proprietor” and “self-employed” person, we assume the distinction between them is that a sole proprietor has employees beyond itself, and a self-employed person is only one person working alone or with a partner.)

18. Question: Can a borrower apply for both a PPP loan and an SBA EIDL loan?

Answer: Yes. If the borrower received a SBA EIDL loan from January 31, 2020 through April 3, 2020, it can apply for a PPP loan. If the EIDL loan was not used for payroll costs, it will not affect the borrower’s eligibility for a PPP loan. However, if the EIDL loan was used for payroll costs, the PPP loan must be used to refinance the EIDL loan. Proceeds from any “advance” up to $10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan. For purposes of loan forgiveness of the PPP loan, the borrower will have to document the proceeds used for payroll costs in order to determine the amount of forgiveness.

19. Question: Can a borrower apply to more than one bank for a PPP loan?

Answer: Although there does not appear to be specific guidance from the SBA or Treasury Department on this question, it appears that a borrower can have only one SBA loan file. Thus, the bank that submits the application to the SBA first would in all likelihood have the right to process such application. A borrower may only obtain one PPP loan.

20. Question: Can lenders rely on the borrower’s information and documentation in the PPP loan application and loan forgiveness request?

Answer: Yes. The lender does not need to conduct any verification of its own if the borrower submits proper documentation and attests to its accuracy. The Administrator of the SBA will hold the lender harmless if the lender relies on the borrower’s documentation and attestation.

THE FOLLOWING IS A LIST OF FREQUENTLY ASKED QUESTIONS ISSUED BY THE TREASURY DEPARTMENT/SBA AS OF APRIL 7, 2020 WITH REGARD TO THE PAYROLL PROTECTION PROGRAM LOANS.

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rule (“PPP Interim Final Rule”) The U.S. government will not challenge lender PPP actions that conform to this guidance [1], and to the PPP Interim Final Rule and any subsequent rulemaking in effect at the time.

1. Questions: Question: Paragraph 3.b.iii of the PPP Interim Final Rule states that lenders must “[c]onfirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application.” Does that require the lender to replicate every borrower's calculations?

Answer: No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, as the PPP Interim Final Rule indicates, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs. If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.

2. Question: Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a “small business concern” under section 3 of the Small Business Act, 15 U.S.C. 632. A business can qualify if it meets the SBA employee-based or revenue-based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

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[1] This document does not carry the force and effect of law independent of the statute and regulations on which it is based.

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Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than $15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than $5 million.

A business that qualifies as a small business concern under section 3 of the Small Business Act, 15 U.S.C. 632, may truthfully attest to its eligibility for PPP loans on the Borrower Application Form, unless otherwise ineligible.

3. Question: Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?

Answer: No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the United States, or meet the SBA employee-based size standards for the industry in which they operate.

4. Question: Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

Answer: No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

5. Question: Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

Answer: Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

6. Question: The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

Answer: No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

7. Question: The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of $100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: No. The exclusion of compensation in excess of $100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
- payment of state and local taxes assessed on compensation of employees.

8. Question: Do PPP loans cover paid sick leave?

Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127). Learn more about the Paid Sick Leave Refundable Credit here.

9. Question: My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

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10. Question: What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: The SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower’s employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO’s or other payroll provider’s Form 941, Employer’s Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower’s payroll provider or PEO.

11. Question: May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

Answer: Yes. However, the borrower should bear in mind that, as the Borrower Application Form indicates, only an authorized representative of the business seeking a loan may sign on behalf of the business. An individual’s signature as an “Authorized Representative of Applicant” is a representation to the lender and to the U.S. government that the signer is authorized to make the certifications, including with respect to the applicant and each owner of 20% or more of the applicant’s equity, contained in the Borrower Application Form. Lenders may rely on that representation and accept a single individual’s signature on that basis.

12. Question: I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

Answer: Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

13. Question: Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

Answer: Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA’s interface.

14. Question: What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

Answer: In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard. Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months).

15. Question: Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

Answer: No. Any amounts that an eligible borrower has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

16. Question: How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Under the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned $4,000 per month in gross wages, from which $500 in federal taxes was withheld, would count as $4,000 in payroll costs. The employee would receive $3,500, and $500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the $4,000 in wages are excluded from payroll costs under the statute. [2]

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[2] The definition of "payroll costs" in the CARES Act, 15 U.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or withheld from employee wages. Unlike employer-side payroll taxes, such employee-side taxes are ordinarily expressed as a reduction in employee take-home pay; their exclusion from the definition of payroll costs means payroll costs should not be reduced based on taxes imposed on the employee or withheld from employee wages. This interpretation is consistent with the text of the statute and advances the legislative purpose of ensuring workers remain paid and employed. Further, because the reference period for determining a borrower's maximum loan amount will largely or entirely precede the period from February 15, 2020, to June 30, 2020, and the period during which borrowers will be subject to the restrictions on allowable uses of the loans may extend beyond that period, for purposes of the determination of allowable uses of loans and the amount of loan forgiveness, this statutory exclusion will apply with respect to such taxes imposed or withheld at any time, not only during such period.

17. Question: I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

Answer: No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

18. Question: Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

Answer: If the PPP loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information. Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to BSA compliance.

If you have any questions, please contact

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