

## Webinar Q&A-The Counselor Is In-4/16/20

Mark Malec, Pat McCormick, Herb Melrath, Grier Melick, Robert Bower, Diane McFarland

### Questions:

Mark

1-

-Does the PPP allow for only W2 employees or 1099 staff member only?

It does not allow for 1099s. They file on their own. It allows for self-employed also.

-Is there a new program coming out this Friday for 1099 only?

Starting April 10<sup>th</sup>, a self-employed person or a 1099 contractor can now apply for a PPP loan

-My company only uses 1099 staff and I need to know the best vehicle to apply for.

They should either apply for PPP individually or submit for unemployment benefits

Pat

2-

- I have created a OneStop account and it doesn't show the application I submitted. How can I verify this application?

I do not believe that there is a way to verify that the application has been submitted. According to recent correspondence forwarded to SBDC from the Maryland Department of Commerce, who is overseeing this program, demand for this loan has been overwhelming. Pending applications have exhausted the allotted funds from the State. Because of the high volume of applications, it has taken the State longer than expected to process this high volume. Further, the Department of Commerce cannot provide an "application received" date at this time. Applicants should be getting an email showing that the application is "in review" in the OneStop system. This "in review" status will remain until the review team gets to your application and moves it forward. At that time, applicants will have the ability to track their application through OneStop. Once it is moved forward, applicant will be notified if additional information is needed for the application request.

- I'm trying to find out if additional documentation is needed for my application

- I also wanted to ask if I should use OneStop for insurance of my company?

I am not familiar with the use of OneStop for insurance for a company. Most of our clients have current relationships with insurance companies and reach out to them for proper coverages needed for the business.

Herb

3-

- What are the requirements to qualify for the aid?

Currently there are two main funding programs available for small businesses, the SBA EIDL program (managed by the SBA) and the Payroll Protection Program (managed by local banks). The EIDL program focuses on businesses operating costs and the PPP focuses on payroll costs. To review requirements for each program, check out our Small Business Survival Guide @ [www.marylandsbdc.org](http://www.marylandsbdc.org). We also have listed County and local funding options that are available.

-How soon can the aid be available?

The current processing time for the SBA EIDL program is 15-21 days from the date of application.

Grier

4-

-How many aid programs can we apply for

There are a number of different programs which you can apply for at the state, federal, and local levels. None of them disqualify you from applying to other funds, but they may affect the total amount that can be forgiven.

-How long do we have to wait to get a response after we apply

You will not hear back from the SBA, and your bank should be communicating with you regularly.

-How long will it take to be compensated with aid??

This depends on the program, for the EIDL they are looking at about 21 business days, for the PPP it can be as fast as a few days.

Robert

5-

- For those who work 'behind the chair'... hair stylists, permanent makeup artists, lash artists, etc. that are not employed and not drawing a weekly paycheck (just taking draws) what programs are they eligible for?

- They are eligible to apply as 1099 independent contractors for the PPP loan program. They will need to be able to support their earnings history by the 1099-MISC. The maximum loan size is up to 2.5 times their average monthly 1099-MISC.
- -For salon owners (I have a salon that is less than a year old in New Market) that rent chairs (booths) that are not currently being rented due to the fact that I don't think it's fair to charge rent to people who can't come into my salon to work at their normal rented stations are there any programs to help with my lease (because my landlord still wants his rent). If you applied for the SBA EIDL funds you can use those proceeds to pay the rent. Or up to 25% of the PPP loan can be used for non payroll expenses such as rent. Be careful though because if you got both an EIDL loan and a PPP loan you cannot use the funds for the same purpose. Finally, just like you granted forbearance to your stylists- you can ask for forbearance from your landlord.

-Is unemployment an option for 1 and/or 2? Unemployment is an option for both you and your 1099 contractors- however you cannot collect UI and generate revenue from your business during that period.

6.

Mark

-There are so much information coming from different government organizations that is confusion, where to start?

