

FAQ - Paycheck Protection Program (PPP)

What is this program for?

PPP funds may be used to cover operating costs including payroll, business rent or mortgages for up to eight weeks. Some of this loan is forgivable if the employer keeps its employees on payroll.

What types of cooperatives are eligible?

This is a rapidly developing program. As of April 3, it is not 100% clear precisely which co-ops will be eligible. What is clear is that agriculture, purchasing, consumer food, and worker cooperatives that are incorporated as a cooperative are eligible for PPP. NCBA CLUSA continues to work with the entire cooperative community to ensure all cooperatives are eligible for this critical assistance.

Who administers the loans?

These loans are administered by private lenders and guaranteed by SBA. Loans are available through June 30, 2020.

How to apply...

PPP is administered through private lenders that are enrolled in SBA's Preferred Lending Partners Program and the Farm Credit System. You can find eligible lenders here: <https://www.sba.gov/paycheckprotection/find>

What can PPP loans be used for?

- Payroll, which includes wages, paid leave, group health care payments, retirement benefits, State or local tax assessed on the compensation of employees.
- Rent
- Mortgage interest obligations, but may not include prepayment or payment of principal mortgage obligations.
- Utilities
- Interest on any other debt incurred before the covered period

What are the terms of this loan?

The loan will be determined by calculating 2.5 times average monthly payroll, with the maximum loan amount being \$10 million. Interest on PPP loans cannot exceed 4%. Repayment of the loan is deferred for 6-12 months, and the term of the loan may not exceed 10 years.

Does PPP require a personal guarantee?

No. the personal guarantee and collateral requirements are waived for this program.

Is this loan forgivable?

PPP loans are forgivable if employers maintain their payroll. The program is retroactive to February 15, 2020 to ensure that employees already laid off can be brought back on the payroll.

The amount forgivable is equal to the sum of the eligible costs incurred during the eight-week period compared to the previous year. Payroll costs plus mortgage interest payment plus covered rent obligations plus covered utility payments.

Does forgiveness happen automatically?

No. You must apply through your lender and provide documentation that you maintained payroll and used the funds only for eligible uses.

Can PPP be combined with an EIDL loan or grant my co-op received?

PPP loans may be combined with EIDL funds but may NOT be used for the same purposes. You may refinance an EIDL under PPP if you received your EIDL before PPP was implemented.