Sample Bank Letter re: PPP Requirements

We wanted to make sure you are aware of new guidance recently issued by the Small Business Administration (SBA) in connection with the Paycheck Protection Program (PPP). This guidance applies to customers whose application for a PPP loan is in process as well as those who have already received funding of a PPP loan.

The new SBA guidance provides additional information for PPP borrowers regarding the certifications made by each PPP borrower as part of the application process. Specifically, we would like to remind you:

1. When you applied for your PPP loan, you certified that "**current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.**"
2. You have the opportunity to withdraw your application if you determine that you do not meet this criteria.
3. If your PPP loan has already been funded, and you determine that you do not meet this criteria, you can repay your loan by May 7, 2020, and the SBA will deem your certification to have been made in good faith.

If you want us to stop processing your application or you want to return your funding, please follow the instructions at the bottom of this email.

Please review and consider the following Frequently Asked Question published by the SBA in its entirety:

> 31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?
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> **Answer:** 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 "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations 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 7, 2020 will be deemed by SBA to have made the required certification in good faith.

The complete Frequently Asked Questions document published by the SBA, along with other resources for PPP borrowers published by the SBA, can be found here.

Please remember that, when you applied for your PPP loan, you certified that you understood that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than $5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000.

If you want us to stop processing your application or you want to return your funding, please email us. Note: According to FAQ Number 31 set forth above, if you've already received your funding and you do not believe that your business can make the certification described above, you must repay your loan by May 7, 2020, for the SBA to deem your certification to have been made in good faith.