



April 7, 2020

Re: PPP, Big Banks' Confusion and Daily Change in Bank Positions

Dear Client:

I hope that you are safe and well during the current safer at home lockdown. Next two weeks are expected to be critical in flattening the curve.

Yesterday, I have written to you about the urgency in applying for your forgivable loan under PPP.

This morning, Wall Street Journal had an article titled "Big Banks Favor Certain Customers in \$350 Billion Small Business Loan Program".

<https://www.wsj.com/articles/big-banks-favor-certain-customers-in-350-billion-small-business-loan-program-11586174401>

In this article, Bank of America customers experienced daily changing policy regarding PPP and they had to go back to the bank more than once before BoA accepted their PPP application. It appears there are a lot of confusion on the part of large banks about PPP, resulting in daily changes in their policy.

Here are other reports made in the WSJ article:

1. "Jim Hourdequin, chief executive of Lyme TimberCo. in Hanover, N.H., spoke with a couple of banks about the loan program before settling on Bank of America for the seven of his portfolio companies that have banking relationships with the big bank. On Friday, he was told his businesses didn't qualify. The about-face was "grossly unfair to businesses, such as ours, that do not use debt through the bank," said Mr. Hourdequin." On Saturday, the bank's message to Mr. Hourdequin changed again. Lyme's small logging and forest management companies, which together employ 63 people in rural communities, were now eligible to apply for a payroll loan under the bank's new guidelines."
2. "The big banks' decision to focus on existing customers could hurt smaller and minority-owned businesses that are less likely to have accounts with them, as well as businesses in rural areas where they have fewer branches."
3. "If banks only serve their customers, then the very businesses that may need access to the PPP program most will be left out in the cold, no question," said

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Michael Korengold, chief executive of Enhanced Capital Group LLC, a nonbank lender focused on financing small businesses in underserved areas. Mr. Korengold said his firm would like to make loans through the new program, but still isn't sure how companies like his apply to participate."

In the coming weeks, we will probably see credit unions and other nonbank lenders getting approved as lenders for PPP. At that time, I feel the big banks will probably get more aggressive in processing PPP.

In completing our firm's PPP application, I noticed a question asking whether SBA EIDL and Express Bridge Loans have been requested. I believe that if you check "yes" on this question, your PPP loan approval may get delayed. Just to be safe, you should apply for PPP before EIDL and Express Bridge Loans, so as not to delay your PPP loan approval.

Throughout this crisis, I will be posting webinars on PPP and other government rescue provisions, for your business to maintain liquidity, on our website at [www.ksgallp.com](http://www.ksgallp.com). Please keep visiting our website for latest updates.

So maintain your liquidity, do social distancing and let's flatten the curve.

Sincerely,



Steven Y.C. Kang, CPA  
Managing Partner  
KSGA, LLP

*Proverbs 15:23*



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