Start with EIDL Advance. Then go to PPP application and talk to a participating lender.

-Could a business be eligible is is not in good standing?

No

-In one business I don't have employees, do we qualify for any assistance?

Yes, PPP and Unemployment benefits

Pat

7.

-Can you apply for the stimulus program on more than one-site if you get turned down from on bank? You cannot apply for the Paycheck Protection Program with more than one bank. The SBA has Good Faith certification language in the application document process. This certification includes language that requires Applicant to affirm that they do not:

-Have a pre-existing PPP loan

-Or have applied for a PPP loan with another institution

-Can an LCC Sole Proprietor qualify for the program if they pay them self's, if so what type of documentations needed? An LCC Sole Proprietor would be eligible for the Paycheck Protection Program if he or she pays themselves regularly monthly or on a consistent basis. You will need to provide documentation to the Bank at the time of application that shows that these payments are being made on a monthly or consistent basis. I would recommend contacting your bank and asking what specific information they are requiring.

Herb

8.

-I submitted an application to SBA.gov and was given a log in but now it doesn't work—what is happening

-I submitted an application for the 10,000 advance and was given a number, how do I check its status?

-I am unable to apply for a PPP with my primary bank Capital One because they haven't gotten their act together yet. I submitted through a third party but am very nervous about them—Fundera? Was it a scam? First the SBA EIDL program. After 3/30 the SBA streamlined the application process to include both the EIDL advance and EIDL loan programs. The confirmation # you received from the SBA is your acknowledgement your application has been received. The SBA is not setting up a system to check status of each applicant. Businesses will need to wait until you are notified by the SBA. That timeframe is currently taking 15-21 days from the time you submitted your application.

If you are having issues with your current bank supporting the PPP, there are other banks that are accepting new customers. Check out the updated SBA approved lender list in our Small Business Survival Guide. The guide is on our website: [www.marylandsbdc.org](http://www.marylandsbdc.org). We also have listed in the guide other lending options for the PPP. (and Fundra is one of them)

Grier

9.

-As a 100% owner how should we prepare if we get sick with the virus

This depends somewhat on the business model, but it is important to create a business that does not solely depend on you taking actions to continue. You will want to have plans in place that bills/customers are dealt with or at least know that you will be delayed.

-I am apparently eligible for the Debt Relief Program. My payments are automatically deducted from my bank account. How is this program going to work?

This program allows the SBA to cover principal/interest payments for up to six months. You will want to speak with your bank about canceling your automatic payments and ensure that your debt will be covered by the SBA.

-When can we expect answers for the PPP plan. I have submitted my application

Each bank in handling this program differently so it will depend on your bank. I would recommend that you reach out to them for updates.

-We are considered an essential business (Construction) but yet we are on our own to try and find PPE (masks, wipes and hand sanitizer) why are we not considered priority when many of our job sites are finding Covid-19 cases on a regular basis?

I am concerned for my employees.

That is a great question, unfortunately there is a shortage of these products. am not sure I can answer your question as to why you must get them on your own, but each day there are more local resources popping up of businesses creating PPE

Robert

10.

-When do I expect the response to EIDL advance \$10,000 application, filed in April 1, 2020?

Unfortunately, there is no process by which you can check for updates on either your EIDL grant or loan application. The best guidance we have received from the SBA, is that they will contact you but not for a minimum of 3 weeks after your application.

-Has PPP run out funds while my application has yet to process? It is possible, however the total loans given out to in the first 11 days of the program total around \$250B and total program funding was \$350B so the program is still funded and applications are being processed. It's also highly likely that the same program will be re-loaded with additional rounds of funding if needed.

Mark

11.

-How will SBA determine eligibility for PPP loan forgiveness for self-employed people since they don't have "payroll" and take Owner's Draw instead? Will they look at the Balance sheet where that is recorded or do we have to write ourselves a check so we have cancelled checks as our "receipt"/proof?

