

Using Your PPP Loan

What can I pay for with my PPP Loan proceeds?



1. Payroll Cost

- Salary, wage, commission or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation, parental, family, medical or sick leave
- Payment of healthcare benefits
- Payment for retirement benefits
- Payment of payroll taxes

2. Mortgage interest payments

3. Rent

4. Utilities

5. Interest payments on any other debt obligations there were incurred before February 15, 2020

6. Refinancing as SBA EIDL loan made between January 31, 2020 and April 3, 2020.

What happens if PPP funds are misused?



If a borrower uses PPP Funds for unauthorized purposes, SBA will direct the borrower to repay those amounts.

- IF a borrower knowingly uses the funds for unauthorized purposes, the borrower will be subject to additional liability such as charges of fraud.
- IF a borrower's shareholders, members, or partners uses PPP funds for unauthorized purposes, SBA will have recourse against the shareholders, member or partner for the unauthorized use.

How is the forgiveness amount calculated?



The actual amount of loan forgiveness depends, in part, on payments made over the eight-week period following the date of the loan, including:

- Total amount of payroll costs,
- Payments of interest on Mortgages incurred prior to 02/15/2020,
- Rent payments on leases dated before 02/15/2020 and
- Utility payments under service agreements dated before 02/15/2020.



How much of the loan forgiveness must be attributable to payroll costs?

At least 75% of the loan forgiveness amount must be attributed to payroll costs. **No more than 25% of the loan funds may be used to pay a mortgage, rent, utilities or other debt obligations.**



How do I get the entire PPP loan forgiven?

The borrower will not be responsible for any loan payment if:

- The borrower uses all loan proceeds for forgivable purposes, and
- Employee and compensation levels are maintained.



Loan Terms

- 2 yr Maximum Loan Term
- 1% Maximum Interest Rate
- Payment deferral 6 months - 1 year