

FAQ –SBA Paycheck Protection Program (PPP)
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Current as of 03/17/2021

This information applies to First Financial Bank processing and should not be relied upon for legal or tax advice

APPLICATION

If my first draw PPP loan is under review with the SBA, will it impact my second draw application?

Yes. If your loan has been selected for an eligibility review by SBA and you have been notified of this review, it must be resolved before a second draw application can be approved. Also, if your first draw loan has been submitted for loan forgiveness and is pending a decision, the second draw loan will not be approved until a final decision is made. The SBA has stated they are seeking to resolve this as quickly as possible.

Who pays the fee to an agent who provides assistance in connection with a PPP loan?

Agent fees may not be paid out of the proceeds of a PPP loan. If a borrower has knowingly retained an agent, such fees will be paid by the borrower. A lender is only responsible for paying fees to an agent for services for which the lender directly contracts with the agent. First Financial will not and has not directly contracted with any agents for PPP loan services.

What specific information will I need to provide when applying for a PPP first or second draw loan?

1) SBA Form 2483, 2483-SD, 2483-C and 2483-SD-C (PPP Applications); 2) Operating agreement, corporate bylaws, a borrowing resolution or most recent K1s; and, 3) Payroll records. The information is also available on our website.

Can my banker “apply” and start the process for me?

Unfortunately, no. The business must complete the process in order to make applicable certifications and since e-signatures are being used.

Will there be a link on the FFB site so that I can go directly there to apply?

A link is available on the First Financial Bank website.

How do I find my SBA PPP first draw loan number for a second draw application?

The bank will provide this information in an email to the borrower.

Are there paper applications?

No, we use an electronic application.

Will there be a Spanish version of the application online?

No.

On the application, there are only two spots for beneficial owners, what if I have more than two beneficial owners?

Additional owner details should be included as an attachment.

How long will it take for my application to be reviewed by the SBA?

Once we have submitted the application to the SBA for approval, it may take up to 48 hours or longer for the SBA to review them. This timeframe may be dependent on the volume of applications.

ELIGIBILITY

Note: A borrower is eligible for a PPP second draw loan if they have a fully utilized their PPP first draw loan. Borrowers without a PPP first draw loan are able to apply for a first draw loan in lieu of a PPP second draw loan. As mentioned above, if your loan has been selected for an eligibility review by SBA and you have been notified of this review, it must be resolved before a second draw application can be approved.

As of what date would I be considered an “existing client” in order to apply?

The business needs to be a business client and have an open FFB account, active prior to January 18, 2021. The account can be either a business deposit or business loan.

If I have a PPP loan already and it is not yet forgiven, can I apply for a second draw PPP loan?

Yes, there is no requirement to have the first draw PPP loan forgiven in order to apply for a second draw loan; however, those who have applied for forgiveness and whose loans are in review with the SBA will have the second draw PPP loan application held until the forgiveness decision is rendered. Please contact your banker for complete details.

I am not an FFB business client, will you accept an application from me?

Please visit our website for information about non-client applications.

Can essential businesses that are still open but losing sales/income qualify?

Yes, subject to other eligibility requirements. Businesses that are permanently closed will not be able to participate in either PPP loan program.

Can I qualify if there is no “payroll” logged for 2019? For example, a business has 2 partners, and they pay themselves by writing a check from the business rather than having true ‘payroll.’

Yes, the self-employment income of general active partners may be reported as a payroll cost on an application filed on behalf of the partnership. When calculating payroll costs for PPP loan amounts and/or forgiveness, there are limits on owner compensation replacement.

If I am in a partnership, should I apply individually as a self-employed individual?

No. Partnerships can apply for one loan on behalf of the partnership.

If I applied for an Economic Injury Disaster Loan (EIDL) on the SBA website, am I still eligible to apply for a PPP?

Borrowers may be eligible to have PPP first or second draw loans and an EIDL. SBA will determine final eligibility.

If my bank is not participating in the Paycheck Protection Program, can I apply directly online with the SBA?

PPP first and second draw loans are only facilitated through banks and other qualified institutions and not directly with the SBA.

If I have multiple companies, can each of them apply for a PPP first or second draw loan?

