



HELPING CUSTOMERS THROUGH THE PPP FORGIVENESS PROCESS

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Bankers have been crunching the numbers a lot lately, especially with the Paycheck Protection Program. In particular, we know many of you have been working with your small business customers to help them with loan forgiveness. So, we wanted to provide you with seven pointers to help shepherd your borrowers through the loan forgiveness application process.

1. **Review rules** governing the loan forgiveness process on the US Small Business Administration's website. Borrowers need to submit the loan forgiveness application to their financial institution (FI), which includes providing calculations and supporting documents. Their FI must verify the mathematical accuracy of calculations and check for appropriate documentation, though the institution does not need to independently verify whether the information is correct.
2. **Train staff** on how to review the calculations and documents within applications, how to determine forgiveness eligibility and amount, and how to submit that to the SBA. The FI has 60 days to determine eligibility and request payment of the forgiveness amount from the SBA; the agency has 90 days to review and remit payment, plus any interest accrued.
3. **Consider utilizing specialized software** newly developed by vendors to process PPP loan forgiveness applications. Some vendors provide a white-labeled, cloud-based portal for borrowers to submit applications, and the entire process for FIs is automated, including calculating, and submitting forgiveness amounts to the SBA.
4. **Prepare for the SBA to potentially audit** certain borrower applications. While the ultimate responsibility of the application's veracity rests with the borrower, you will want to establish the necessary controls and documentation to demonstrate to the SBA that you diligently followed the agency's rules for processing, reviewing, and monitoring borrower applications.
5. **Prepare for the SBA to potentially limit** the amount of forgiveness for some borrowers, or reject forgiveness altogether, though borrowers can appeal. Borrowers

have the remainder of the loan term to repay the portion of the loan that was not forgiven — or its entirety. Borrowers must retain PPP documentation for 6Ys after the date the loan is forgiven or repaid in full. Lenders must comply with applicable SBA requirements for records retention.

6. **Post links** to the SBA's rules on your website, and include helpful FAQs, to best help borrowers prepare. Some FIs are posting videos to guide borrowers through the process, and one of them posted a webinar with 6K borrowers participating. Set expectations with borrowers about potential limits on forgiveness too.
7. **Communicate frequently** with your staff regarding the reasons why a loan was denied forgiveness. Also, update your senior management & board on this too, so everyone is in the loop.

This process may not be easy, but you'll engender more loyalty with your borrowers, as you continue to help them through these trying times.

To continue this discussion or for more information, contact Earl Charneske.

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Dedicated to serving the needs of community banks, PCBB's comprehensive and robust set of solutions includes: cash management, international services, lending solutions, and risk management advisory services.

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