Use your schedule C to show the profits that you made and paid into your Social Security Account through your IRS 1040 SE form. SE stands for self-employment. If you wrote checks to yourself as an owner's draw, you may also use that documentation.

-Will 1099s be considered part of payroll costs for businesses that use them to provide services to their customers, e.g., a massage business has massage practitioners that are not employees but 1099 independent contractors? Different from 1099s that provide services to the business itself such as bookkeeping.

No

Pat

12.

-For members of an LLC applying through the PPP, can quarterly distributions to members qualify as payroll?

U.S. Department of Treasury guidance suggests that these partnerships probably treat these distributions as a legitimate payroll costs and that the amount that qualifies for the loan is the net self-employment income which is the amount reported in box 14 of the member's Schedule K-1.

**CAUTION: PLEASE CONFIRM THIS WITH BOTH YOUR ACCOUNTANT AND WITH YOUR BANK WHO WILL BE PROCESSING YOUR PPP APPLICATION.**

-Is the EIDL application for my LLC linked to the PPP application or are they independent loans?  
The EIDL and PPP applications are independent programs. They are not linked. The EIDL loan is processed directly through the SBA. The PPP loan request is processed through an SBA approved bank/credit union. Banks receive a 100% repayment guaranty from the SBA. Most banks can process these requests. I would recommend that you contact your current bank as most banks are processing these loans for their customers only.

-Is the EIDL advance of \$10,000 converted to a grant, if my PPP loan is rejected?

Regarding the EIDL advance. This advance is based on an amount of \$1,000 per employee up to a maximum of \$10,000. If either your EIDL loan or your PPP loan is rejected/denied, the EIDL advance, again based on \$1,000 per employee up to a maximum of \$10,000 would be forgiven and will not be required to be paid back.

Herb

13.

-How do I go about filing for unemployment being self employed (I own a single member LLC fabricating marine enclosures)? You will be able to apply for unemployment through the Maryland Department of Labor website. Unfortunately, the website is still being updated to allow sole proprietors to apply for unemployment. If you go to the Maryland Department of Labor website <https://www.dllr.state.md.us/>, you can sign up for their email updates. Once they have the system online the state will notify you.

Grier

14.

-What if any programs are available for businesses such as dog clubs? These clubs pay high monthly rents/utilities (average \$8K per month) for their facilities, provide an important resource for the community. And are an important component within the pet industry. They fall between the "cracks" as most are "volunteer" based (class teachers do not receive a salary). The classes/events and dog trial fees these organizations gather provide for their expenses. With COVID-19 these clubs have completely shut down. Many will have to dissolve by July as their bank and Money Manager accounts will be exhausted. Are there ANY programs available other than these two?

If you don't have payroll expenses you cannot qualify for the PPP but you can still apply for the EIDL as well as county grant programs.

15.

Robert

-Are all programs offered as low interest that must be repaid ? These all apply to payroll, utilities, and mortgages. The MD dept of Commerce had an early grant program that has since closed, so if you applied to that then there is no repayment obligation. In addition the SBA's EIDL program includes a grant for \$1000/ employee up to a maximum of 10 employees ( or \$10K) . Lastly, the PPP program is technically a loan but if you use the proceeds to retain and pay employees then that amount is forgiven, meaning you are not required to pay it back.

-Anything for inventory that will be lost cause of spoilage and past due dates? Not specifically, although you can use up to 25% of the PPP loan for non-payroll expenses, but this would then be repaid at the 1% rate over the 2 year term.

16.

Mark

-Approximately how long after filing should I expect before I receive correspondence about the SBA grant and loan money applications I filed? 3 weeks

-At this time I have applied for the federal SBA loan, federal grant, State grant, Truist-NCIF grant, and I have submitted my loan application to my local participating credit union for the PPP. Are there grants available other than these listed? You may qualify for State Unemployment Benefits.

