

Paycheck Protection Program Overview

Who is eligible for a PPP loan?

- All businesses – including nonprofits, veteran’s organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees & that were in operation 2/15/2020 can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.
- Sole proprietorships and independent contractors can start applying starting **April 10th, 2020**

Who is not eligible for a PPP loan?

- Any Business engaged in illegal activities under federal, state, or local law
- Household employers (those who employ nannies or housekeepers)
- Businesses with owners that have received a loan from SBA or any other federal agency that is currently delinquent or has defaulted in the last seven years and caused a loss to the government

PPP loan proceeds must be used for:

**75% or more of all PPP loan proceeds MUST be used to cover payroll costs*

- Payroll costs (includes annual wages, paid sick time, medical or family leave, and insurance premiums)
- Mortgage interest payments (not prepayments or principal payments)
- Rent or lease payments
- Utility payments
- Refinance an SBA EIDL loan made between 1/31/2020 and 4/3/2020, certain conditions apply
- Interest payments on any other debt obligations incurred before 2/15/2020

How to calculate your loan amount (maximum \$10 million):

**CCU will be calculating these figures prior to setting a qualified loan amount for each applicant*

Step 1: Add all payroll costs from the last 12 months

Step 2: Subtract any compensation paid to an employee, independent contractor, or sole proprietor in excess of \$100,000 for the last 12 months (annual amount)

Step 3: Divide whatever amount is remaining by 12 to calculate the average monthly cost for payroll

Step 4: Multiply the average monthly cost from step 3 by 2.5

Step 5: Add any outstanding amounts of an Economic Injury Disaster Loan (EIDL) received between 1/31/2020 and 4/3/2020 (these can be refinanced into the PPP loan if applicable)

What qualifies as a payroll cost?

- Employee compensation in the form of salary, wages, commissions, and cash tips, etc.
- Paid vacations, parental, family, medical, or sick leave
- Allowance for separation or dismissal
- Payment for employee benefit programs consisting of group health care coverage, including insurance premiums
- Retirement compensation

- Payment of state and local taxes assessed on compensation of employees
- **For independent contractors or sole proprietors:** wages, commissions, income, or net earnings from self-employment or similar compensation
- *Independent contractors do not count as employees for the purpose of all PPP loans because they have the ability to apply for the loan on their own

Loan terms and conditions:

- 1% interest rate for a two-year term
- Payments will be deferred for six months
- No required collateral or personal guarantee
- No upfront or annual fees
- Loan forgiveness offered 8 weeks after initial loan disbursement with the necessary documentation showing the business use of loan proceeds

Loan Forgiveness Requirements:

- At least 75% of loan proceeds must have been used to cover payroll costs
- No more than 25% of the forgiven amount can be used for non-payroll costs
- Proper documentation gets provided to Colorado Credit Union 8 weeks after the initial loan disbursement showing how the funds from the loan were used (information on the required documentation included on separate form)
- Employee and compensation levels are maintained in the 8 week period

How do I start the application process for a PPP loan?

- Reach out to Colorado Credit Union for a list of the required documents for these loans
- Once all documents have been submitted to CCU, they will be reviewed to determine the qualified loan amount
- A representative from CCU will reach back out with this loan amount & if you would like to continue the application process, they will send you the borrower application form to complete and sign electronically
- All other required loan documents will be sent out for your review & signatures once the Borrower Application has been completed and sent back

Who do I contact at Colorado Credit Union to help me with a PPP loan?

Contact CCU Operations Specialist, Holly Schreiber

Holly's Direct Phone #: (720)-981-2351 (please leave a voicemail if Holly does not answer immediately)

Holly's Email: hschreiber@ccu.org

Please see the "Required Documents" form also included for all Paycheck Protection Program initial loan requirements as well as loan forgiveness requirements.