Your PPP Loan Funds: Do's and Don'ts

Now that you've taken the first steps toward getting your Paycheck Protection Program loan funds, we're here to help you stay on track by sharing important do's and don'ts about how to use them.

DO use the funds for payroll and authorized expenses only.

Your PPP loan is here to be used for payroll costs, group healthcare expenses, along with other authorized costs such as your business mortgage expenses or rent, utilities, and interest payments on other debt.

DON'T use the funds for unauthorized expenses.

Make sure you use your loan only to pay for authorized expenses. You should expect to be audited by the bank or government officials. By avoiding misuse of the funds, your loan may be fully forgivable.

DO be organized.

Keep records of how you use your loan funds. Opening and using a separate deposit account for the PPP loan funds can make this easy and streamline any auditing process.

DON'T mix loan funds with personal assets.

Again, to keep things easy to track, avoid depositing your PPP loan funds into a personal account and avoid the temptation of using the funds to pay for personal expenses. We suggest that new customers open an operating account with us.

DO keep the rules in mind.

Remember that your PPP funds need to be used immediately for authorized costs incurred during the eight weeks immediately following the loan's origination. Also, at least 75% of the forgiven amounts must be used for payroll expenses during that time.

DON'T attempt to cheat.

Unscrupulous borrowers may try to take advantage of the law's gray areas, but don't. Again, the bank or representative from the government is likely to perform an audit, and you won't want to be caught in an act of fraudulent use of funds.

Do remember, too, that we're here to help. As a top Houston-area SBA lender, we have the experience and the experts you need. If you have questions about your PPP loan funds and how to use them, give us a call at 713.948.5700.

texascitizensbank.com | 713.948.5700