17.

Pat

-What are the allowable documents to support payroll expense for SBA PPP loan (e.g. IRS form 940, 941, 944)? Have not seen any clear definition or even a recommendation from lender (Suntrust) or SBA.

Here is a brief list of items I have seen being required by banks. Please check with your bank that will be processing your request in that they may require additional items or documentation. All banks by now, should have a specific list of items needed to process the PPP application request.

-2019 IRS Quarterly 940, 941, or 944 payroll tax accounts

-Last 12 months of Payroll reports beginning with your last payroll date and going backwards 12 months

-Payroll report must show the following for the time period above. Gross wages for each employee, including the officer(s) if paid W-2 wages. Paid time off for each employee. Vacation pay for each employee. Family medical leave pay for each employee. State and Local taxes assessed on the employee's compensation for each employee.

-Documentation showing total of all health insurance premium paid by the Company Owner under a group health plan (include all employees and the company owners)

-Document the sum of all retirement plan funding that was paid by the Company Owner

-Are AFLAC or other disability policies allowable expenses for SBA PPP loan under the group health care benefits? Dental?

The disability policy and dental expenses should be allowable since they are being paid under a group health plan by the Company Owner.

Herb

18.

- For me, it is most difficult to determine which programs are available to self-employed/contractors. Can you please advise?

For self-employed, sole proprietors there are three programs you can look into:

Payroll Protection Program

EIDL program

Unemployment

You will need to review the options and determine which program (if any) is the right one for you. If you need help reviewing the options, please contact your local county SBDC consultant. We would be glad to discuss the options with you.

\*\*And Pierre is from Frederick County, so Robert is his consultant.

Grier

19.

-My question does not pertain to the current aid programs but more so the ones to possibly come. I have been speaking with several businesses, across several industries, and they all have similar concerns around what is being done to hold insurance companies accountable. Is there any talk about legislators addressing this issue? It sounds like the majority, or even all, insurance companies are deflecting this "Act of God."

There has been some talk about this but not much, one of the problems revolving this issue is if insurance companies were forced to pay out BI claims for this disaster if it was not specifically written to do so they would go bankrupt in a matter of minutes.

Robert

20.

-Can Solopreneurs apply for CARES? Yes, 1099 contractors, self employed and sole proprietors can apply for PPP loans. Again, they would need to be able to substantiate their earnings history either by the 1009-MISC or your net self-employment income

-What if I apply for both CARES and EIDL? What happens to the \$10k from SBA that is the "forgiven" amount? What Dennis is referencing here is a little winkle in the programs. So, if you just apply to EIDL and get the grant then its very straightforward and there is no obligation to repay the grant. Its also OK to apply to both EIDL and PPP programs. However, if you do apply to both then the amount of the grant that you received is deducted from the forgiveness amount. So, quick example: If you have 5 employees each paid \$60,000/year your total payroll would be \$300,000/ year or \$25,000/month. The maximum PPP loan you would qualify for would be \$62,500. If you used it entirely for payroll about \$50,000 would be forgiven. However, if you also had a \$5000 grant from the EIDL then only \$45,000 would be forgiven

-I heard about a new rule about \$1000 per employee up to \$10k. To what program is that about? **Not a new program- just a modification to the originally stated \$10,000 grant.**

-Any updates on entrepreneurs or sole practitioners applying for unemployment? I tried and it was still not available to apply. **No real updates, we don't know when the state will be ready to process these applications.**

Mark

21.

-Does anyone know when money might be deposited into our bank accounts from the EIDL? EIDL money comes in two types, the Advance and the regular EIDL. Advance funds, \$10,000, that were originally supposed to be expedited and deposited into accounts "shortly after the application was made" are taking around 3 weeks to process and those numbers continue to be extended as overloads in borrowing increase. Those amounts have been scaled back to \$1,000 per employee up to the \$10,000 cap.

