

I HAVE RECEIVED MY PPP LOAN...

NOW WHAT?

As we live out our mission of being essential, we continue to originate Paycheck Protection Program (PPP) loans to businesses across the communities we serve. As focus shifts from origination to forgiveness, OSB is waiting on critical guidance on the process. Additional information is needed on calculations, documentation, and process to apply. We continue to monitor resources and will update our valued customers as the information becomes clearer.

Here is what we do know:

- Managing PPP Loan Proceeds - Loan proceeds used for an unauthorized purpose are not eligible for loan forgiveness. Under the CARES Act, a borrower that knowingly uses the funds for an unauthorized purpose may be subject to additional liability, such as charges for fraud. For OSB customers, we have established a separate PPP account to help maintain accurate records.
- 75% of PPP proceeds must be used towards eligible payroll items or forgiveness could be reduced. The remaining 25% can be used towards rent, mortgage interest, and utilities.
- To ensure proper documentation for loan forgiveness, it is extremely important that borrowers maintain adequate substantiation for all eligible expenses as the funds are being spent. According to the CARES Act, borrowers must provide documentation to verify the use of funds on eligible expenses. We recommend creating a PPP folder in which all documentation is maintained to substantiate expense. This can include lease documents, mortgage payments, utilities, payroll documents, etc.
- The number of full-time equivalent (FTE) employees on payroll and pay rates for the period will need to be substantiated. This documentation should include payroll tax filings reported to the IRS and state income, payroll and unemployment insurance filings. If FTE is reduced, forgiveness could be impacted. We are waiting on calculation guidance but many sources reference the Affordable Care Act for the FTE calculations. The ACA treats any person who holds a full-time position as one FTE employee, and then calculates for part-time employees and adds the results. The hours of part-time employees are aggregated on a monthly basis and divided by 120 to determine the number of FTE employees.
- After the eight-week covered period, SBA has 60 days to make a decision on loan forgiveness.