

ADDENDUM A

To calculate Loan Amount (Farmers or Ranchers – No employees):

1. Take Gross Income from 2019 or 2020 Schedule F (IRS Form 1040, Sch F – Line 9)
 - a. The maximum is \$100,000.
2. Divide Gross Income in Step 1 by 12. This is your average monthly payroll amount.
3. Multiply by 2.5 (for most businesses).
 - a. The max is \$20,833.

To calculate Loan Amount (Farmers or Ranchers – With Employees):

1. Take Gross Income (IRS Form 1040, Sch F – Line 9) **minus** Employee Payroll Costs (IRS Form 1040, Sch F – Lines 15 – Benefits, 22 – Labor Hired, and 23 – Pension and Profit Sharing).
 - a. The maximum is \$100,000.
 - b. Divide Step 1.a. by 12 to get owner’s monthly payroll costs.
2. Add the average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower to Step 1.
 - a. To do this add together:
 - i. 2019 or 2020 Quarterly Medicare Wages & Tips (IRS Form 941 - Line 5C Column 1)
 - ii. Line 15 – Employer Contributions for Health, Life, Disability, Vision and Dental Insurance
 - iii. Line 23 – Employer Contributions for Employee Retirement
 - b. Divide Step 2.a. by 12 to get monthly employee payroll costs.
3. Add together Step 1.b. and step 2.b. and multiply by 2.5
 - a. The max is \$2,000,000.

To calculate Loan Amount (Schedule C Filer – No Employees):

1. Find the Gross Sales from 2019 or 2020 Schedule C (IRS Form 1040, Sch C – Line 7)
 - a. The maximum is \$100,000
2. Divide the Net Profit by 12. This is your average monthly payroll amount.
3. Multiply Step 2 by 2.5 (for most businesses).
 - a. Multiply step 2 by 3.5 if you are in the Food Services or Accommodations Sector (NAICS code beginning with 72).

To calculate Loan Amount (Schedule C Filer – With Employees):

1. Find the Net Profit from 2019 or 2020 Schedule C (IRS Form 1040, Sch C – Line 31) and subtract Employee Payroll Costs (Line 14 – Employee Benefit Programs; Line 19 – Pension and Profit Sharing Programs; Line 26 – Wages).
 - a. The maximum is \$100,000
2. Add the average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower to Step 1.
 - a. To do this add together:
 - i. 2019 or 2020 Quarterly Medicare Wages & Tips (IRS Form 941 - Line 5C Column 1)
 - ii. Line 14 – Employer Contributions for Health, Life, Disability, Vision and Dental Insurance
 - iii. Line 19 – Employer Contributions for Employee Retirement
 - b. Divide Step 2.a. by 12 to get monthly employee payroll costs.
3. Add together step 1.b. and step 2.b. and multiply by 2.5 for all 1st Draw PPP Loans and most 2nd Draw PPP Loans. Multiply by 3.5 if you are in the Food Services or Accommodations Sector (NAICS code beginning with 72).
 - a. The max is \$2,000,000.

For all other types of businesses, please use the “PPP Loan Calculation Worksheet” Excel File or reference the IFR’s for First or Second Draws found on our website at: <https://www.decorahbank.com/round-two-of-paycheck-protection-program-released/>.