Regular EIDL funds, that were supposed to have been for amounts up to \$2 million have been scaled back to \$15,000 and are now being refinanced into Paycheck Protection Program (PPP) loans. The time it takes to receive funds depends on when you applied and what you applied for. According to recent SBA estimates, that process can take a month.

Pat

22.

- I really don't completely understand the "loan converted to grant" program for small business. So I apply for a loan for salaries, rent, utilities? I make this loan application with a local bank? Are they making the loan based on my credit score or some other requirements? They approve or disapprove or run out of money and I start all over again? And then the loan is forgiven? Do I have to file additional paperwork? How do I document all this? But I have to reopen right? How does that work? What is the time frame for reopening?

Your question is regarding the Paycheck Protection Program (PPP) which is the loan you reference as a "loan converted to grant", you would apply to your local bank assuming that they are an SBA approved affiliate bank. Proceeds from this PPP loan would be used for payroll costs, interest on mortgages, rent and utilities. If 75% or more of these proceeds are used for payroll expenses, then the loan amount is forgiven. If less than 75% is used for payroll expenses or if salary levels are not maintained, then any loan balance would be converted into principal and interest payments with a 2-year term with a fixed rate of 1%. The first payment would be due after six months. The requests are not based on individual credit score but does require historic financial documentation regarding payroll, and other costs being financed. There are some questions asked on the application regarding any past delinquency of an SBA guaranteed loan, ownership in another business, or have any pending legal indictments or convicted of a felony, etc.

After 8 weeks of receiving the proceeds you will contact the bank and arrange to provide them with documentation that the loan proceeds were used according to the approved purpose. The banks will review the documentation that you provided to them and certify that the proceeds were used properly.



They will then submit the certification to the SBA and the SBA will notify the bank as to the amount that will be forgiven. Please note that it is your responsibility to contact the bank after the 8-week period. The bank will not contact you. As for your question about your business having to re-open, I don't believe there is anything in the SBA PPP guidelines that address directly this issue, only that forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Loan forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

-I work the business along with a part-time employee and a partner. The employee is on social security and could only work for a few hours a week so as not to jeopardize his benefits. Should I file for payroll protection for him? Regarding your employee who is on Social Security and only works a few hours a week so that his Social Security benefits are not jeopardized, you could either apply for his payroll costs under the PPP loan or you could lay the employee off and have the employee apply for Unemployment Compensation. Employee would have to see what effect if any the unemployment compensation would have on his Social Security benefits.

-I have current debt of \$15K for inventory, do any of the loans or grants help with these payments to the suppliers/vendors and credit cards? Regarding your current debt to vendors, suppliers, and credit cards, you would be eligible to apply for an Economic Injury Disaster Loan (EIDL). This loan can be used for these types of expenses. This is a separate loan application from the PPP application. The EIDL is a direct loan with the SBA. There is no forgiveness on this loan with loan proceeds converted into principal and interest payments with a fixed interest rate of 3.75% for a loan term of up to 30 years. First payment is deferred for one-year. Applications are done online at : <https://www.sba.gov/funding-programs/disaster-assistance>. Loan decision takes at least 21 days. You may want to contact your vendors and creditors directly as they may be able to offer you deferred payments or reduced payments during this time.

23.

Herb

- New startup: can PPP or CARES loan be used to hired employees 1099 employees to start?
- New startup: can PPP or CARES loan be used to purchase real estate for office use only?
- Can PPP or CARES loan be used to purchase office equipment?

The short answer is "No" to all three questions. The CARES programs are for existing businesses trying to stay afloat through this crisis.

24.

Grier

- I applied for SBA disaster Loan Assistance, what does that qualify me for, 10 K?
- As a startup Entrepreneur what other funding opportunities do I qualify for? I am in the Pre FDA process so not making any money right now just spending it.
- What is the Website that I need to go to for applying?

