

White House Statement and Changes to PPP (announced on 2.22)

Major News About PPP This Week

NY Times Reports (highlighting processing delays)



The New York Times

Biden Changes P.P.P. Rules to Help the Self-Employed

A more generous loan formula for solo ventures is meant to get more very small businesses into the Paycheck Protection Program. But bigger applicants face a two-week pause.

Fraud Checks and Errors Slow Small-Business Relief Loans

The renewed Paycheck Protection Program has disbursed \$140 billion this year, but many applicants have had to wait weeks for lenders to resolve problems.



FACT SHEET: Biden-Harris Administration Increases Lending to Small Businesses in Need, Announces Changes to PPP to Further Promote Equitable Access to Relief

FEBRUARY 22, 2021 · STATEMENTS AND RELEASES

Small businesses account for 44 percent 7 of U.S. GDP, create two-thirds of net new jobs, and employ nearly half of America's workers. Now, millions of main street small businesses – especially Black- and Brown-owned small businesses – are struggling to make ends meet in the wake of the COVID-19 pandemic and resulting economic crisis.

The Biden-Harris administration has made delivering equitable relief to hard-hit small businesses a top priority. The latest round of Paycheck Protection Program (PPP) funding opened just one month ago and it represents a marked improvement > on the prior round of the Program last year. Compared to the same point in the Program last year:



PPP Lender Stats

Loans Approved	Net Dollars	Lender Count
1,918,663	\$140,280,566,497	5,158

Rank	Lender Name	Loans Approved	Net Dollars	Average Loan Size
1	JPMorgan Chase Bank	69,380	\$5,351,204,767	\$77,129
2	Bank of America	76,242	\$4,721,009,351	\$61,921
3	Itria Ventures LLC Biz2Credit subsidiary	139,559	\$4,041,078,288	\$28,956
4	PNC Bank	25,329	\$2,557,005,606	\$100,952
5	Cross River Bank	82,415	\$1,936,784,716	\$23,500
6	M&T Bank	14,184	\$1,874,531,482	\$132,158
7	Zions Bank	14,995	\$1,823,121,925	\$121,582
8	Wells Fargo Bank	39,917	\$1,723,583,743	\$43,179
9	U.S. Bank	31,394	\$1,700,864,003	\$54,178
10	Northeast Bank	15,347	\$1,699,290,102	\$110,725
11	TD Bank	17,384	\$1,555,265,735	\$89,465
12	Citizens Bank	25,364	\$1,456,749,260	\$57,434
13	KeyBank	12,193	\$1,445,654,182	\$118,564
14	Fifth Third Bank	12,744	\$1,241,412,753	\$97,412
15	Customers Bank	45,791	\$1,214,750,340	\$26,528

Approvals through 02/21/2021

Around <u>50%</u> of funding remains in the program



Portal Processing Status

Process Improvement

Portal updates continue to improve the firm experience and allow application processing to occur more smoothly for firms and clients.

Engagement with clients by Biz2Credit continues to be refined to provide firms with more visibility and input into post-submission processing.

Submission Success

CPA Business Funding Portal PPP submissions are successful into SBA **75%** of the time.

Proactive error resolution with SBA via technology

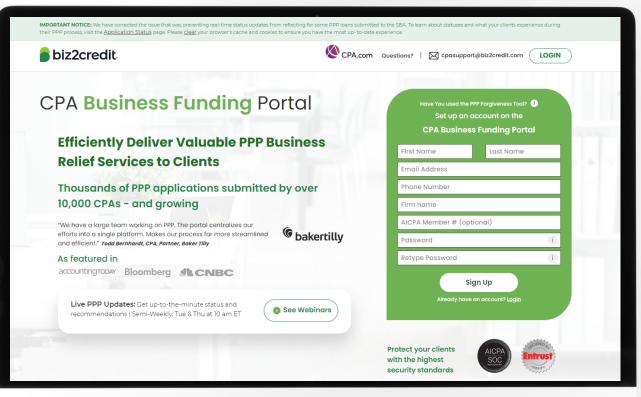
Improvements in error and hold code resolution leading to major improvements in submission success rates

Total Volume

\$705_M

total approved volume as of 2/21









Operational Updates from the CPA Business Funding Portal Team



SBA Update to Application Processing

Focus On the Smallest Businesses

SBA Actions:

- 1. Starting Wednesday: Pause applications from businesses with +20 employees.
- 2. New eligibility calculation rules for Schedule C filers (self-employed)

Consideration:

98% of small businesses have fewer than 20 employees. Help sole proprietors, independent contractors, and self-employed individuals receive more financial support. These types of businesses make up a significant majority of all businesses.

