

## Follow the Money: Congratulations, You Got Your PPP Funds. Now What?

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At the end of March, the federal government committed \$349 billion dollars in forgivable loans to small businesses under the Paycheck Protection Program (PPP), which was part of the Coronavirus Aid, Relief, and Economic Stability, or CARES Act. Under the PPP, eligible small businesses have been able to borrow two and one-half months of payroll costs, up to \$10 million, from banks and other financial institutions approved by the U.S. Small Business Administration in order to fund payroll costs, rent, utilities, and certain other operating-related expenses incurred over eight weeks after the loan is disbursed.

Many small businesses quickly saw the advantage of the generous terms of PPP capital not requiring collateral, personal guarantees or SBA fees and providing a six-month deferment period at a fixed interest rate of 1 percent. On April 16, the SBA announced it is no longer accepting applications because it had already approved the \$349 billion allotted for the program, prompting Congress to add \$310 billion to the PPP. Approved borrowers have started to receive the proceeds of the loans, beginning the eight-week covered period within which to spend the proceeds in order to qualify for loan forgiveness.