Generally, yes. Each entity can apply separately as long as they have separate tax ID numbers and have their own employees to calculate payroll costs. These entities will be subject to affiliate and size limitations for the PPP.

Are sole-proprietorships and self-employed individuals eligible?

Yes, if (i) you were in operation on February 15, 2020; (ii) you were an individual with self-employment income; (iii) your principal place of residence is in the U.S.; and (iv) you filed or will file a Form 1040 Schedule C for 2019. As of March 3, 2021 this borrower type (schedule C income tax filers) has a unique PPP loan application.

Are 501(c)(3) churches eligible?

Yes. Please refer to our website and links provided there for additional details.

Can I get an SBA Economic Injury Disaster Loan and a PPP Loan?

Borrowers may be eligible for both programs, subject to eligibility. Please consult an advisor or the SBA with specific circumstances.

Have SBA affiliation rules been waived for all businesses?

No, the SBA affiliation rules are waived only for certain businesses. Please consult an advisor or SBA with specific circumstances.

What if my business is seasonal or has not been open for a full year?

A seasonal or new business may use an alternate calculation to determine payroll costs. They are able to use any 12 week period between 2-15-2019 and 2-15-2020.

Are 501(c)(6), country clubs, or private clubs eligible?

No. However, certain 501(c)(6) organizations have been deemed eligible. Please consult your banker, advisor or SBA for your specific circumstances.

If I show a yearly loss am I eligible for PPP Loan?

Certain business types may be ineligible if they show a loss. Please consult an advisor or SBA with your specific circumstances.

If I receive a PPP Loan, can I also apply for a regular SBA 7(a) Loan?

Yes, if the use of proceeds is different from your PPP Loan (subject to standard SBA eligibility requirements). This latest stimulus bill offers temporary enhancements to existing SBA programs. Consult your banker for additional details.

Am I eligible as a farmer?

Yes, subject to other program requirements.

Are clients required to have 500 or fewer employees to be eligible for PPP?

Generally first draw PPP loans have a limit of 500 employees and second draw PPP loans have a limit of 300 employees with specific exceptions for certain industries. Borrowers may also use existing SBA size determination rules to qualify.

If I pled guilty to a felony crime a long time ago, am I eligible?

Your individual circumstances will need to be reviewed to determine eligibility.

How do I prove a 25% revenue reduction as required by a PPP second draw loan?

The borrower may choose to compare any 2020 calendar quarter to the same 2019 calendar quarter to prove a 25% or greater revenue reduction. For loans greater than \$150,000 this must be shown at application. For loans of \$150,000 and less, this may be provided at application or when applying for loan forgiveness.

Do businesses owned by private companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers

should review carefully the required certification that “current economic uncertainty makes this loan request necessary to support the ongoing operation of the Applicant.” Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification. Lenders may rely on a borrower’s certification regarding the necessity of the loan request. If you have additional questions you may wish to consult an attorney.

LOAN DETAILS

When does the interest start accruing?

When the loan is funded.

Will the interest rate and term be set at time of application?

All loans will be set with an interest rate of 1% fixed rate and will have a 60-month total term, including the deferment period. Any amount not forgiven must be repaid within remaining term after the final forgiveness decision.

Do I need collateral on the PPP loan?

The loan does not require collateral.

Can I prepay any balance that is not forgiven?

Yes, there are no prepayment penalties.

Does 2.5x the loan amount apply to just payroll costs or does it include rent, utilities, and mortgage payments?

The loan amount calculation is based off payroll costs. You can find this within the Interim Final Rule entitled [Interim Final Rule on Paycheck Protection Program as amended by Economic Aid Act](#).

Can I refinance an SBA EIDL Loan with a PPP?

Yes, if you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. You have the option to refinance an EIDL obtained within these dates into your PPP loan. If your EIDL was used for payroll costs, your PPP loan must be used to refinance your EIDL.

Are 1099 employees included in calculations?

Most 1099 compensated individuals are independent contractors or self-employed and can apply for a PPP loan on their own and would not be included in the borrower’s calculations. For further information on the distinction for a particular situation, please visit the IRS website.

Does the PPP Loan require an owner guaranty?

No; however, SBA does reserve the right to pursue fraud charges if proceeds are used for unauthorized purposes.

What is the measurement period for average monthly payroll?

