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COVID-19 BUSINESS SURVIVAL GUIDE (3/22/2020)

Below you will find a number of resources and frequently asked questions which can help guide your business through this global pandemic. The resources focus on several different areas from marketing on Facebook and Google, to CDC Guidelines for small businesses and the SBA Economic Injury Disaster Loan process. We encourage all businesses to review these tips and to consider applying for funds, while your business may not be experiencing trouble now, there is a very real chance that if economic relief is not brought to those businesses in most need in the next few weeks their troubles will cascade into healthy businesses bringing those businesses down and the economy down as well. **Federal Funds are not a silver bullet and should be used in conjunction with the other strategies outlined below.**

Having a plan and funds in place now can help to keep your business open and operating and your employees paid.

Just announced: [MD Grant Fund](#)



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First Steps:

This is an outline of some first steps to perform on your business, more details are provided later in the document.

- **Reach out to all creditors:**
 - Bank - What debt payments are due? What fees can be waived? Can you get deferments on debt or go interest only?
 - Credit Card Company - Can you get deferred payments, maybe no interest for a few months
 - Landlord/Mortgage Company - Can you defer payments, can you get reduced rent?
 - Utilities - Can you defer or delay payments?
 - Insurance companies - If you have monthly payments see if payments can be delayed
- **Put together an outline of your fixed costs over the next six months**
 - Do the math - staying open may be costing you more money then closing your doors.
- **Share as much information with your employees as you can (within reason) they have bills to pay as well.**
- **Establish teleworking procedures**
- **Create a marketing plan based based on the new economic environment**
- **Reach out to your insurance company, if you have [business interruption insurance](#) you may qualify for some funds from the insurance company**



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If there is something specific you are looking for you can hit Ctrl+F to open a search box to look for specific phrases in the document



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Important Updates

Governor Larry Hogan announced this morning that Maryland is closing all non-essential businesses, facilities and organizations effective at 5pm today. This is not a “shelter in place” directive. The order does not include essential or critical industries as defined by the federal government. The federal document identifying “Essential Critical Infrastructure Workers” can be found [here](#).

Additional Maryland state guidance can be found [here](#).

- Tax filing deadline has been moved from April 15th to July 15th
- Congress is currently working on the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) This includes:
 - \$300 billion in lending authority for SBA 7(a) loans
 - Borrowers can get this SBA 7(a) loan OR an EIDL (direct SBA disaster loan), but not both
 - 100% government-guarantees on these SBA relief loans made through 12/31/20
 - Loan sizes of up to \$10MM, calculated by taking the average total monthly payments by the applicant for payroll, mortgage payments, rent payments, and payments on any other debt obligations incurred during the one-year period before the date on which the loan is made (except for applicants with seasonal employees, in which the payroll is based on the average total monthly payments for payroll from 3/1/19 through 6/30/19)
 - Loan proceeds are only for payroll support including medical leave, costs related to health benefits, employee salaries, mortgage payments, rent, utilities, and any other debt payments incurred before the covered period.
 - Borrower and lender guarantee fees will be waived
 - Provides a “process” (TBD) by which borrowers will be eligible for loan forgiveness in an amount equal to their payroll cost and costs related to debt obligations for the period between 3/1/20 and 6/30/20. The amount of forgiveness will be reduced proportionally by the number of employees laid off during this time, and it will also exclude employees making in excess of \$100k from this “forgiveness” calculation



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Maryland State Updates: Financial Assistance & Taxes

