

PPP HOLD CODE GUIDE

HOW TO RESOLVE HOLD CODES ASSOCIATED WITH YOUR PPP LOAN APPLICATION



Dear PPP Applicant:

Thank you for your patience as we process your PPP application. We understand receiving your PPP loan approval and funding are critical for you. If you are reading this guide, odds are your PPP loan application has unfortunately been placed on “hold” with the SBA and is either in a status of “Further Research Required by SBA” or “Not Approved by SBA”.

This round of PPP, the SBA implemented several controls and database checks to ensure the information in SBA’s systems are accurate, and to ensure PPP loan eligibility. Each search or data validation check has the potential to result in a corresponding “hold code”.

Please refer to the email communication you received from sbarelief@firsthomebank.com with your associated hold code(s) and review the documentation requirements for each respective code included in this guide.

Once you have collected the documentation to clear your hold code(s), please respond to the email communication you received with your code(s). This will ensure your response and any attachments are correctly associated with your application.

Thank you in advance for your timely response.

Sincerely,

First Home Bank

P.S. Please remember to complete the following:

1. Refer to the email received from First Home Bank with your hold code(s).
2. Review the documentation requirements to clear each hold code.
3. Gather all required documentation, even if previously uploaded to First Home Bank’s PPP Borrower Portal.
4. Reply to the email received from First Home Bank with your hold code(s) and attach documentation to clear all codes.

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1 OR 501: CRIMINAL RECORD - CRIMINAL RECORD IDENTIFIED IN PUBLIC RECORDS

Provide proof that the borrower (if an individual) and all individuals owning 20% or more of the equity of the borrowing business do not have a criminal record or provide information and documentation explaining the criminal record, such as:

- If no criminal record exists, provide an attestation from each principal. The document must be signed and dated, confirming that no criminal record exists. ([Click here for Criminal Record Attestation form](#))
- If a criminal record exists, provide a statement from the subject individual. The document must be signed and dated, and an addendum that describes the specific charge, date of the offense, final disposition, and date of disposition and supporting court documentation must be included. ([Click here for Criminal Record Attestation form](#))

2 OR 502: BANKRUPTCY - BANKRUPTCY IDENTIFIED IN PUBLIC RECORDS

Provide proof that (a) the borrower and/or owners of 20% or more of the equity of the borrower never filed for bankruptcy, **or** (b) that the bankruptcy was discharged prior to the application date of the First Draw PPP Loan or Second Draw PPP Loan, whichever is applicable, or filed after the disbursement date of the First Draw PPP Loan, such as:

- Court filings with filing date and discharge date (where applicable)
- Additional court correspondence
- Bankruptcy forms and documents

5 OR 505: POTENTIAL DECEDENT APPLICANT

Owner or Principal of borrower appears to be deceased in public records. This may be ownership provided in connection with your first or second draw application, if applicable.

Provide proof that each 20% owner is not deceased such as:

- Notarized Affidavit of Identity ([Click here for Affidavit of Identify form](#))
- Current proof of identity including SSN

6 OR 506: INACTIVE BUSINESS

Borrower is no longer active according to Secretary of State filings or public records.

Provide proof that the applicant borrower or individual was in operation as of February 15, 2020 and at the time of the application for the first draw PPP loan or second draw PPP loan, whichever is applicable, such as:

- Secretary of State formation filing
- Filed copy of DBA documents
- 2020 Tax returns
- Filed 2019 Tax returns
- Current bank account statements
- Current business license verified by issuing municipal authority
- Current official entity verification certificate from state of registration
- Copies of paid invoices before & after February 15, 2020

7 OR 507: MISMATCH OF TIN (EIN/SSN)

Tax ID of Borrower or Principal appears to be inaccurate.

Provide proof of correct TIN (EIN/SSN) such as:

- Copy of 2019 Tax Return or other recently filed tax forms verifying the Name and Tax ID Number for the borrower or principal
- IRS EIN document (SS4)
- Copy of SSN card

8 OR 508: MISMATCH OF ENTITY NAME (INDIVIDUAL OR COMPANY)

Entity/Individual Name of borrower or principal(s) appears to be inaccurate.

