



first financial bank

FAQ – CARES Act SBA Paycheck Protection Program (PPP)
Reminder... The latest information is available on our website!
Visit CARES Act SBA Paycheck Protection Program
Current as of 5/14/2020

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

APPLICATION

Will CPA's be able to input PPP applications for me as my Agent?

We are not considering using agents at this time, but this is subject to change.

What specific information will I need to provide when applying for PPP?

1) SBA Form 2483 (PPP Application); 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?

When we are taking applications, there will be a link to the application for current business clients.

Is there a checklist that I can utilize to help prepare for what I need to get together?

Yes, this is on our website.

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.

ELIGIBILITY

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 April 1, 2020. The account can be either a business deposit or business loan.

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

We are not currently accepting applications from non-clients.

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

Yes, subject to other eligibility requirements.

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?

If you have applied for an EIDL prior to April 3, you are still eligible and may be eligible to apply with us for the CARES Act Payment Protection Program loan.

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

The CARES Act PPP 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 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.

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?

Generally, no, unless it is for a different purpose (use of funds) or obtained prior to the PPP application date. 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. Seasonal businesses may use (a) a 12 week period between February 15, 2019, or March 1, 2019 and June 30, 2019, or (b) a 12 week period between May 1, 2019 and September 15, 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 from January 1, 2020 through February 29, 2020.

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

No.

If I show a yearly loss eligible for PPP Loan?

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.

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?

No, but they must meet other criteria. Please reach out to your banker for specific details.

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

No, if the business has an owner that is presently incarcerated, on probation, on parole or subject to an indictment, criminal information, arraignment or other means or has any felony, been convicted, pled guilty is ineligible. Seek additional bank guidance if you are not sure.

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 PP 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. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 18, 2020 will be deemed by SBA to have made the required certification in good faith. 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 24-month term. Any amount not forgiven must be repaid within 24 months

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.

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 into your PPP loan. If your EIDL was used for payroll costs, your PPP loan must be used to refinance your EIDL. Any proceeds from any EIDL advance up to \$10,000 will be deducted from the loan forgiveness amount.

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. 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?

2019 payroll information should be used for most companies. Current guidance states this needs to be information that has been provided to the IRS. Seasonal and new businesses started in 2020 may use an alternate calculation available.

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
- 2) Date of signing authority

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 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. This limitation is effective with respect to any loan that has not yet been fully disbursed as of April 30, 2020.

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 week period. When does the 8 week period begin?

The 8 week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower.

What eligible items are considered forgivable expenses in the CARES Act SBA PPP?

Please refer to our Obtaining Forgiveness guidance.

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.

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 loans as appropriate, following the lender's submission of the borrower's loan forgiveness application.