

Houston SBA director shares tips on PPP loan forgiveness application

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Many small businesses in the Houston region have tapped into the Paycheck Protection Program to receive forgivable small business loans through the CARES Act. The first round of forgivable loans through the PPP sent \$342.3 billion to about 1.6 million businesses nationwide, and the second round made another \$310 billion available starting on April 27.

*Some businesses are **moving on to the loan forgiveness application**, while others may still need to apply for a loan.*

[Tim Jeffcoat](#), Houston District Office director for the U.S. Small Business Administration, spoke with the Houston Business Journal on May 22 about how businesses should get organized for the forgiveness application and how his office is working to assist small businesses in other ways.

The PPP has been open for a bit now, but there is still money to be given out, right? For sure, there is [still money available]. I could do the math real quick, but it's easily \$100 billion it looks like is still available.

Community banks have stepped up in a big way, originating around 62% of all PPP loans through May 16. Why do you think that is? If you look at the banks that do SBA-guaranteed lending, some of them are very large, national banks. They have automated systems for this. They can take hundreds, potentially thousands, of applications across the country, put those through their automated system and get those handled quickly and efficiently. In the first round of financing, those banks were able to execute a large number of transactions.

The community banks that we all know and love here in Houston, they might be doing it in a slightly automated fashion, but they're probably doing it a lot more

manually. So there was a disconnect in how many the community bank population could process compared to the big, national banks that are automated.

Some of these banks would have an interface directly to the SBA and could just funnel those things through the interface. With the second round, we basically asked the banks to discontinue those automatic interfaces. It allowed all the banks to process their loans using the same basic approach. So that's why, in the second round of PPP, you saw a significant number of quite small community banks.

Community banks will frequently work with smaller small businesses, too. Not always. But you have seen the average loan size diminished quite a lot in the second round of financing as well.

Many businesses have already received their PPP loan and are thinking about the forgiveness application. What tips can you give them? [A week ago at 8 p.m. we issued the loan forgiveness application](#), and that comes with all the instructions on how to do it. It's an 11-page document.

Here's the advice that I've been giving — don't rush into it. Take four days. It doesn't require four days, but if I were doing this, that's the way I would approach it.

On the first day, I would organize all my documents. It explains what documents are required to support your application, and it's nothing scary. It's basically your payroll register and copies of bank statements or canceled checks on some bills that you paid. But take a day, and get those documents straight.

The next day, you want to do the worksheet. The worksheet could be a little tedious. I say that because if you have 100 employees, then you're going to have to list all 100 employees, what you've paid them, whether they're a full-time person or if they're less than that, and whether you paid them at 75% or more of their previous wages. You're going to have to go through your 100 employees and do that. If you have one employee, then the worksheet is no big deal.

On your third day, do the schedule that goes with the application — called Schedule A. You're basically going to plug in numbers from that worksheet. (But) it's not just plugging in; there's a few calculations and a few nuances.

Then on the fourth day, do the actual application itself, which is going to take data from the schedule. Each one feeds into the next. When you get to the end of that, it gives you three alternatives — and the lowest of those three numbers will be your forgiveness.

So while it's entirely possible to do it in one day, it's not necessary. There's no particular urgency at this point.

How else is the SBA assisting small businesses right now? This week so far, I've done 22 webinars personally. My staff has probably done about another 20 on top of that, easily. Roughly speaking, we'll finish this week doing about 50 webinars. That's not really surprising because probably two-thirds of what we're doing is related to [Economic Injury Disaster Loans] and PPP.

A lot of what we're doing is trying to educate businesses about everything they should be aware of. For instance, [on May 18] we had a webinar with three businesses that have quite successfully altered their business models to adapt to the Covid era.

Those are the kinds of webinars we're trying to deliver now so that we can help businesses think outside of whatever box they are currently in.