Provide proof linking borrower and principal names to TIN (EIN/SSN) such as:

- Copy of 2019 Tax Return or other recently filed tax forms verifying the Name and Tax ID Number for the borrower or principal
- Filed copy of DBA documents
- Copy of Business License or State License Registration
- Individual's Driver's License or Official ID
- Copy of SSN card

9 OR 509: IN OPERATION AFTER FEB 15, 2020

Public records indicate that borrower either came into existence after February 15, 2020 or business activity prior to February 15, 2020 was not detected.

Provide proof that the borrower was in operation as of February 15, 2020 and at the time of the application such as:

- Secretary of State entity formation filing
- Filed copy of DBA documents
- Filed 2019 Tax returns
- Filed 2020 Tax Returns
- Bank account statements
- Business license verified by issuing municipal authority
- Copies of paid invoices before & after February 15, 2020.

12: SBA FRANCHISE DIRECTORY REVIEW

Borrower is identified as franchise in first draw PPP loan and cannot be identified on the SBA's Franchise Directory.

Provide proof either (a) that the borrower is a franchise that is listed on the SBA Franchise Directory, or (b) that the borrower is not a franchise, such as:

- SBA Franchise Identifier Code found in the SBA Franchise Directory located at: <https://www.sba.gov/sba-franchise-directory>
- Operating agreements that demonstrate the business is not operating as a franchise

15: POTENTIAL INELIGIBLE BUSINESS SIZE

Based on information provided in first draw application, the number of employees is greater than 500.

Provide proof of the borrower's size eligibility for the First Draw PPP Loan, such as:

- Form 941's – all four quarters in 2019
- Payroll tax data or Payroll reports/documents
- If borrower (including affiliates) has more than 500 employees, explanation of why the borrower is eligible
- If borrower (including affiliates) has more than 500 employees, verification of NAICS code accuracy
- If borrower (including affiliates) has more than 500 employees, copies of most recent 3 years Federal Tax Returns

16 OR 516: LARGE NUMBER OF EMPLOYEES AT RESIDENTIAL BUSINESS ADDRESS

Borrower primary address is a residential address and number of employees is greater than or equal to 10.

Provide proof either that (a) the borrower has an alternate business address that supports the number of employees; or (b) that the borrower's operations can be conducted from the current residential business address such as:

- Proof of an alternate operating address such as a current utility bill, current lease/rental agreement, or mortgage note/mortgage

- statement, and an explanation of why the alternate operating address was not listed on the application form
- Signed statement by the borrower explaining how the borrower operations and number of employees can be supported from a residential address
- Payroll documentation validating number of employees
- Proof that the borrower address entered in ETRAN is not a residential address

18: AGGREGATE DATA MISMATCH

Identification information provided in first draw application is causing discrepancies in the SBA's E-Tran system and cannot be verified or is found to be associated with a different entity or individual in public records.

Provide proof linking borrower and principal's names to TIN (EIN/SSN), such as:

- Copy of 2019 Tax Return or other recently filed tax forms verifying the Name and Tax ID Number or the borrower and principals
- Filed copy of DBA documents
- Copy of Business License or State License Registration
- Individual's Driver's License or Official ID
- Copy of SSN card

21: EMPLOYEE COUNT THRESHOLD

Employee Count indicative of concern

Provide proof of employee count and size eligibility for the First Draw PPP Loan, such as:

- Form 941's – all four quarters in 2019
- Payroll tax data
- Payroll reports/documents
- If borrower (including affiliates) has more than 500 employees, explanation of why the borrower is eligible

- If borrower (including affiliates) has more than 500 employees, verification of NAICS code accuracy
- If borrower (including affiliates) has more than 500 employees, copies of most recent 3 years Federal Tax Return

24: BUSINESS ADDRESS IS CURRENTLY VACANT

Borrower address provided in first draw application is currently vacant.

