

PAYCHECK PROTECTION PROGRAM (PPP)

[Updated: 4/22/2020 Cayla Hittmeier]

QUESTION: WHAT IS THE PPP?

ANSWER: The Paycheck Protection Program (PPP) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone. The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent and utility costs over the 8-week period after the loan is made; and
- Employee and compensation levels are maintained.

Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

Loan payments will be deferred for 6 months.

QUESTION: WHO CAN APPLY?

ANSWER: All businesses – including nonprofits, veteran organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.

QUESTION: HOW MUCH CAN BE BORROWED?

ANSWER: Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

QUESTION: WHAT QUALIFIES FOR PAYROLL EXPENSES?

ANSWER: Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);

- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

QUESTION: WHERE CAN BUSINESSES APPLY?

ANSWER: Land of Lincoln Credit Union is a participating SBA lender. Fill out the application provided on our website below and contact a lender about eligibility.

QUESTION: HOW DOES THE LOAN FORGIVENESS WORK?

ANSWER: You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.

QUESTION: I'VE HEARD THE FUNDS RAN OUT, IS THAT TRUE?

ANSWER: The first round of funding did run out, however, a Bill approving and additional \$484 billion in funding was passed on Friday, 4/24/2020. Funds were released on Monday, April 27th, 2020. Those that applied in the first round will be processed and the remainder will be processed on a first come, first serve basis. You can still apply by clicking the link below.

MORE QUESTIONS? Call Andrew Young or Jonan Tiarks at 1-844-222-7788 or email llcu@llcu.org

[READY TO APPLY – CLICK HERE!](#)