



Dear Lenders,

I hope each of you are well. Be advised that there is still funding on the table for PPP Loans. There is likely in excess of \$100 Billion still on the table.

Excerpt from IFR – pg. 15-16

r. How can PPP loans be used?

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

- i. payroll costs (as defined in the Act and in 2.f.);
- ii. costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- iii. mortgage interest payments (but not mortgage prepayments or principal payments);
- iv. rent payments;
- v. utility payments;
- vi. interest payments on any other debt obligations that were incurred before February 15, 2020; and/or

vii. refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020. If you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. **If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan.** Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

I am offering the following:

1. PPP Disbursed Loans and the EIDL

- a. Some business owners applied for both the PPP and the EIDL during Round 1 and the EIDL funds ran out prior to the business owner getting funded during Round 1. The business owner received the PPP Loan during that time and PPP funds were disbursed. Now, additional funding was made available for the EIDL and the business owner just received the EIDL loan they applied for in Round 1. What should they do?
 - i. The PPP loan has been disbursed and cannot be increased
 - ii. The PPP loan and the EIDL loan cannot be used for the same purpose
 - iii. Business owner will have two separate loans
 1. Normally, if the EIDL loan was used for Payroll Cost, it would be refinanced into the PPP Loan and the payoff check (for the EIDL) would be mailed to SBA. However, this cannot happen because the



PPP Loan has been disbursed and can't be increased. Therefore, the EIDL loan cannot be used for the same purpose as the PPP Loan.

2. EIDL Disbursed Loans and the PPP

- a. If the business owner received the EIDL loan and used the proceeds for Payroll Cost and, subsequently, received a PPP Loan.
 - i. The EIDL Loan that was used for Payroll cost must be refinanced into the PPP Loan
 - ii. The EIDL and the PPP Loans cannot be used for the same purpose

3. The Payoff Check for the EIDL portion used for Payroll

- a. Mail to
 - i. SBA
 - ii. 721 19th Street
 - iii. Denver, CO 80202

4. 1502 Reporting

- a. Guidance will be released very soon
- b. If you have not Registered with Colson Services – www.colsonservices.com – please do so
 - i. 1502 Connect
 - ii. 1502 Dashboard
 1. enrollment@colsonservices.com
 2. info@colsonservices.com
 3. (877)245-6159