

# ALBANY BUSINESS REVIEW

## New York lenders to small biz: Don't do these things if you want to qualify for a PPP loan



*Enlarge. The Paycheck Protection Program — part of the \$2 trillion stimulus package — offers companies and nonprofits with fewer than 500 workers a 1%-interest loan to cover 2.5 months of payroll and other expenses. IRONHEART*



By [Chelsea Diana](#) – Reporter, Albany Business Review  
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The rollout of the Paycheck Protection Program for companies navigating through the coronavirus crisis has been stressful for business owners and bankers alike.

Many lenders have worked 14 hour days and logged weekend hours to process hundreds of thousands of applications to help businesses get the relief they desperately need. The federal government [essentially created a new program](#) in a little over a week, and the process of getting the loans approved [has been rocky at times](#).

The Paycheck Protection Program — part of the \$2 trillion stimulus package — offers companies and nonprofits with fewer than 500 workers a 1%-interest loan to cover 2.5 months of payroll and other expenses. The program has a \$10 million limit per customer.

Most of the loan [will be forgiven](#) if the borrower retains its workers, doesn't cut their wages and uses at least 75% of the money on payroll expenses. Companies are able to apply through their bank or credit union.

The PPP could be a lifesaver for New York companies. The state has seen unemployment insurance claims skyrocket, with roughly 785,000 people filing an initial claim in New York in the last three weeks.

That means the stakes are high for companies to get this money and bring their employees back on payroll.

The *Albany Business Review* spoke with community bankers about their best advice for businesses applying for these loans. Here's what lenders told small businesses **NOT** to do:

**Don't rely on the lender to do all your homework for you:** [John Buhrmaster](#), CEO of [First National Bank of Scotia](#), stressed the importance of reading and understanding the program before you apply because guidance is changing hourly. He recommended not relying on documents from chambers or trade groups. "The information has changed numerous times and it may be outdated or just flat wrong," Buhrmaster said. "Rely only on information put out by the SBA and the Treasury, and consider all else to be rumor."

**Don't forget to show your math:** [Chris Dowd](#) at [Ballston Spa National Bank](#) stressed the importance of not holding back payroll information, including health and retirement benefits — the more information, the better.

**Don't hand in paper files:** Bankers are processing dozens of these applications a day and most lenders are working remotely from home and are overwhelmed. Handing in a paper application will slow down the process. And paper is a possible vehicle for the COVID-19 virus.

**Don't neglect to keep tracking payroll, even after the loan is filed:** Companies will be under significant scrutiny when it comes to applying for forgiveness. Know your facts, what the acceptable use of the funds are and keep good records. Buhrmaster suggested opening a separate checking account for disbursement of a company's PPP proceeds.

**Don't submit without signatures:** Most banks are processing applications as they come in. Forgetting to sign a document or write in an important date could put your company at the end of the queue.

**Don't fail to overlook the importance of PPP to your company's future:** Buhrmaster recommended expressing your company's needs honestly to your lender. He said some companies may be forced to shut down if they can't get access to this money quickly.

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