Provide proof either that (a) the borrower has an alternate business address that supports the active business; or (b) that the borrower's operations are being conducted from the current business address, such as:

- Proof of an alternate operating address such as a current utility bill, current lease/rental agreement, or mortgage note/mortgage statement, and an explanation of why the alternate operating address was not listed on the application form
- Proof that the business address listed on the application is not vacant and business operations are being conducted there such as a current utility bill, current lease/rental agreement, or mortgage note/mortgage statement

26: COMPLIANCE - MARIJUANA/CANNABIS SALES

Borrower appears to be engaged in activities that are illegal under Federal law (e.g. marijuana/cannabis businesses), state or local law.

Provide proof that the borrower is not engaged in the marijuana/cannabis business, such as:

- Description of the business activities
- Governing business documents; by-laws, partnership agreement, or corporate resolution
- Signed statement by borrower attesting that the business is not engaged in any activities that are illegal under Federal law (including marijuana or cannabis) or under state or local law

- Official corroborating documents such as Business License and/or State License Registration

28: COMPLIANCE - DEBARRED BUSINESSES

Borrower appears to be suspended or debarred from participation in Federal programs

Provide proof that the borrower is not debarred, such as:

- Documents validating business is not debarred
- Release of debarment

29: COMPLIANCE - DEFAULTED ON AN SBA LOAN IN THE LAST 7 YEARS

Borrower has defaulted and caused a loss on an SBA loan in the past 7 years.

Provide proof that the borrower has not defaulted on a direct or guaranteed business loan (including Federal disaster loans) from SBA and caused a loss to the government in the last 7 years, such as:

- Current credit report(s) - Please provide First Home Bank Authorization to pull a current credit report by completing the Credit Authorization Form. ([Click here for Credit Authorization form](#))
- Proof of resolution

30: COMPLIANCE – DEPARTMENT OF LABOR (DOL) OFFICE OF FEDERAL COMPLIANCE PROGRAM (OFCCP) VIOLATIONS

Borrower is suspended or debarred from participation in Federal programs.

Provide proof that the borrower is not suspended or debarred from participation in Federal programs, such as:

- Evidence of Review/Complaint

- Copies of Investigation and Recommendations, if applicable
- Documents validating business is not debarred
- Release of debarment

31: NAICS 522 - CREDIT INTERMEDIATION

Borrower appears to be engaged in lending.

Provide proof that the borrower is not involved in lending, such as:

- Verify NAICS Code
- Description of the business activities
- Governing business documents; by-laws, partnership agreement, or corporate resolution
- Tax Return
- Company Annual Report
- Company marketing information

32: PAYDAY LENDER

Borrower appears to be engaged in lending.

Please provide proof that the borrower is not involved in lending, such as:

- Verify NAICS Code
- Description of the business activities
- Governing business documents; by-laws, partnership agreement, or corporate resolution
- Tax Return
- Company Annual Report
- Company marketing information

33: POTENTIAL AFFILIATION ISSUE

Borrower appears to have affiliates. Borrower, combined with its affiliates, appears to exceed size standards.

Please provide proof that the borrower is either (a) subject to a PPP affiliation exemption e.g., NAICS code 72, faith-based organization; or (b) combined with affiliates does not exceed applicable size standard, such as:

- SBA Form 3511 Affiliation Worksheet ([Click here for Affiliation Worksheet](#))
- SBA Faith-Based Organization Addendum ([Click here for Faith-Based Organization Addendum](#))

34: DATA ANOMALY ISSUE

E-Tran data is incorrect.

Provide documentation to confirm accuracy of borrower information, such as:

- Tax Return
- IRS Forms matching the name and TIN (such as Form 941)

35: RESEARCH DUPLICATE 9 DIGIT TAX ID ISSUE

Borrower appears to have more than one First Draw PPP Loan. If you have more than one First Draw PPP Loan, you are ineligible for a Second Draw loan and must repay your duplicate First Draw PPP loan. If you would like to withdraw your PPP loan request, please send an email to pppwithdrawal@firsthomebank.com.

If you feel this is an error, please provide the following information for the Bank & SBA to verify the tax identification number (TIN) provided in your First and/or Second Draw applications.