- The Maryland Department of Commerce is offering three new business assistance programs in response to the COVID-19 pandemic:
 - **Maryland Small Business COVID-19 Emergency Relief Loan Fund** - This \$75 million loan fund offers no interest or principal payments due for the first 12 months, then converts to a 36-month term loan of principal and interest payments, with an interest rate at 2% per annum. [Learn more.](#)
 - **Maryland Small Business COVID-19 Emergency Relief Grant Fund** - This \$50 million grant program offers grant amounts up to \$10,000, not to exceed 3 months of demonstrated cash operating expenses for the first quarter of 2020. [Learn more.](#)
 - **Maryland COVID-19 Emergency Relief Manufacturing Fund** - This \$5 million incentive program helps Maryland manufacturers to produce personal protective equipment (PPE) that is urgently needed by hospitals and health-care workers across the country. More information coming by Friday, March 27, 2020.
- Maryland business and individual income taxpayers will be given a 90-day extension for tax payments. No interest or penalty for late payments will be imposed if 2019 tax payments are made by July 15, 2020. See [90-day extension for tax payments](#) for more information, or reach out to taxpayerrelief@marylandtaxes.gov with questions.
- Comptroller Franchot also extended business-related tax filing deadlines to June 1. [Get additional information regarding business tax returns - including sales and use tax, alcohol tax, etc. - and income tax extensions.](#)
- Businesses who paid their Maryland Sales & Use Taxes for March early may request a refund of their payment by emailing taxpayerrelief@marylandtaxes.gov or by calling 410-260-4020.
- Taxpayers who have set up a payment through their own online banking services will need to stop that transaction through their banks. Taxpayers who have scheduled a payment through the Comptroller's iFile or bFile can request to have a debit from their account stopped as long as it is at least 3 days prior to the scheduled payment date. If



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taxpayers have individual requests for assistance, they should contact Taxpayer Services at 410-260-7980 or via email at taxhelp@marylandtaxes.gov.

General FAQ

What is the first thing I should do?

For any traditional business the first thing you will want to do is get a handle on your financial situation. I would suggest reviewing the last three months' financial statements to get a breakdown of what your fixed costs are and how much you **have** to spend every month to stay in business. If you are not generating enough cash to cover those costs you will want to begin seeing who you can work with (creditors) or what sales you may still be able to have to close the gap. If you are unable to close the gap you will want to begin to apply for better credit terms/funding.

How can I obtain funding to keep my business running?

For funding, first call should be to your bank, if you have a good history with your bank you may be able to get approved for a small amount of funding or line of credit relatively quickly. If you have been in business for two years obtaining a line of credit should be your first call.

What other Funding Options are available?

In times like this, there are two ways to think about funding, one in terms of cash coming in and one in terms of cash going out. If you know you are going to have trouble paying bills and have not yet gotten funding from a lender you'll want to begin reaching out to landlords, debtholders, suppliers, and credit card companies and let them know the situation you are in, they may be willing to work with you and it is better you tried to work with them then they have to call you to see where the rent check is. Many credit card companies have started working with business owners to offer better terms and no interest for a period of time, but you won't know until you ask. **Your creditors do not**



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want you to go under, this includes everyone from banks to suppliers, they will do what they can to help.

SBA Disaster Funding is the Economic Injury Disaster Loan” (“EIDL”) program. Any small business and most private non-profits that have suffered substantial economic injury, regardless of physical damage, and are in a declared disaster area may be eligible for an Economic Injury Disaster Loan (EIDL). The EIDL is a working capital loan and cannot be used to repair, replace or purchase physical assets. (more information below)

FACEBOOK GRANTS

Facebook has announced they will be providing \$100 million in cash grants or advertising to small businesses. For more information go to

www.facebook.com/grantsforbusiness

KIVA LOANS

The nonprofit organization Kiva provides 0% interest loans to small businesses worldwide. They are expanding eligibility and the number of loans provided during this crisis. For more information, go to

<https://www.kiva.org/blog/support-local-businesses-during-the-coronavirus-pandemic>

How can I keep up employee morale?

In times like this employee moral is incredibly important, there are a number of simple and effective ways to keep your employees engaged. Maintaining normalcy as much as possible is the first step. Keep celebrating birthdays and special events even if it is done virtually. Order lunch for employees even if it has to be delivered to their individual homes. Make sure to acknowledge and thank employees for their work, as people worry about their own safety and future a simple thank you can go a long way.



