The Latest Guidance

FAQs

PPP Loan FORGIVENESS

AMERICA'S SBDC MICHIGAN
Planning for Forgiveness

• Critical Dates
• Permitted Uses for PPP Loans
• Ratio of Payroll and Non-payroll Spending
• Maintaining Pay Levels
• Maintaining Staffing Levels
Critical Dates


• Disbursement Date (DD): the date your loan funds are received

• Covered Period (CP): the 56-day period immediately following disbursement of the loan

• Alternative Payroll Covered Period (APCP): the 56-day period that begins the first day of the first pay period following disbursement of the loan

• FTEE Restoration Date (RD): June 30, 2020
Payroll Costs

- Employee gross
- Employer state and local taxes paid on employee gross pay
- Employer healthcare benefits
- Employer-paid retirement benefits
Permitted Uses for PPP Loans

• Payroll costs
• Mortgage interest
• Rent
• Utilities
Payroll and Non-payroll Spending

• Repayment of part of the loan may be required if spending on non-payroll costs exceeds 25%
Maintaining Pay Levels

• Repayment of part of the loan may be required if an employee’s average annual salary or average hourly rate are reduced by 25% or more during the CP or APCP compared to the BP.
Maintaining Staffing Levels

• Repayment of part of the loan may be required if the average FTEE shows a decline from the BP to the CP or APCP

• Full-time Equivalent Employees (FTEE): the average number of hours paid per week divided by 40
Applying for Forgiveness

- You can apply for loan forgiveness through the lender that is servicing the loan.
- Ask your lender what documentation is required.
- Lenders have 60 days to make a decision on loan forgiveness.
- The SBA has issued a loan forgiveness application which can be found on the Department of Treasury web site.
- Don’t be surprised if your lender has their own application form.
Questions?

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