If you applied using the short application after 3/30 and checked that you would like to be eligible for the advance then you did qualify. If you applied before 3/30 you will need to reapply  
If you have payroll expenses you can qualify for the PPP, and you may want to look into the county programs as well.

The county programs are hosted on the county websites and the PPP is run through your bank.

Robert

25.

-How are the SBA COVID-19 Economic Injury Disaster loans determined? While loan amounts may range up to \$2 million, the specific loan amounts you will be offered is a function of the degree to which your company has been financially injured by the Corona Virus and the SBA will determine this based on the financial information you submitted with your application.

-When will funding for the \$10,000 advance through the SBA become available? Latest information is that these are starting to go out this week. However, again, the grant has been restated as \$1000/employee. So keep this in mind.

-Can you obtain a PPP loan and the SBA Disaster Relief loan? Yes, you can apply to both.

How does that affect the Employer Tax Credit and other programs available now and in the future through the stimulus? The CARES Act provides two distinct employment tax benefits. Section 2301 is called the retention credit and provides a refundable payroll tax credit of 50% for certain wages paid to employees from March 13 to December 31, 2020. Section 2302 allows employers to defer the deposit of certain employment taxes for as much as two years.

However, any employer who receives a PPP loan is ineligible to receive the retention credit and if the loan is forgiven then they are ineligible for the deferment.

Mark

26.

-If I receive approval for the PPP SBA loan on the 17th of April but I am still mandated by the government to stay closed. Does the 8 weeks start as soon as I receive the money from the loan or as soon as I open and can call back my employees? It starts on the day the funds are disbursed into your account.

-Some businesses are totally shut down with no form of income others are still open and have some income is this a factor for consideration when the different grants are being distributed. For Example, Frederick city micro-grant gave out 100,000 to 40 local businesses. but there were pictures of them giving the checks to businesses that are open. Applications are being processed on a first-come, first-served basis and are based on eligibility. Adjustments may be made to loan requests, if for example, you receive an insurance benefit from business interruption insurance coverage.

-I have applied for every possible help available. Frederick city grant, I got nothing. Maryland State grant, I got nothing. Unemployment for everyone in our household, to date I got nothing. But we still have to pay 941 taxes, A&A taxes and others and that is what is draining us. If we have no income why haven't all taxes been moved to a date in the future? Today is the 9th of April and on the 15th after I pay our taxes our business bank account will be empty. Tax collection deadlines in the state have been extended. Visit this website for filing updates: <https://marylandtaxes.gov/%5Cccovid%5C> . IRS filing dates have been moved back to July 15<sup>th</sup>.

-The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin? **The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.**

*(Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.*

*So that means the maximum you could delay after approval is 10 days unless you can get some understanding with your bank to delay final approval somehow.)*

27.

-As an LLC with only an owner, no employees, how do I fill out the EIDL application accurately.

**The new EIDL streamline application has been designed to make it easier to complete the EIDL request. SBA Form 5 is the application that you will use. You will complete all sections and list your organization type as a Limited Liability Entity. Since you are the sole owner of the LLC your will complete the Owner's Section and answer the questions and sign the Agreements and Certification section.**

-Can the owner of an LLC collect unemployment during the unusual economic conditions of the COVID-19 pandemic?

**From our understanding, an owner of an LLC is eligible to collect unemployment during this time. Please contact the Maryland Department of Labor for additional information and qualifications. Their website is: <https://www.dllr.state.md.us/employment/unemployment.shtml>**

-For FY20 taxes, what new types of COVID-19 related expenses will be deducted from the gross profits? (Home office and other encumbrances)

**As we are not Accountants, we cannot advise what types of Covid-19 related expenses will be allowed to be deducted from gross profits for 2020. Please consult with your accountant or tax preparer for guidance on this question.**

28.