Increasing Program Access

SBA Actions:

- Non-fraud convictions will no longer be knockouts
- 2. Eliminate student loan delinquency restrictions
- 3. Clarify ITIN acceptance for non-citizens
- FIRST CHANGES TO BE IMPLEMENTED FEBRUARY 24.
- NEW SBA FORM 2483 EXPECTED WEEK OF MARCH 1.
- NEW IFRS EXPECTED WEEK OF MARCH 1.

Take Action for All Business Sizes

Businesses with Less than 20 Employees

Businesses with less than 20 employees should use this time to:

- Continue adding applications to the queue.
- Use time to verify information on the application before submitting.
- Applications can be updated in the dashboard up until the time of submission.

Businesses with 20 or More Employees

Businesses with 20 or more employees should use this time to:

- Continue preparing applications.
- Queue prepared apps to be at the front of the line when +20 processing reopens.
- Double check required and supporting documents.
- Resolve Errors with Hold Code Errors.

PROACTIVE STEPS IN PROGRESS

SBA Procedural Notice on Error & Hold Codes (announced on 2.10)

SBA Error & Hold Code Handling

SBA contact info (some lenders choose not to handle errors)



Contact SBA's Answer Desk by email to answerdesk@sba.gov or call 800-827-5722 Monday through Friday, between 9 a.m. and 6 p.m. EST.



SBA Procedural Notice

TO: All SBA Employees and Paycheck Protection Program Lenders

SUBJECT: Revised SBA Paycheck Protection Platform Procedures for Addressing Hold Codes on First Draw PPP Loans and Compliance Check Error Messages on First Draw PPP Loans and Second

CONTROL NO.: 5000-20092

EFFECTIVE: February 10, 2021

This Notice revises the guidance provided in SBA Procedural Notice 5000-20083, SBA Paycheck Protection Platform Procedures for Addressing Unresolved Issues on Borrower First Draw PPP Loans, effective January 26, 2021. The purpose of this updated Notice is to inform SBA employees and Lenders of new SBA Paycheck Protection Platform (platform) procedures to address (1) Second Draw Paycheck Protection Program (PPP) Loan guaranty applications where there is a Hold Code on the Borrower's First Draw PPP Loan, and (2) First Draw PPP Loan guaranty applications and Second Draw PPP Loan guaranty applications with Compliance Check Error Messages.

Under the CARES Act, PPP Lenders are deemed to have delegated authority to make and approve PPP loans without prior SBA review. After issuance of the SBA loan number, all First Draw PPP Loans made in 2020 were individually screened by an automated tool. The automated tool compared First Draw PPP Loan data against publicly available information and applied eligibility and fraud detection rules to identify anomalies and/or attributes that may indicate noncompliance with eligibility requirements, fraud or abuse. Additionally, after issuance of the SBA loan number, SBA performed data analytics, including reviewing information from the Department of Treasury Do Not Pay lists, and other analyses of the 2020 First Draw PPP Loan portfolio. The automated tool screening, data analysis, and other analyses resulted in the issuance of Hold Codes on certain 2020 First Draw PPP Loans.

In 2021, before issuance of an SBA loan number, SBA is conducting front-end Compliance Checks on Lender loan guaranty applications for new First Draw PPP Loans and Second Draw PPP Loans using a modified version of the automated screening tool and information from the Department of Treasury Do Not Pay lists. When an issue is identified, the Compliance Checks generate a Compliance Check Error Message. In many cases, the Hold Codes and the Compliance Check Error Messages identify the same issues.

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EXPIRES: 2-1-22

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete Must be accompanied by SBA Form 58



