

PAYCHECK PROTECTION LOANS

BASIC INFORMATION AND STEPS TO GET STARTED



DAVID GRINDLE

- Executive Director, United States Institute for Theatre Technology
 - 501(c)3 with 13 employees serving 20,000+ individuals
- SAM in Central Crossroads

THE BASICS

- Covered in sections 1102 and 1106 of the CARES act
- Applies to businesses with fewer than 500 employees
- 501(c)3 orgs were added to the bill, we don't normally qualify for this type of SBA loan
- You must go TO A BANK to get this loan
 - Our Org uses Keybank and they are participating in the program

HOW MUCH MONEY CAN YOU GET?

2.5 TIMES YOUR AVERAGE MONTHLY PAYROLL

- Payroll costs include
 - Salary, wage, commission
 - Cash tips or equivalent
 - Payment for leave
 - Separation or Dismissal payments
 - YOUR portion of health care premiums
 - YOUR portion of retirement contributions
 - State and Local payroll taxes you pay
- It also includes:
 - “the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation that is not more than \$100,000 per year.”

**THE AVERAGE IS BASED
ON YEAR PRIOR TO THE
APPLICATION**



WHAT YOU CAN USE THE MONEY FOR

- 75% of the loan amount **MUST** go to payroll costs as defined earlier
- No more than 25% of the amount should go to rent, mortgage, or utilities
- This is the ratio that will be used to calculate forgiveness
- You can do a different ratio, but it will impact the forgiveness of the loan

LOAN TERMS

- 2 years
- 0.5% fixed interest rate
- No payments for 6 months
- No prepayment penalties

PRINCIPAL FORGIVENESS

- Application for forgiveness will need
 - Proof of employment that shows the same or greater numbers of employees as when you got the loan
 - Proof of payments for benefits
 - Proof of Rent or Mortgage payments
 - Cancelled checks count as proof
- So long as no more than 25% of principal is used to non-payroll the principal is forgiven. You will still owe the interest.

-
- FACT SHEET FROM THE TREASURY

- <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

- Treasury Department Loan Application

- <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

- Note: charitable orgs DO NOT HAVE OWNERS so the section referring to that should be blank unless told otherwise by your lender. Have the council president and treasurer as your two signatories.

**CALL YOUR BANK
TODAY TO GET IN LINE**

