

PAYROLL PROTECTION PROGRAM 2.0 WHAT TO DO IF YOU MISSED VERSION 1

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Congress has now passed additional funding for the Paycheck Protection Program, which ran out of cash last week. The fundamentals of the program are expected to stay the same; however, there might be some limitations on SBA aggregation rules due to unanticipated issues with round one. If you were not successful in receiving funds from round one, this is new funding, so you will be eligible to try again. In order to enhance your chances we suggest:

1. Contact your bank now. We have a few banks that are heavily involved with SBA lending if you do not have a lender. Ask your bank whether you should submit a new application, or will they be kind enough to process the loan based upon your prior application. Some banks have indicated they will simply process what they have while others are requiring a new application.
2. If you did not have all the required information at the time you made the first application, you should start to work now making sure everything is in place when the funding is opened up for application.
3. If you need to submit a new application, ask your lender when they are going to start accepting new applications in accordance with the version 2 legislation.
4. If you did not submit a PPP loan application in the first phase, consider whether you want to apply in the second phase. Our small business PPA team can assist in that process.
5. Analyze payroll cuts that you have made and consider the amount of forgiveness that might be available if you have either cut employees too deeply or do not believe you can rehire an adequate number by June 30 to achieve significant forgiveness. Even if you can't, it may still be worth going through the exercise because it is extraordinarily "cheap" money.
6. Remember 100% of these funds must be used for payroll, payroll related expense, mortgage interest, or lease rent payments and utilities. Is not yet clear whether or not proceeds could be used for floorplan interest and forgiven. Remember, however 75% does need to be used for payroll related expenses.

For further questions, please contact any of your Stoll Keenon Ogden PLLC Kentucky SBA team:

Sarah Bishop, (sarah.bishop@skofirm.com, (502) 875-6245);
Brad Keeton, (brad.keeton@skofirm.com, (502) 568-5439); or

Ron Smith (ron.smith@skofirm.com; (317) 822-6787);