

I Got my PPP, Now What???

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The PPP 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.

*Not a forgivable use of PPP

Payroll

- Wages, Salaries, Commissions, Tips
- State and local taxes
- Employee vacation
- Parental, Family and Sick Leave

- ❖ Must retain or hire back # of employees to pre-COVID19 levels



Other Expenses

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

*not forgivable

Example

Monthly payroll \$4,000 3 Employees

Loan = \$4,000 × 2.5 = \$10,000

Payroll = \$10,000 × 75% = \$7,500

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

Tracking & Documentation

- Ensure funds are kept and dispersed from a business account
- Keep a spreadsheet of all payments
- Third party verification will be required for forgiveness
 - ❖ Bank Statements
 - ❖ 3rd party Payroll processor records

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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