- looking for any type of funds forgiven to get through this crisis, I am considered an essential business but the jobs are not coming at all, no one is on the road or spending right now

**Currently there are two main funding programs available for small businesses, the SBA EIDL program advance (managed by the SBA) and the Payroll Protection Program (managed by local banks). The EIDL program focuses on businesses operating costs and the PPP focuses on payroll costs. To review requirements for each program, check out our Small Business Survival Guide @ [www.marylandsbdc.org](http://www.marylandsbdc.org). We also have listed County and local funding options that are available.**

Pat

Herb

If you need help reviewing the options, please contact your local county SBDC consultant. We would be glad to discuss the options with you.

\*\*And his consultant is Mark in Allegany County.

29.

Grier

- 2019 finished the third year of my business, I don't yet have payroll and have not filed 2019 taxes. I also did not submit 1099. While my revenue increased just over 100%, I finished the year struggling with debt from the first 2 years. I expected 2020 to be a great year and be able to start payroll. of course now I have no income. Is there assistance available for me?

You can qualify for the EIDL, and if you payed yourself through owners draws you can still apply for the PPP.

- I submitted for EIDL and not certain of the date but I think it was prior to 3/31, is there anyway to check on it?

Unfortunately no, just due to the sheer number of applicants there is no way to check on your application. Provided that you applied after 3/30 and you filled out the shorter 20 minutes application you should be receiving your advance or hearing from the SBA within 21 business days of your submission.

30.

Robert

-SBA EIDL: When I go to apply, the site will only let me sign up for up a \$10,000 advance against a prior loan application in the amounts from \$25,000 to \$200,000. How do I apply for the \$25,000 no collateral loan? Is there a link that I am missing? Please advise. It's a common application so if you went all the way through it and received an acknowledgment # , then you also applied for the loan. If you asked for a loan amount of \$25,000 or less, then no collateral will be required.

-PPP SBA loan: I am interpreting the loan forgiveness part to be applied to my payroll the 8 weeks after I am permitted to re-open. What are the parameters of the program if we are unable to open for 60 to 180 days? The goal of the program is for businesses to retain employees and essentially to preclude them from being laid off and claiming UI. So, the 8 week forgiveness period is immediately following loan disbursement.

-The Frederick grant program has exhausted their funds. Are they actively pursuing additional funding?

No, as far as I know that was a one-time program funded in part from the rainy day fund.

-Can you please keep us advised as to when the Maryland Unemployment site will have the portal open to the self-employed. We have no information at the moment on the date when the portal will be up and running. Continue to monitor the application portal and also the SBDC sites and we will get the information out as soon as we have it.

Mark

31.

-Is there a confirmation anywhere about what date is used for the EIDL grant? Number of employees now? Before this started? **12 months prior to Jan 31, 2020**

Pat

32.

-We are a two member LLC with no employees. The EIDL makes it look like there is no assistance available for businesses with no W-2 employees that are not sole proprietorships. Am I understanding that correctly? (We were really excited about getting a forgivable loan that would be used for rent.)

An LLC would be eligible for an EIDL even with having no employees. Please note that with an EIDL loan, none of the loan amount is forgivable. You may be eligible for the EIDL Advance which is based on \$1,000 per employee up to a maximum of \$10,000. This is assuming of course that any of the members of the LLC would qualify under the employee definition determined by the SBA. Any EIDL advanced amount is forgivable, even if the EIDL loan is denied.

You would also be eligible to apply for a Paycheck Protection Loan (PPP) that is administered by SBA affiliated banks. I would recommend that you contact your local bank to see if you would be eligible for the PPP loan. The PPP Loan does have a forgiveness feature based upon certification of the use of the proceeds being used entirely or partially (75%) or greater for "payroll costs". Again, please reach out to your local bank for assistance and their application process.

You also may qualify for Maryland Unemployment compensation based on the expansion of these benefits as a result of Covid-19. Please check with Maryland Department of Labor for additional information and guidance. Their website is:

<https://www.dllr.state.md.us/employment/unemployment.shtml>

-The form we completed had this line (which we selected): Choose One: Applicant is a business with not more than 500 employees. ("0" is less than 500)

The block you checked "Applicant is a business with not more than 500 employees" is the correct block under your circumstances. The 500-employee question is based on what SBA considers as one of their qualifying definitions of a Small Business

33.

