1. **What is Economic Injury Disaster Loans (EIDL)?**

   EIDL assistance declaration issued by the SBA makes loans available across the country to small businesses and private, non-profit organizations to help alleviate economic injury caused by this coronavirus.

2. **What is the Paycheck Protection Program (PPP)?**

   The $349 billion program was enacted as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

   PPP is an SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. Seventy-five percent of the funds must be used employee expenses and associated expenses. These being compensation, taxes, benefits, retirement, etc. Twenty-five percent can be used for working capital i.e. operating expenses like utilities, rent lease, etc.

3. **Can I apply for both EIDL and PPP loan?**

   Yes, you can.

4. **Is a PPP grant or a loan?**

   It’s a loan. However, if you maintain at least 75% of your employees for 8 weeks. The loan will be forgiven.

5. **Are EIDL grants?**

   No, these are loans. You need to repay the amount with a 3.75% interest rate (2.75 for nonprofits), maturity is up to 30 years. But you can apply for $10,000 in advance which does not need to be repaid.

6. **Does SBA EIDL or PPP require any collateral?**

   PPP loan does not require collateral. However, EIDL over $25,000 requires collateral.

7. **Do employees that make more than $100K get to count under the PPP?**
Yes. But only the portion up to $100K. The eligible payroll costs do not include annual compensation in excess of $100,000 for individual employees.

8. As a C-Corp whose credit report is considered?

Corporations are considered as separate entities from individuals. Corporations could provide their business credit reports.

9. When the business applies to EIDL and gets the $10,000 in advance, will it need to be paid back?

No, that’s a grant. The grant portion will not need to be paid back but is part of the total loan amount. As an example, if you want to borrow $50,000.00, you will get $10,000.00 forgiven and the actual loan amount will be $40,000.00. That is the portion that will be paid back.

10. Do independent contractors count as employees for purposes of PPP loan calculations?

No.

11. Are sole proprietors, independent contractors or self-employed individuals eligible for a PPP loan?

Yes, if you were in operation on February 15, 2020, you are eligible.

12. If I am a self-employed individual how should I calculate my payroll costs?

Payroll costs for independent contractors or sole proprietors are wage, commissions, income, or net earnings from self-employment or similar compensation.

13. Can I add my outstanding EIDL loan amount to my calculations?

Yes, find your average monthly payroll costs and multiply that number by 2.5, then add your outstanding EIDL loan amount (less the amount of any “advance”). That would be your maximum loan amount.

14. What qualifies as “payroll costs?”

Salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation,
parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

15. What is the interest on a PPP loan?

100 basis points or one percent. Yet if it primarily falls in the 75/25 usage ratio it might all be forgiven.

16. Can I apply for more than one PPP loan?

No.

17. Is the PPP “first-come, first-served?”

Yes. Although ample time is being allowed for all qualified borrowers to apply. This loan will be applied directly to your lender. While an SBA Certified Lender is the preferred choice other lenders will be allowed to offer and service these loans for a defined period of time. However, given these lenders are not familiar with SBA rules and process it is suggested you use an SBA certified lender

Also, keep in mind the lender will have their own unique application requirements. Make sure you know what these are in advance.

18. How do I calculate my loan amount for the PPP?

Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States. Subtract any compensation paid to an employee in excess of an annual salary of $100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of $100,000 per year. Then calculate average monthly payroll costs and Multiply the average monthly payroll costs by 2.5.

19. How do I calculate my loan amount for EIDL?

The SBA will determine your loan amount regarding your financials.