

# Small Business: EIDL Rolls Into PPP Loan

## Loan Eligibility

## CARES Act Parameters

• Employees:	45	<input checked="" type="checkbox"/> ≤500 EE
• Industry:	Gift Store	(note: accommodations and food services businesses are ≤500 EE per location)
• NAICS:	53220	
• Operation Date:	1/30/19	<input checked="" type="checkbox"/> operates before 1/31/20
• Annual Revenue:	\$799,000	<input checked="" type="checkbox"/> no limit because business qualifies by EE guideline

## Business Expenses

• Annual Payroll:	\$669,000	hypothetical amount used from prior example
• Monthly Mortgage (principal + interest):	\$8,500	" "
• Monthly Utilities:	\$4,000	" "

## Applied to EIDL before 4/3/20

• Total Loan Amount:	\$75,000	<input checked="" type="checkbox"/> up to \$2mm; includes the \$10K advance that applicant keeps even if loan is ultimately denied
• Collateral:	\$0 yes	<input checked="" type="checkbox"/> collateral requirements for loans >\$25K but still check with lender

## Immediate Use of EIDL

(note: EIDL and PPP cannot be used for same purpose)

• Trade Payable:	\$32,500	
• Payroll:	\$17,500	<input checked="" type="checkbox"/> business spends the \$10K advance on payroll
• Fixed Debts:	\$25,000	<input checked="" type="checkbox"/> excludes refinancing debt incurred prior to Covid19, repairing physical damage, or paying dividends
Total	\$75,000	

## Separately Applied to PPP on 4/3/20

• PPP Loan Amount:	\$130,000	hypothetical amount
• EIDL that was used on Payroll:	\$17,500	add: this amount will be refinanced into PPP (up to \$10mm total from both loan programs)
• EIDL \$10K advance:	(\$10,000)	subtract: this amount is forgiven because it was spent on payroll
• New PPP Loan Amount:	\$137,500	<input checked="" type="checkbox"/> sum

## Use of PPP Loan over 24-weeks (~6 months)

costs incurred from 2/15/20 to 12/31/20

• Payroll:	\$111,500	= 669,000 / 12 * 2
• Monthly Mortgage (principal + interest):	\$17,000	<input checked="" type="checkbox"/> mortgage in place before 2/15/20
• Monthly Utilities:	\$8,000	
Qualifying Expenses - Total:	\$136,500	

## Loan Forgiveness

• Qualifying Expenses for PPP Loan:	\$136,500	<input checked="" type="checkbox"/> payroll ≥ 60% of use
• Amount Converted into a PPP Loan:	\$1,000	specific requirements exist for loan forgiveness per SBA

This analysis represents a fictitious entity per SBA guidance and is to be used as an example only.