Herb

- Do single member LLC's that made less than \$10K last year qualify for the grant?
- Are there any limitations or specific uses that the \$10K grant can be used for?
- Do tax returns suffice for documentation proof of business income and expenses for the application for the \$10K grant?

**For the first question. There is not a minimum income level required for any of the COVID-19 funding programs. To clarify the "grant" program. If you are talking about the Maryland COVID-19 Emergency Relief Grant Fund, the state of Maryland is no longer accepting applications.**

**For the Federal SBA EIDL program and advance, the SBA is requiring little to no documentation to apply. The EIDL program is for business operating expenses only. If you are a single member LLC or sole proprietor, consider yourself as an employee on the application.**

34.

Grier

- I got my 501C3 status one month ago. Can I be considered as my only employee also?
- Yes, owners are considered as an employee, however if you are looking to apply for the PPP you will need payroll documentation**

35.

Robert

-With this current small business loan for the COVID-19, I am interested in it but am trying to understand the opportunity for forgiveness and what exactly that entails. Can you discuss or explain? **There are 2 main loan sources in play at this point. The first is the SBA's EIDL program which is a straight forward loan at 3.75% for businesses. 2.75% for Non-profits for a term of 30 years. This is a good general purpose working capital loan however there is no forgiveness with this program. The second is the PPP loan program which is primarily intended to fund payroll expenses. The maximum amount of the loan is 2.5x your monthly payroll cost. There is an 8 week forgiveness period immediately following the loan closing . All money paid to retain staff during this period will be forgiven. So, quick example, if your monthly payroll is \$10,000 you would qualify for a \$25,000 loan. Eight weeks of payroll would be roughly \$20,000. So, in this example, \$20,000 would be forgiven and you would only owe back the remaining \$5000. Don't forget that self employed, independent contractors and sole proprietors are also eligible, now most of the time these folks won't have payroll per se so they will need to submit either the 1099-misc forms or financials verifying there net earnings and that will drive the 2.5X calculation.**

Mark

36.

-I am an LLC (sole proprietor) in good standing with the state of Maryland. My business consists largely of providing corporate training and strategic planning to other companies as a consultant. I generate a 1099 from clients. Also, I hire independent contractors (1099's) only. I do not have an employee number. Clients have either postponed or cancelled upcoming work.

-Are there any options for a grant or loan?

-As of April 11<sup>th</sup>, the PPP program was opened to sole proprietors with no employees. Here are the key components of the PPP

-April 11th is the first day independent contractors and self-employed individuals can apply for the \$349 billion Paycheck Protection Program.

-Although the program emphasizes keeping workers on payroll, it is open to the nearly 26 million solo entrepreneurs in the U.S. who pay themselves by distributions, too.

-

It gives small businesses access to forgivable loans to cover payroll or wages they pay themselves over the eight weeks following the signing date.

-Banks and alternative lenders are administering applications for this program. The loans, which have a maximum size of \$10 million, have a maturity of two years and an interest rate of 1%.

37.

-What is the interaction between the PPPL and the EIDL Loan Advance. Could you explain that relationship during Thursday's webinar?

-Any details you could provide on the EIDL Loan Advance would be helpful - how is it forgiven, etc. Many are confused by this program and I am having a lot of trouble finding the correct info.

-EIDL is not forgivable.

-The Advance is a grant. The regular EIDL is a loan.

-The PPP loan has forgiveness based on how the borrower uses the funds.

-The EIDL is intended to serve as working capital for businesses experiencing a downturn in sales. It is a direct loan from the SBA.

-The PPP is aimed at keeping workers working. It is a loan from a bank and is guaranteed by the SBA.