

I Got my PPP, Now What???

Karen Eads Yavapai College SBDC











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



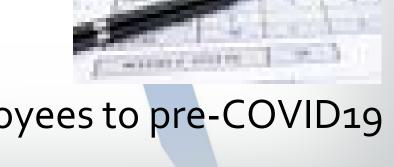






Payroll

- ☐ 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 \$4000 3 Employees

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

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

Other Expenses = $$10,000 \times 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



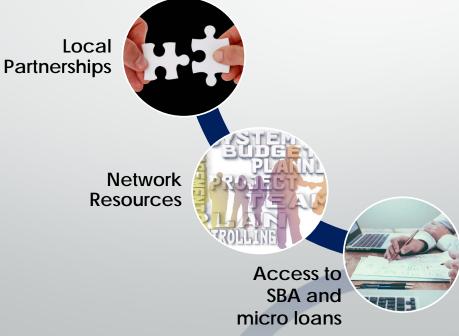




SBDC Services







YC.EDU/SBDC (928) 717-7232







