



*Our Strength is in Our Numbers  
Our Power is in Our Unity*

## **FEDERAL AND STATE COVID-19 ECONOMIC DISRUPTION RESOURCES FOR SMALL BUSINESSES**

TELECONFERENCE – MARCH 31, 2020, 2:00 PM

***SPONSORED BY BALTIMORE DEVELOPMENT CORPORATION AND M&T BANK***

Baltimore City Mayor's Office takes the initiative to connect **COVID-19** funding resources available to small businesses. BDC and M&T Bank sponsor a teleconference to with Federal and State officials to provide stakeholders an overview of federal and state small business COVID-19 economic disruption resources and Guidelines under the **CARES (Coronavirus Aid, Relief, and Economic Security) Act**.

Attending: Mayor Jack Young; Colin Torbin, BDC; Senator Ben Cardin, Member, Senate Small Business and Entrepreneurship Committee; Stephen Umberger, District Director, US Small Business Administration Baltimore District Office; Kelly Schultz, Maryland Department of Commerce.

Attending Stakeholder were not disclosed and participated via Q&A Chat.

### **Highlights of Teleconference:**

The \$2 trillion federally funded COVID-19 **Economic Injury Disaster Loans (EIDL)** was recently allocated under the **CARES Act** to address the impact on small businesses resulting from this public health crisis in the US. Senator Ben Cardin and Stephen Umberger of SBA were intricately involved in structuring the COVID-19 Small Business (EIDL) Economic stimulus package to be administered through the SBA.

Maryland's Department of Commerce also administers a small business economic stimulus program that was in place prior to the **CARES Act**, which re-opens the door to COVID-19 small businesses funding resources across the United States. The purpose of the teleconference was to ensure that Baltimore City small business stakeholders have first-hand information on how to access resources.

### **An Overview:**

#### **Tools Administered Under the Maryland Department of Commerce (\$175 Million)**

The COVID-19 **Emergency Relief Loan Fund** is being administered by the Maryland Department of Commerce. It offers \$75 Million of working capital to assist for-profit small businesses with

less than 50 full- and part-time employees that are experiencing disrupted operations due to COVID-19. Eligible uses include working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses related to the ordinary course of business operations.

***General terms and conditions include the following:***

- A. Businesses with fewer than 50 employees qualify for up to a \$50,000 zero interest loan.
- B. Relief grant up to \$10,000 for employers with fewer than 50 employees
- C. Manufactures Grant for up to \$100,000 for equipment and training to retrofit operations to manufacture medical protection equipment
- D. Loans up to \$50,000 (not to exceed three months of cash operating expenses).
- E. 0% for the first 12 months; 2% for the remaining 36 months.
- F. Deferral of any payments for the first 12 months, and straight amortization beginning in the 13th month through the 36th month.
- G. Business must be established prior to March 9, 2020 and in good standing.
- H. Applicants must have employees on their payroll for whom they have had payroll taxes withheld (i.e. W-2 employees).
- I. Two years of historical financial statements and most recent interim statement to benchmark revenue against (if available).
- J. Six month pro forma of estimated lost revenue or other documented loss evidence.
- K. Minimum personal credit score of 575.
- L. No collateral requirements.

**Tools Administered Under COVID-19 Federal Government SBA Loan and Grant Programs**

**(\$377 billion dollars).**

- A. **Paycheck Protection** equals to 2.5 x monthly payroll for 8 weeks – and can be used for payroll, rent, utilities and maintaining workforce. These loans are 100% guarantee under-written and guaranteed by private banking partners.
- B. **EIDL (Economic Injury Disaster Loans) provide** immediate cash up to \$10,000 for fixed operational expenses, such as payroll, rent, equipment, utilities. Funds cannot be used to refinance debt. The EIDL loan has a 3.75% interest rate and payment is deferred for 12 months
- C. **SBA Forgiveness Loans** – After one year of receiving a loan, businesses may qualify for loan forgiveness through the SBA Loan Forgiveness Program (the EIDL loan application must be completed to apply any of the financial resources by simply checking the box for the resources you are interested in.

### **General Information:**

- Due to a high volume of applications for state and federal funds, both entities have had to seek outside resources to increase capacity to handle the volume of applications. The IT problems have been resolved and applications are being accepted and processed.
- Businesses can apply for more than one Resource/Federal and State Program
- The State Programs are for 50 or fewer employees and only businesses with employees can apply
- The Federal Programs are for 500 or fewer employees and any type of business can apply

### **Words of Caution**

- There is no reason to pay fees for assistance to apply for resource applications
- There were hick-ups in the state and federal IT systems that prohibited processing the large volumes of applications.
  - The Federal government has partnered with a private company and now the system is quicker and easier to use and able to handle the volume.
  - The Department of Commerce also has a new IT process and volunteers from other agencies are assisting to speed up the process.
- All EIDL applicants will receive a confirmation number upon completion. Please keep a record of confirmation code as a reference for follow up.
- Real time application status is available on the SBA website (SBA.gov)
- Apply for all federal programs that you feel are a good fit for your business
- Sole Proprietor businesses are not eligible for Maryland Department of Commerce COVID-19 programs

### **Important Information:**

- The EIDL Loan funds policy and procedure processes is expected to be finalized on Friday, April 3<sup>rd</sup>.
- There are no existing deadlines for Federal resources— applications are reviewed daily

### **Additional Resource**

IRS Employee Retention (not part of the SBA Program) – May receive 50% tax credit up to \$5,000 from IRS for retention of employees. This is an alternative to the Pay Protection Resource offered by SBA. Businesses can only choose one Pay Protection option/ not both. No additional resources were provided for the IRS Employee Retention. Businesses should consult with their Tax Accountant.

## Q&A

### **Question #1: Do programs help sole proprietors/Individual business owners?**

Answer: Kelly Schultz, Secretary of Commerce: the two state programs do not cover sole-proprietors/individual businesses. You must have employees to qualify.

Answer: Stephen Umberger, SBA: All EIDL programs include sole-proprietors/self-employed, etc.

### **Question #2: What is the turn-around time for approved applications?**

Answer: – The normal SBA timeframe is 21 days. The goal is 1 week because loan requirements have been relaxed

### **Question #3: What is the application deadline?**

Answer: Dept. of Commerce - End dates are not available. The CARES Act re-opens the door to state small businesses.

Answer: SBA – No existing deadline for EIDL

### **Question #4: For the Federal vs. State programs, which programs can be combined?**

Answer: SBA: Every day is different and rules can change but there are no changes anticipated to preclude anyone from applying to more than one program. The ceiling on amount a business can apply for may change, but there are currently no restrictions.

## **Important Websites**

[SBA.gov](https://www.sba.gov)

[Covid19relief.sba.gov/#/](https://www.covid19relief.sba.gov/#/)

[Sba.gov/funding-programs/disaster-assistance](https://www.sba.gov/funding-programs/disaster-assistance)

[Maryland Business Express](#)

[Maryland-small-business-covid19-emergency-relief-fund-programs](#)

BDC website:

[Baltimoretogether.com](https://www.baltimoretogether.com)

Department of Commerce funds are intended to provide interim relief, complementing actions with your bank, business interruption insurance provider, and other financial partners. Use the links below to view more information and to access the online application.

[COVID-19 Emergency Relief Loan Fund Webpage](#)

[COVID-19 Emergency Relief Loan Fund Application](#) (UPDATED LINK)