Accredited to provide technology commercialization assistance.

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My Business has Investors, what do I do?

As with creditors your investors will want to be kept in the loop, let them know what changes have been made and how this disaster is affecting you and what proactive steps you are taking to keep you company in business.

Do I need to provide sick leave for my employees?

H.R. 6201 “Families First Coronavirus Response Act” has been passed.

H.R. 6201 Families First Coronavirus Response Act (includes technical changes as passed by House 03/16/2020)

Overview Employer Paid Leave Requirements and Tax Credit Provisions

	Covered Employers	Duration of Leave	Qualifying Reasons for Leave	Required Wage Replacement	Applicability of: Division G – Tax Credits for Paid Sick and Paid Family and Medical Leave
Division E – Emergency Paid Sick Leave Effective 15 days after enactment. Expires 12/31/2020	<u>Private sector employers with fewer than 500 employees.</u> Public sector employers with 1 or more employees. Good cause exemption for employers with fewer than 50 employees. Applies to reason #5 only. (DOL Rule)	<u>Employer must provide 2 weeks</u> of paid sick leave for full-time covered employees. Special rule for part-time employees.	1. Employee is subject to a Federal, state or local quarantine related to COVID-19. 2. Employee has been advised by a health care provider to self-quarantine. 3. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis. 4. Employee is caring for an individual who is subject to quarantine pursuant to 1 and 2. 5. To care for a child or children whose school or care provider is unavailable due to COVID-19. 6. Employee is experiencing a similar condition as specified by HHS, DOL or Treasury.	<u>Reasons #1-3:</u> Employee’s regular rate of pay. Capped at \$511/day and \$5,110 total. <u>Reasons #4-6:</u> 2/3 of employee’s regular rate of pay. Capped at \$200/day and \$2,000 total. Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement: <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid sick leave wages plus certain health care expenses of the employer. Special rule for self-employed.
Division C – Emergency Family and Medical Leave Effective 15 days after enactment. Expires 12/31/2020	<u>Private sector employers with fewer than 500 employees.</u> Good cause exemption for employers with fewer than 50 employees. (DOL rule)	<u>Employer must provide 10 weeks</u> of paid family and medical leave for employees (employed for at least 30 days). Special rule for part-time employees.	Employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency.	<u>Not less than 2/3 of regular rate of pay</u> based on # of hours scheduled to work. Capped at \$200/day and \$10,000 total. Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement: <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid family and medical leave wages plus certain health care expenses of the employer. Special rule for self-employed.

Prepared by Ways and Means Republicans



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Here are the details:

- a. COMPANIES WITH 500 OR FEWER EMPLOYEES must provide:
 - paid sick leave – 2 weeks paid leave at 100% of employee's normal pay, up to \$511 per day
 - paid family and medical leave – additional 12 weeks of paid family and medical leave at 67% of normal pay, up to \$200 per day (small businesses can apply for a waiver of this in some limited circumstances)
- b. SMALL BUSINESSES WILL GET A TAX CREDIT TO COVER THE COSTS.
- c. GIG WORKERS AND INDEPENDENT CONTRACTORS get the same benefits in form of a tax credit.

Small businesses:

You must provide paid sick leave and/or family/medical leave for any of your payroll workers (not contractors). The government will pick up the cost of this paid leave—by applying a credit for your 6.2% payroll social security taxes. If the credit is insufficient to cover those costs, the government will pay you directly. You or your workers do not have to be sick to qualify! Anyone told to quarantine, who is exposed to the virus, showing symptoms, or needs to get tests or preventive care qualifies. Family leave is easier—up to 3 months of paid leave to adhere to quarantine, take care of a sick family member or a child who is home because of their school being closed.

