

GISLASON & HUNTER

# COMMERCIAL LENDING CONFERENCE

PRESENTATION

2021

GISLASON & HUNTER LLP  
ATTORNEYS AT LAW

**VIDEO WEBINAR**

**WEDNESDAY  
APRIL 7, 2021**



## **SBA UPDATES & ISSUES**

A CONVERSATION WITH ALISHA  
PODOBINSKI, SBA MINNESOTA  
DISTRICT OFFICE

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# Topics

- General SBA Program Updates
- Paycheck Protection Program (PPP)
  - [Data Update](#)
  - Forgiveness
  - Servicing
- 7(a) Loan Program Status and Updates
  - Section 1112, Fees, and Guaranty

# PPP Loan Forgiveness: References

- Resources
  - [Borrower information page](#), including most recent 3508, 3508EZ, and 3508S forms
  - [Lender information page](#), including most recent IFR, FAQs, and loan necessity questionnaires
  - [IFR](#): Business Loan Program Temporary Changes; Paycheck Protection Program – Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act
    - Applies to PPP loans for which a loan forgiveness payment had not been remitted by SBA as of December 27, 2020
    - Prior IFRs are incorporated

# PPP Loan Forgiveness: What docs?

- PPP Forgiveness Applications: 3508S, 3508EZ, 3508
  - **3508S** – Only if borrower's First or Second Draw PPP Loan was \$150,000 or less
    - Shall not, at the time of its application for loan forgiveness, be required to submit any docs. However,
    - Second Draw borrowers of \$150,000 or less must submit docs to establish reduction in revenue (unless already provided at time of Second Draw loan application)
    - Borrowers of \$50,000 or less are exempt from reductions in forgiveness amount based on reductions in FTE or reductions in salary/wages
      - Does not apply if together with affiliates loans total \$2 million or more
  - **3508 EZ** – If borrower's First or Second Draw PPP loan was over \$150,000 and can check one of two boxes on page 1 of the form instructions related to reductions in salary, wages, and number of employees
  - **3508** – If borrower cannot use either 3508S or 3508EZ
- Each PPP loan must use a separate loan forgiveness application form (cannot submit First and Second Draws on same forgiveness application).



# PPP Loan Forgiveness: When?

- A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness, except:
  - A borrower applying for forgiveness of a Second Draw PPP Loan that is more than \$150,000 must submit the loan forgiveness application for its First Draw before or simultaneously with the Second Draw forgiveness application
- If the borrower does not apply within 10 months after the last day of the max covered period of 24 weeks, or if SBA determines the loan is not eligible for forgiveness (in whole or in part), the PPP loan is no longer deferred, and the borrower must begin paying P&I
  - Lender must notify borrower of due date and report the loan no longer deferred on the next 1502 report
- The lender has 60 days from receipt of a complete borrower application to issue a decision to SBA

# PPP Servicing

- Utilize 7(a) servicing guidelines for PPP loans.
- The [Servicing and Liquidation Actions 7\(a\) Lender Matrix](#) is a quick-reference tool to understand which servicing actions require lender unilateral action (Etran change, notify center, or no notification required) and which require SBA prior approval.
  - Loan Guaranty Servicing Center: [FSC.Servicing@sba.gov](mailto:FSC.Servicing@sba.gov)
- To further support a servicing action and find liquidation guidelines, reference the [7\(a\) Loan Servicing and Liquidation SOP 50 57 2](#)
  - Liquidation/Purchase Questions: [loanresolution@sba.gov](mailto:loanresolution@sba.gov)

## 7(a) Loan Programs: Status Update

- Section 1112 payments, guaranty fees, and guaranty percentages
  - Section 1112: Notice [5000-20095](#)
  - Modifications to 7(a) Program: [5000-20084](#) Effective 12.27.20:
    - Guaranty increased to 90% for 7(a), 7(a) Small, CAPLines, PLP, and CA loans through 9.30.21. Statutory limit for total guaranteed amount to a borrower still in effect.
    - Express max loan amount \$1 million through 9.30.21. On 10.1.21 new permanent max will be \$500,000.
    - Guaranty increased to 75% for Express loans of \$350,000 or less. Reverts to 50% on 10.1.21. Express loans over \$350,000 remain at 50% guaranty.
    - Subject to the availability of funds and based on approval date, the SBA upfront Guaranty Fee is reduced to zero and the Lender's Annual Service Fee is reduced to zero.
      - \*Lenders are not permitted to cancel any 7(a) loan that was approved by not disbursed prior to 12.27.20 for the purpose of re-submitting the loan in order to qualify for the fee relief



# SBA Resources for Your Small Business Customers

- SBA Resources Partners offer mentoring, counseling, and training to help small businesses startup and thrive at all stages of the business life cycle. These independent organizations operating across the U.S. and U.S. territories are funded through SBA cooperative agreements or grants.

## SBA Minnesota District Office

- [Minneapolis.mn@sba.gov](mailto:Minneapolis.mn@sba.gov)

## Minnesota SBA Resource Partners

- [SCORE](#)
- [Small Business Development Centers](#)
- [Women Business Centers](#)
- [Government Contracting Assistance](#)
- [Veterans Business Outreach Center](#)

# Stay Up to Date

## SBA Lending Programs Information

- Email [alisha.podobinski@sba.gov](mailto:alisha.podobinski@sba.gov) to be added to the MNDO lender listserv (messages sent via GovDelivery)
- Email [OFASubscribe@sba.gov](mailto:OFASubscribe@sba.gov) to request invites to SBA's Office of Financial Assistance (Headquarters) 7(a) and 504 Connect Quarterly calls
- Email general SBA lending questions to [daniel.schmit@sba.gov](mailto:daniel.schmit@sba.gov) or [alisha.Podobinski@sba.gov](mailto:alisha.Podobinski@sba.gov)
- Email SBA export lending questions to [carlos.sosa@sba.gov](mailto:carlos.sosa@sba.gov)

## SBA General Information and Information for Your Small Business Customers

- Sign up for the MNDO general newsletter at [www.sba.gov/updates](http://www.sba.gov/updates)
- Follow the MNDO on Twitter @SBA\_Minnesota
  - [https://twitter.com/sba\\_minnesota](https://twitter.com/sba_minnesota)
- Visit the SBA Minnesota District Office web page: [www.sba.gov/mn](http://www.sba.gov/mn)
- Email general SBA program questions to [Minneapolis.mn@sba.gov](mailto:Minneapolis.mn@sba.gov)



**Thank you!**