



Educators Credit Union Paycheck Protection Program Loan Process

About the loan

The Paycheck Protection Program (PPP) is a new Federal program administered by the Small Business Administration (SBA) in response to the COVID-19 crisis. As a new program being rushed into production, the process may be changed and updated frequently, and some bumps on the road may appear.

The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required.

Loan will be for 2 years, fixed rate at 1%.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. In order for the loan to be forgiven, we will be requesting evidence the funds were used to maintain employment at per-COVID-19 levels. This will likely be payroll data of some form. Failure to provide that data when requested will result in the loan NOT being forgiven, and you will be responsible for payments. It is likely some form of reporting will be required at a later date to document this.

Membership:

Your business must be a member of Educators Credit Union to apply. At this time, availability is limited to businesses that have been members prior to March 1, 2020, or businesses whose principal owner has been a member since prior to March 1, 2020

To begin the process/required documents:

- Complete and return (by email, drop off at branch, or mail) the application form
 - Determine your loan amount by using 2 ½ times your average monthly payroll, including benefits. If any of your employees are paid over \$100,000/year, DO NOT include that portion of their wages over \$100,000.
 - In the “Employees” section, list the total number of employees included in your payroll
 - Be sure to sign and initial where indicated. Incomplete applications will be returned.
- Provide a copy of your businesses most recent tax return. If business taxes are filed on your personal return, a copy of your Schedule C is adequate



- Also provide payroll documentation to establish eligibility for the loan. This is information to document your average monthly payroll. This would include at least one of the following for the full year 2019
 - Payroll processing records
 - Payroll tax filings (IRS form 941)
 - Sole proprietorship income statement (income and expense report)
 - Form 1099-MISC

As part of the application, you will calculate the maximum amount you can borrow. This is the current standard method prescribed by the SBA

Total payroll costs for 2019*	
Less amounts paid in excess of \$100,000 annually to any one Individual	
Divide by 12 for Average Monthly payroll	
X 2.5	

max loan amount **

*total payroll costs is compensation to employees (salary, wages, commissions or similar), cash tips, Vacation and similar paid time off, payment for group health care and retirement, payment of state and local taxes paid by employer. For independent contractors or sole proprietors, wage, commission, income or net earnings from self-employment

**not common-may also add any outstanding Economic Injury Disaster Loan made between 1/31/20 and 4/3/20 less the amount of any advance made under a COVID-19 loan

Follow Up:

The above list (application, tax return and payroll documentation) is all that is needed at this time; however, as noted, in order to qualify for forgiveness **at a later date you will be required to prove you used the funds for the purposes indicated.** This will include holding job numbers steady. The documentation requested may include:

Documentation for:

- 1 Payroll Costs
 - a. IRS 941's for last 4 quarters if business has payroll
 - b. 1099's if independent contractor
 - c. Most recent schedule C for sole proprietor
 - d. YTD payroll information for all
- 2 Mortgage interest
 - a. Most recent mortgage statement with payment amount and history
- 3 Rent
 - a. Lease agreement and recent payments/receipts
- 4 Utilities
 - a. Latest utility bills

We will contact you if and when these items are needed



Educators
CREDIT UNION™

Once approved, Loan documents will be forwarded to you by email for electronic signature, and funds will be disbursed into your account here at ECU

Due to the expected high level of demand, we ask you to be understanding of delays. We will be processing these requests as quickly as possible. Watch your email for additional documents that might be required. Delay or failure to provide requested documents when needed may further delay your loan.

Thank you for your patience and membership during this challenging time for all of us!

Educators Credit Union
Business Loan Department