Gig worker/independent contractor:

If you are paid by another company (e.g., a ride share company, a caterer, a worker platform like Upwork, another contracting company), you're eligible for a tax credit of up to 2 weeks sick leave at your average pay and 12 weeks of family/medical leave at 2/3 your average pay. The same caps apply--\$511/\$200 per day. You must show you had to comply with self-isolation or care for family members, including children whose schools had been closed due to the coronavirus. Tax credits will be applied against your tax payments, or you will get a rebate if your tax is lower than the credit.

H.R. 6201 would create emergency paid leave programs to respond to the outbreak. Private sector employers with fewer than 500 workers, government entities would have



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to provide as many as 12 weeks of partially paid family leave under the FMLA to care for a child whose school or day care has closed.

Employers also would have to provide full- and part-time workers with two weeks paid sick time, including for a quarantine order or to care for another affected individual.

Labor Department could exempt small businesses with fewer than 50 workers from the paid leave requirements.

Paid leave would be financed through tax credits. Refundable tax credits for employers to cover costs under the bill's sick leave and family leave programs. It would also include amounts employers pay for a worker's health insurance plan
There is a similar refundable credit for self-employed workers

How can I maintain my sales?

Businesses must be able to find ways to stay in contact with their customers, either through website updates, emails, texts, or social media, most likely by using all those platforms. You shouldn't be afraid to think outside the box, restaurants are selling prepared meals for takeout as well as uncooked goods and acting as supplemental grocery stores.

Should I change my marketing messaging?

Yes, strategies need to be adjusted daily if not hourly to ensure that you are still in compliance with the changing regulations as well as being compassionate to the needs of your customers as well. Don't forget to be genuine, your customers want you to still be in business once this disaster is over, make sure they understand you need their help.



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SBA DISASTER LOAN FAQ

What is the program called?

SBA Disaster Funding is the Economic Injury Disaster Loan” (“EIDL”) program.

Who can apply for these funds?

In order to be eligible to apply for these loans, a state governor must work with the SBA to provide them state/county specific requests in order to prove the need for funds. At the moment counties include (3/19) **Montgomery, Prince George's, Caroline, Cecil, Dorchester, Ken, Queen Annes, Wicomico, and Worcester based businesses may apply for the funds. It is anticipated all Counties in Maryland will be eligible to apply within the next few days.**

What are the funding criteria?

As with most loans, the decision is based on a number of factors. However, these loans are heavily dependent upon cash flow the loan decision will come down to when the business is healthy will it have enough cash flow to cover expenses plus the new debt, this will be based on the historical monthly sales figures you provide the SBA.

I have specific questions on the process who can I reach out to?

The SBA has a hotline to help answer questions **1-800-659-2955** it is manned from 7:00AM to 9:00PM 7 days a week. You can also reach out to your local SBDC Consultant.

Is there a prepayment penalty?

No, you can pay the loan off at any point in time, although with the favorable terms in these loans it is unlikely to be refinanced to better terms.



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Is collateral required?

Yes, and no... For loans of up to 25K no collateral is required. For loans of over 25K you will need to give the SBA access to collateral, that does not mean that you need to have your loan fully collateralized, but if you have collateral it will be used.

Who is the lender?

Unlike traditionally backed SBA loans, SBA EIDL loans are TOTALLY handled, processed – and if approved, funded directly – by the SBA. **Banks and other lenders DO NOT do SBA EIDL loans.**

Are the COVID19 SBA EIDL Requirements different from other SBA EIDL in the past?

YES! The relaxed criteria will have two immediate impacts:

Faster, Easier Qualification Process for States Seeking SBA Disaster Assistance.

Historically, the SBA has required that any state or territory impacted by disaster provide documentation certifying that at least five small businesses have suffered substantial economic injury as a result of a disaster, with at least one business located in each declared county/parish. **Under the just-released, revised criteria, states or territories are only required to certify that at least five small businesses within the state/territory have suffered substantial economic injury, regardless of where those businesses are located.**

Expanded, Statewide Access to SBA Disaster Assistance Loans for Small Businesses. SBA disaster assistance loans are typically only available to small businesses within counties identified as disaster areas by a Governor. **Under the revised criteria issued today, disaster assistance loans will be available statewide following an economic injury declaration. This will apply to current and future disaster assistance declarations related to Coronavirus.**



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How do I apply?

