



RESPOND → PLAN → RETURN STRONGER



I Received a PPP Loan – Now What?

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The Paycheck Protection Program Loan

- ❑ The PPP loan is a 2 year term loan with a 1% interest rate
- ❑ The interest begins accruing immediately, however the first payment is deferred for 6 months.
- ❑ The loan can be forgiven if it is used in accordance to the forgiveness rules.



Forgiveness Rules

During the 8 week period, immediately after the funds have been received, funds must be used for:

- 75% Payroll Expenses
- 25% Other Expenses

Note - You can not use another SBA loan product for payroll for those same costs in that period.

Payroll Expenses

- Wages, Salaries, Commissions, Tips
- Employee vacation
- Parental, Family and Sick Leave
- Group Health Insurance Premiums
- Retirement benefits
- State and local taxes



Headcount

- Must retain or hire back # of employees to pre-COVID19 levels (Average number of FTE's per month)
 - 2/15/19 to 6/30/19 or
 - 1/1/20 to 2/29/20 or
 - 2/15/19 to 6/30/19 for seasonal employees

- If employees have been laid off, make sure offer to rehire is in writing

- June 30, 2020 is the deadline to rehire staff to count towards forgiveness

Other Expenses

- Mortgage – Interest only
- Rent
- Utilities
- Interest payments for loans incurred before 2/15/2020.*

*not forgivable

Example

Monthly payroll \$4000 3 Employees

Loan = \$4000 x 2.5 = \$10,000

Payroll = \$10,000 x 75% = \$7,500

Other Expenses = \$10,000 x 25% = \$2,500

Note: EIDL Advance Grants will be deducted

Filing for Forgiveness

- Documentation verifying # of FTE's
- Payroll Tax Filings reported to the IRS
- State income, payroll and unemployment insurance filing
- Cancelled checks, payment receipts, transcripts of accounts, or other documents verifying payments
- Certification of truthful documentation and applicable payments



Tracking and Documentation

- Ensure funds are kept and dispersed from a business account
- Keep a spreadsheet of all applicable payments
- Notify lender of EIDL advance receipt

What happens with funds not forgiven???

- ❑ Funds that are not forgiven are carried forward as an ongoing loan (2 year term, 1% interest rate)
- ❑ Principal and interest will continue to be deferred for a total of 6 months
- ❑ No pre-payment penalty



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