Please confirm accuracy of borrower information, such as:

- Applicant Tax Return filed with the IRS

- IRS Form 941, IRS Form 1099, or similar IRS form with Applicant legal name and TIN
- SS4 – Employer Identification Number issued by the IRS

37: SBA - POTENTIAL AFFILIATION ISSUE

Borrower appears to have affiliates. Borrower, combined with its affiliates, appears to exceed size standards.

Provide proof that the borrower is either (a) subject to a PPP affiliation exemption e.g., NAICS code 72, faith-based organization; or (b) combined with affiliates does not exceed applicable size standard, such as:

- SBA Form 3511 Affiliation Worksheet ([Click here for Affiliation Worksheet](#))
- SBA Faith-Based Organization Addendum ([Click here for Faith-Based Organization Addendum](#))

38: FOREIGN COUNTRY-RELATED ENTITIES

Borrower appears to be owned by a foreign government

Provide proof that the borrower is not owned by a foreign government, such as:

- Current tax return
- IRS tax filing
- Articles of Organization
- Secretary of State filing
- Provide proof that the Applicant is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability

company or partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China. These entities are ineligible for Second Draw PPP Loans.

39: STATE OR LOCAL GOVERNMENT

Borrower appears to be a State or Local Government

Please provide proof that the borrower is not a State or Local Government entity, such as:

- Current tax return
- IRS tax filing
- Articles of Organization/Incorporation
- Secretary of State filing

40 ELIGIBILITY – LOBBYING

Borrower appears to be a Lobbyist - Potential eligibility issue

Please provide proof that the borrower is not involved in lobbying, such as:

- CPA reviewed financial statements
- Tax return
- Borrower disclosure of sources and amounts of revenue

46: DO NOT PAY– DEATH SOURCES

Owner or Principal of borrower appears to be deceased in public records. This may be ownership provided in connection with your first or second draw application, if applicable.

Provide proof that each 20% owner is not deceased such as:

- Notarized Affidavit of Identity ([Click here for Affidavit of Identify form](#))
- Current proof of identity including SSN

47: DO NOT PAY - SAM

Borrower appears to be on System for Award Management (SAM.gov) Exclusion list.

Provide proof that the borrower is not on the System for Award Management (SAM.gov) Exclusion list such as:

- Documents validating business is not debarred
- Release of debarment

48: DO NOT PAY – TOP AND CAIVRS

Borrower listed as Do Not Pay for delinquent, or has defaulted on, federal debt and caused a loss within past 7 years.

Provide proof that the borrowing business or any principal of 20% or more ownership equity has not defaulted on a direct or guaranteed business loan (including Federal disaster loans) from SBA or any other Federal agency and caused a loss to the government in the last 7 years, such as:

- Current credit report(s) - Please provide First Home Bank Authorization to pull a current credit report by completing the Credit Authorization Form. ([Click here for Credit Authorization form](#))
- Proof of resolution

COMPLIANCE ERROR CHECKS

The following codes are associated with loans in “Not Approved” status and require the same documentation to resolve as the hold code identified in the “Corresponding Code” column. Click on the compliance error name or corresponding hold code number below to be taken to the applicable section in this guide.

<u>COMPLIANCE ERROR CHECK NAME</u>	<u>CORRESPONDING CODE</u>
501: CRIMINAL RECORD	1
502: BANKRUPTCY	2
505: POTENCIAL DECEDENT APPLICANT	5
506: INACTIVE BUSINESS	6
507: MISMATCH OF TIN (EIN/SSN)	7
508: MISMATCH OF ENTITY/NAME	8
509: IN OPERATION AFTER FEB 15, 2020	9

LINKS TO FORMS

[Criminal Record Attestation – Code 1 and 501](#)

[Affidavit of Identity – Code 5, 46, 505, and 546](#)

[Affiliation Worksheet – Code 33 and 37](#)

[Faith-Based Organization Addendum A – Code 33 and 37](#)

[Affidavit Regarding Delinquent Federal Debt – Code 29 and 48](#)

[Credit Authorization Form](#)