Businesses are allowed to use 2019 or 2020 payroll information to calculate their PPP loan amount.

Are there loan/guaranty/origination fees on PPP Loan?

There are no fees paid by the borrower to access this program.

Are benefit costs and payroll taxes included in payroll costs?

Yes, as clarified by SBA.

If a client uses a PEO or payroll provider, how are payroll costs calculated?

The client may use records from these companies.

Should I include federal taxes in my payroll cost calculation?

Yes, taxes imposed on an employee and required to be withheld by the employer can be included. The employer-side federal payroll taxes are excluded.

How will a client be notified that the loan is ready to be closed?

A banker will notify the client of the closing process. We will be utilizing e-signatures.

What will a client need to do to close the loan?

The following will be needed and provided to the banker:

- 1) Account funding information

If a client chooses to sign the loan documents with a wet signature, it could delay how quickly the loan is closed and funded.

Why doesn't a client's business partners need to sign the loan documents?

Since the signer on the loan documents is authorized to sign on behalf of the business, this provides the authority needed to bind the business.

Why is a client closing electronically on this type of loan?

The electronic closing process facilitates an expedited closing process. Furthermore, it avoids any requirement for you to return physical documents or go to a bank branch.

Can a single corporate group receive unlimited PPP loans?

No. Businesses that are part of a single corporate group shall in no event receive more than \$20,000,000 of PPP first draw loans in the aggregate. For purposes of this limit, businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a

common parent. The maximum for a single corporate group under PPP second draw loans is \$4,000,000.

It is the responsibility of an applicant for a PPP loan to notify the First Financial Bank if the applicant has applied for or received PPP loans in excess of the amount permitted and withdraw or request cancellation of any pending PPP loan application or approved PPP loan not in compliance with the limitation. Failure by the applicant to do so will be regarded as a use of PPP funds for unauthorized purposes, and the loan will not be eligible for forgiveness.

Businesses are subject to this limitation even if the businesses are eligible for the waiver-of affiliation provision under the CARES Act or are otherwise not considered to be affiliates under SBA's affiliation rules.

For questions related to this limitation, please consult your advisor.

FORGIVENESS

The amount of forgiveness depends upon what loan funds are spent on over an 8-24 week covered period. When does the covered period begin?

The covered period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. Borrowers are allowed to select any number of days between 56 and 168.

What eligible items are considered forgivable expenses with SBA PPP first and second draw loans?

Please refer to our [Applying for PPP Forgiveness with FFB](#) document.

If the owners take distributions from the business, can that be counted as payroll for forgiveness calculations?

The program does not allow for distributions to be part to the payroll calculation or for forgiveness. There are specific calculations related to owner compensation replacement. Please refer to our Obtaining Loan Forgiveness guidance.

My PPP loan was below \$150,000 which qualifies me to apply for forgiveness using the 3508S. Will I need to upload supporting documentation when applying for forgiveness?

Supporting documentation is not required to be uploaded when applying for forgiveness with the 3508S application.

OTHER

What is the application processing order of the Program?

Funds are distributed on a first-come, first-served basis.

Can I take member/partner draws or shareholder distributions?

Please consult an advisor or SBA with your specific circumstances.

What forms of identification can be used?

First Financial Bank allows various government-issued IDs, including current State or U. S. Territory Driver's License with picture, Military I.D. with picture, Government I.D. card for employees with picture, State I.D. with picture from State or U.S. Territory, Passport, U.S. Alien Registration Card, U.S. Passport Card, Global Entry I.D. Card and P-1 Visa.

Will SBA review individual PPP loan files?

Yes, it will review all loans in excess of \$2 million, in addition to other randomly selected loans, following the lender's submission of the borrower's loan forgiveness application.

If I am a Schedule C filer and I recently received a PPP loan, can I ask for an increased amount if I qualify for more?

No. The SBA published rules stating that any loan already approved and /or funded cannot retroactively increase their loan amount for schedule C income tax filers.

Can I get a Shuttered Venue Operator Grant (SVOG) if I have a PPP loan already?

With the new round of PPP, all applications for first and second draw PPP loans contain a certification that the borrower has not and will not receive a SVOG from SBA. A borrower cannot obtain both and should seek independent advice to determine the best option for them.