

SBA Paycheck Protection Platform Lender Instructions

Resolving First Draw PPP Loan Hold Codes

Updated 1/26/21

Not intended to convey policy guidance or direction

Second Draw PPP Loans & Unresolved Borrowers

As outlined in the <u>Interim Final Rule for Second Draw PPP Loans</u>, if information in SBA's possession indicates that a Borrower may have been ineligible for the First Draw PPP Loan it received or for the loan amount received by the Borrower, the Lender will receive notification from SBA when the Lender submits an application for guarantee of a Second Draw PPP Loan ("**Unresolved Borrower**").

- An Unresolved Borrower is a borrower with a hold code on their First Draw PPP Loan
 - SBA places a hold code in the Platform when SBA has information indicating the Borrower may have been ineligible for:
 - The First Draw PPP Loan itself (e.g., Borrower did not meet SBA Size Standards)
 - The loan amount received in the First Draw PPP Loan
- When a Lender submits a Second Draw PPP application to SBA, the Lender will receive a notification if the Borrower has a hold code on their First Draw PPP Loan
- Second Draw Loan submissions for Unresolved Borrowers will not receive a Loan Number until all issues are resolved
- Only after SBA issues a loan number is the loan considered approved and funds are reserved for the loan

Note: Lenders should work with their Borrowers to clear unresolved issues as quickly as possible so that SBA may complete processing of the Second Draw application and issue a Loan Number.

Second Draw PPP Loans in the SBA Paycheck Protection Platform

Beginning Wednesday, January 27th, the Platform will process new Second Draw PPP Loan guarantee applications for unresolved Borrowers.

- Second Draw Submissions will be moved automatically to "Further Research Required" status and the Platform will provide the Lender an opportunity to submit documentation to support the resolution of the outstanding First Draw issue(s)
- The Platform will display information regarding the unresolved issue(s) and guidance as to types of documentation that may assist with resolution
- Lenders should work with their Borrowers to assess the situation:
 - If the Lender and the Borrower feel confident that the issue(s) can be resolved, they should obtain the
 necessary documentation and the Lender should submit it to the Platform. Once resolved by SBA,
 these Second Draw PPP applications will be automatically submitted into the next stage of processing
 and will not require re-entry by the Lender.
 - If the Borrower believes that there is an issue that cannot be resolved, the Second Draw PPP application should be withdrawn by the Lender in the Platform

Note: Lenders that submitted a Second Draw PPP Loan guarantee application before January 27, 2021 that was rejected due to an unresolved issue with the First Draw PPP Loan should resubmit these applications.

- For all requests to review Unresolved Borrower hold codes in connection with Second Draw PPP Loans, please submit the following documentation into the Platform:
 - 1. Second Draw Application SBA Form 2483-SD or lender's equivalent
 - 2. First Draw Application SBA Form 2483 or lender's equivalent
 - 3. Documentation needed to resolve each hold code (see example below)
- When SBA determines that all issues are resolved:
 - Second Draw PPP Loan applications will be automatically submitted into the next stage of processing.
 - Lenders will not need to re-enter the application.
- If the Borrower agrees the issue cannot be resolved, the Lender must withdraw the application from the Platform.

Sample Documentation Requirements:

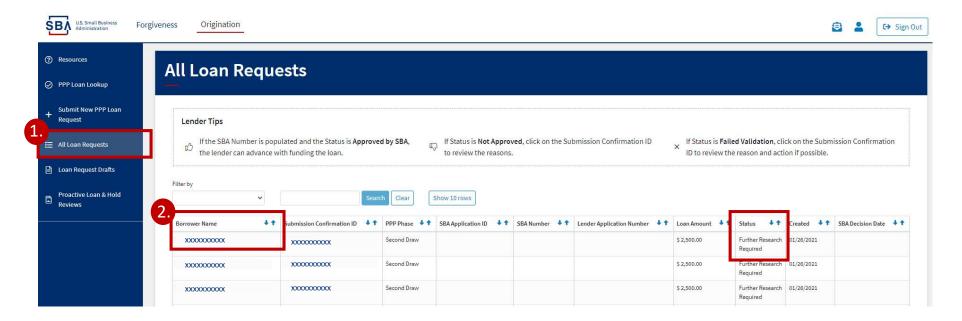
7 - Mismatch of TIN (EIN/SSN) - Tax ID of Borrower or Principal, as entered in ETRAN, appears to be inaccurate

