

Dealer Advisory

July 27, 2020



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SBA Outlines PPP Forgiveness Process

Many Michigan dealers have taken advantage of PPP loans offered by SBA to help support employee salaries and some business expenses. Most dealers are also still trying to figure out the loan forgiveness aspect of the program. NADA has provided the following information to assist dealers in the process.



A July 23 [SBA procedural notice](#) outlines the [process by which PPP lenders must review loan forgiveness applications](#) and notes that lenders may begin submitting loan forgiveness decisions to SBA on August 10. Dealerships with PPP loans should review the SBA notice with their lenders and, as necessary, with outside advisors such as CPAs and attorneys.

Note: additional PPP loan forgiveness information is available from [NADA's Coronavirus Hub](#), including:

- [Guidance on the Use and Forgiveness of PPP Loan Proceeds](#) ,
- Recent [webinar](#)
- [CARES Act FAQs](#).

The loan forgiveness process begins when a PPP borrower files a [forgiveness application](#) (or [EZ forgiveness application](#)) with its PPP lender. A PPP borrower may file its application after it has used all loan proceeds for which it seeks forgiveness. The best time to file a forgiveness application will reflect a careful consideration of several factors related to maximizing loan forgiveness and ensuring that all required supporting documents are available. PPP lenders must review forgiveness applications in good faith and in accordance with specified procedures and must work with borrowers to resolve any errors or omissions they identify.

A PPP lender has 60 days after receipt of a completed forgiveness application to issue a decision to SBA. A lender may approve an application in full or in part, deny it (in which case the lender must immediately notify the borrower), or deny it pending SBA review. SBA has 90 days after it receives a complete, error-free forgiveness decision to remit any loan forgiveness to the lender. The lender must then notify the borrower of the forgiveness amount, indicating when the borrower's first payment is due for any loan amount not forgiven. Loan amounts not forgiven must be treated by both borrowers and lenders as a PPP loan.

SBA may decide on its own to review any lender decision to deny a forgiveness application. In addition, a borrower has 30 days to request that its lender ask SBA to conduct such a review, in which case the lender has five days to notify SBA of the borrower's review request. If SBA declines to conduct such a review, it must notify the lender. If it agrees to conduct such a review, it must notify the lender and the borrower of the outcome.

SBA may, at its discretion, decide to review any PPP loan to determine if a borrower was eligible to apply for a PPP loan, for the loan amount borrowed or for the forgiveness amount sought. SBA will notify the lender of any decision to conduct such a review, after which the lender has five days to both notify the borrower and to submit certain documents to SBA. SBA's procedural notice does not set a deadline for the conduct of such reviews but does indicate that borrowers will have a right to appeal unfavorable outcomes.

Gov. Extends More Executive Orders

Governor Whitmer today signed two new executive orders, lifting a paperwork requirement for youth work permits that would require additional in-person interactions, and allowing business to be conducted remotely through use of expanded e-notaries and e-signatures.

Youth Work Permits

Under [Executive Order 2020-157](#), work permits required by the Youth Employment Standards Act can be mailed, emailed, faxed or sent via the web rather than filled-out on special colored paper, as required by statute.

This order takes effect immediately and continues through August 31, 2020.

Electronic Signatures and Remote Notarization

Under [Executive Order 2020-158](#), requirements for in-person notarizations are temporarily suspended and transactions that require a notary to be completed via two-way, real-time audiovisual technology are allowed. The order also permits the use of electronic signatures in all cases, except in rare circumstances when a physical signature is specifically required by statute. *[Please remember that [odometer statements](#) must still be physically signed.]*

The order takes effect immediately and extends the validity of notary commissions through August 31, 2020.

Please feel free to contact DADA at (248) 643-0250 or MADA at (800) 292-1923 if you have any questions.

*This advisory has been prepared in conjunction with
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