

## Paycheck Protection Program (PPP) Questions & Answers

1. **When can I expect funds from my loan?**

We are required to fund your loan within 10 calendar days your application was received/approved by the SBA.

2. **How will my loan be funded?**

To keep YOU as well as our Marquette colleagues safe, Marquette will be processing ALL loan closings electronically (no exceptions). You will receive an email from Marquette with instructions and links to complete the closing process.

3. **How will my loan funds be received?**

All loan proceeds will be deposited into your business's main operating account at Marquette Savings Bank. We will not directly wire any loan proceeds.

4. **What is the interest rate on my loan?**

1.0%

5. **What is the term of my loan?**

24 months following the date of disbursement; during the first 6 months interest will accrue but not be due. Beginning in month seven, Accrued Interest will be due and the remaining balance of the loan (assuming it is not all forgiven (see Question 7 for information regarding forgiveness) will be fully amortized over the remaining 18 months of the term of the loan.

6. **How am I permitted to use these funds from the PPP program?**

The proceeds of a PPP loan are to be used for:

- a. payroll costs (see below)
- b. costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- c. mortgage interest payments (but not mortgage prepayments or principal payments);
- d. rent payments;
- e. utility payments;
- f. interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
- g. refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

7. **What counts as payroll costs?**

**Payroll costs include:**

- a. Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- b. 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;
- c. State and local taxes assessed on compensation; and
- d. 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.

8. **Does the PPP cover paid sick leave?**

Yes, the PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave. However, it is worth noting that the CARES Act expressly excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116–127).

9. **Can my PPP loan be forgiven in whole or in part?**

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all the loan proceeds for **forgivable** purposes described below:

The actual amount of loan forgiveness will depend, in part, on the total amount of payroll costs, payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, and utility payments under service agreements dated before February 15, 2020, over the eight-week period following the date of the loan. However, not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs. While the Act provides that borrowers are eligible for forgiveness in an amount equal to the sum of payroll costs and any payments of mortgage interest, rent, and utilities, the Administrator has determined that the non-payroll portion of the forgivable loan amount should be limited to effectuate the core purpose of the statute and ensure finite program resources are devoted primarily to payroll. The Administrator has determined in consultation with the Secretary that 75 percent is an appropriate percentage in light of the Act's overarching focus on keeping workers paid and employed. Further, the Administrator and the Secretary believe that applying this threshold to loan forgiveness is consistent with the structure of the Act, which provides a loan amount 75 percent of which is equivalent to eight weeks of payroll (8 weeks / 2.5 months = 56 days / 76 days = 74 percent rounded up to 75 percent). Limiting non-payroll costs to 25 percent of the forgiveness amount will align these elements of the program and will also help to ensure that the finite appropriations available for PPP loan forgiveness are directed toward payroll protection. SBA will issue additional guidance on loan forgiveness.

***If you use the proceeds for non-forgivable expenses and/or the majority of the loan proceeds (other than payroll) represents more than 25% of the loan amount, you most likely will be responsible for an "unforgiven" portion that will have to be repaid over 24 months following the date of the loan.***

#### 10. How much of my loan will be forgiven?

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.

Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

You will also owe money if you do not maintain your staff and payroll.

**Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.

**Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.

**Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

#### 11. How can I request loan forgiveness?

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. The lender must make a decision on the forgiveness within 60 days.

**NOTE: Some of the information contained in this document is directly from the Interim Final ruling for the US Treasury and SBA dated April 3, 2020. This document is for information purposes only. Marquette will not be responsible for subsequent changes, if any, to the Final ruling. We will do our best to keep our customers informed. However, we encourage you to discuss these matters with your CPA and/or Payroll provider.**