Please provide proof of correct TIN (EIN/SSN) such as:

- a. Copy of 2019 Tax Return or other recently file tax forms verifying the Name and Tax ID Number for the borrower or principal
- b. IRS EIN document
- c. Copy of SSN card

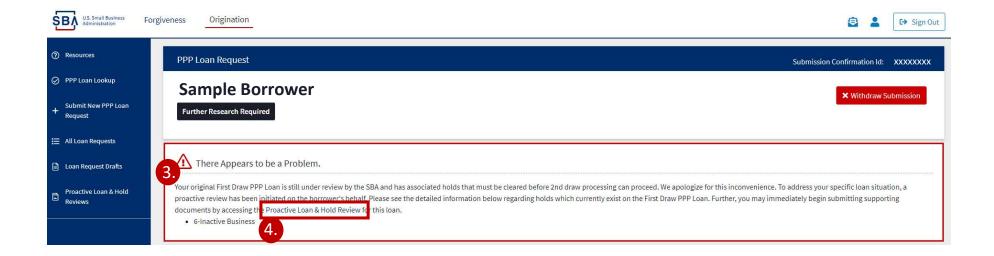


- 1. Lenders can view their submitted Second Draw PPP Loan applications in the All Loan Requests screen a status of "Further Research Required" indicates that the Borrower has a hold code on their First Draw PPP Loan.
- 2. Click on the Borrower name to open the application and view details.



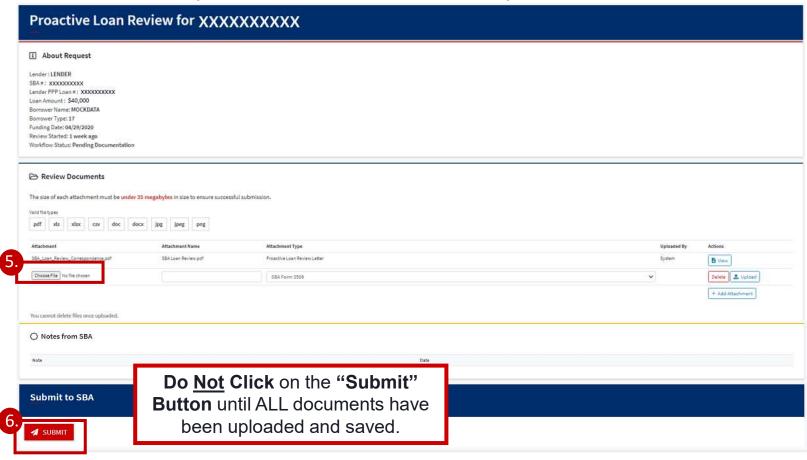


- 3. Review the hold code(s) listed in the Platform message.
- 4. Click the hyperlink to open a Proactive Hold Review for this loan.





- 5. Upload the requested documentation in the "Review Documents" section to send documents back to the SBA for review. Once uploaded, documents will save automatically to the loan record.
- 6. Click "Submit" to send documents back to the SBA for review. Lenders should wait to submit until all required documentation has been uploaded.





Additional Resources

Second Draw PPP Loan Policy Guidance

- Second Draw Paycheck Protection Program (PPP) Loans: How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide (Released 1/19/2021)
- IFR: Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act (01-19-21)
- IFR: Paycheck Protection Program (PPP) Second Draw Loans (Released 1/6/2021)
- Top-line Overview of PPP Second Draw Loans

Application Forms, Lender Guidance, and PPP Program Rules

- SBA's PPP website
- U.S. Treasury PPP website

Additional Resources

- SBA PPP Lender Hotline: +1 (833) 572-0502
- SBA Paycheck Protection <u>Platform Inbox</u>