COVID-19 Economic Disruption Resources for Small Businesses Webinar
March 31, 2020
Frequently Asked Questions (FAQs)

Note: these FAQs primarily cover the following four programs:
- Small Business Administration Paycheck Protection Program Loans ("SBA PPP loans")
- Small Business Administration Economic Injury Disaster Grants and Loans ("SBA EIDL grants and loans")
- Maryland Department of Commerce Maryland Small Business COVID-19 Emergency Relief Grant Fund ("MD Commerce COVID-19 grants")
- Maryland Department of Commerce Maryland Small Business COVID-19 Emergency Relief Loan Fund ("MD Commerce COVID-19 loans")

Answers are based on BDC's best efforts at reviewing publicly available information. Note that information is subject to change based on program updates and forthcoming rules.

Independent Contractors	**Do any of the programs apply to independent contractors who obtain their revenues by consulting or other activities?**

- Yes, the SBA PPP loans and SBA EIDL loans and grants are both open to independent contractors who are self-employed or sole-proprietors. Independent contractors are also eligible to apply for unemployment insurance through the new Pandemic Unemployment Assistance (PUA) program that is part of the CARES Act.
- Independent contractors and sole proprietors are not eligible for MD Commerce COVID-19 grants and loans.

1099 Employees	**Can the SBA PPP loans be used to cover payments for 1099 personnel?**

- Employers should not include 1099 payments when calculating their average monthly payroll for the purposes of getting an SBA PPP loan. 1099 workers can apply for SBA PPP loans on their own (as well as unemployment benefits), so business owners shouldn't be counting those payments as payroll.
- These employers can still receive loans for non-payroll eligible expenses, such as rent/mortgage payments, utilities, and debt service.

| **Nonprofits** | **What programs are nonprofits eligible for? And what types of nonprofits are eligible?** |

- SBA PPP loans: expressly available for charitable nonprofits.
- SBA EIDL loans: private nonprofit organizations that excludes religious institutions and some other charitable organizations.
- MD Commerce COVID-19 grants: nonprofit organizations are eligible.
- MD Commerce COVID-19 loans: nonprofits are not eligible.

| **Start-ups** | **Are start-up businesses eligible for assistance?** |

- MD Commerce Department COVID-19 grant and loan programs require businesses to be established prior to March 9, 2020.
- SBA PPP loans require businesses be established prior to February 15, 2020.
- SBA EIDL grants and loans require businesses be established prior to January 31, 2020.

| **Qualifying for loan forgiveness with layoffs** | **If you laid off workers, are you still eligible for loan forgiveness under the SBA PPP loan program?** |

- In order to qualify for loan forgiveness, employers have until June 30, 2020 to restore full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

| **How to apply** | **How do I apply for the various programs?** |

- SBA PPP loans: applicants must apply through a participating bank or lender.
- SBA EIDL grants and loans: applicants apply online directly through the SBA: https://covid19relief.sba.gov/#/.
- MD Commerce COVID-19 grants: applicants apply online directly through the State of MD: https://onestop.md.gov/forms/maryland-small-business-covid-19-emergency-relief-grant-fund-5e7a6d8db5d67700fe1e6050
- MD Commerce COVID-19 loans: applicants apply online directly through the State of MD: https://onestop.md.gov/forms/maryland-small-business-covid-19-emergency-relief-loan-fund-5e7a6d838bdbb100fe352aa9

Applying for multiple programs	**Can I apply for multiple programs at once?**

- In general, eligible entities can apply for all the grant and loan programs but cannot use different loan or grant funds to cover the same expenses.
- Note that entities that receive SBA PPP loans are not eligible for new employee tax benefits under the CARES Act, including the new Employee Retention tax credit and payroll tax payment deferrals.

Fees and terms

Do the grant and loan programs have fees and what are the terms and requirements?

- None of the programs have application fees.
- SBA PPP loans and MD Commerce COVID-19 loans do not require collateral or personal guarantees.
- SBA EIDL loan and MD Commerce COVID-19 loan approvals are based solely on credit score. MD program minimum credit score is 575.
- The different loan programs have different terms, interest rates, and repayment requirements.
- In general, grants and loans appear to be awarded on a first-come, first-served basis.

Required Documents

What documents are required for the various applications?

- The loan programs require tax documents, payroll documentation (SBA PPP loans), and two years of historical financial statements (MD Commerce COVID-19 loans).

Timelines

How long does it take to apply for and receive funds?

- MD Commerce COVID-19 grants and loans take less than two hours to complete the applications and the department is committed to a 21-day review and disbursement turnaround.
- SBA EIDL grants are supposed to be disbursed within three business days of application processing. Loans will take about three weeks to be reviewed.
- SBA PPP loan timelines will vary depending on the lender.