Once your area has been declared a COVID19 disaster by the SBA you can apply online on the SBA's website [here](#).

It is recommended that you download the paper forms and fill it out, send it to your SBDC Consultant for review, once it has been reviewed you can then apply online. It is very important that the applications are filled out completely and correctly the first time otherwise funding will take longer.

I want to apply using a paper application can I do that?

You can apply with the paper forms but the fastest way to apply is online, there is a link on the page. [Disaster Loan Assistance](#)

The basic filing requirements are:

- Electronic Loan Application (Form 5)
- Electronic Loan Application (Form 5C) Sole Proprietorship Only
- Tax Authorization (Form 4506-T) 20% Owners/GP/50% Affiliate
- Most recent Business Tax Return
- Personal Financial Statement (Form 413) 20% Owners/GP
- Schedule of Liabilities (Form 2202)

Use this list of forms to advise the business owners you serve what documents they will need to gather. Form 1368 **Additional Filing Requirements** is especially important as it supplements the business's history of cash flow (with the previous three years of financial statements and tax returns should you be asked for them).

My Business has been hurt by this disaster, will I automatically get a loan?



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Unfortunately no, As with all loans the fundamental thing to demonstrate, apart from eligibility, is the ability of the business to generate cash flow and repay the loan. These are working capital loans intended to replace revenues lost as a result of the disaster. The business must be able to show that before the disaster, the business was sound and solvent.

How Much Can I Borrow from an EIDL?

SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance, but how much you qualify for is based on a case by case basis.

What interest rate will I pay?

The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.

If I apply for funding do I have to take it?

No, if you apply for funding and are approved you can "shelve" your application for up to six months.

I have been approved, when is my first payment?

Once your loan is funded your first payment is not until five months after the first disbursement.

Is there a cost to apply?

While there is no cost associated with filling out the application (beyond your time) there may be costs associated with getting the documents required to fund the loan such as a certificate of good standing.



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Can I use this loan to pay off existing debt?

No, SBA EIDL's are designed as working capital loans to keep the business going in times of distress.

Can I use these funds to make debt payments on another SBA loan?

For the time being you cannot. Unfortunately, you can not use government funds to pay back government funds. You can ask for a deferment on your existing 7(a) debt which can be from 90-120 days depending on individual factors, but you will need to speak to your lender. This section may change in the coming days.

Should I fill out the comments section?

Yes! Fill this section out with any information that will help the loan officer understand your business's situation.

How long are the Payment Terms?

SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

What can I use EIDL funds for?

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. They are not used to grow your business, they are used to help you recover.

Will I need to make projections?

Although stated as "not required" by the SBA, you will most likely need to submit projections for at least the next 6 months, these can be uploaded in the same section as your tax returns.



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I own multiple businesses, can I apply multiple times?

Yes, provided they are separate business entities and not parent companies/comeingled you can apply for each of your businesses.

What are the required documents for the EIDL Loan?

See Page 2 of the [Disaster Loans](#) link under “BUSINESSES” for a list of ALL required documents that will be needed when you apply

Are monthly Sales Figures Required?

Past 3 years of **MONTHLY sales figures** will be **REQUIRED**, so get the SBA form on “Page 1” at [US Small Business Administration](#)

How long will the EIDL take to fund?

Unlike most disasters that the SBA responds to this is not segmented to one section of the country, this effects businesses in every industry and every area of the country, that will slow down the processing time for the SBA. The SBA should respond to your request within 21 days, however, the problem comes if your application has a problem or is incomplete. Then you will need to make changes and resubmit which puts you back on the bottom of the list. Once everything is completed, it then goes to the SBA legal team, once it is reviewed there the docs will be mailed out to you to be completed, then the docs must be returned to the SBA reviewed by their legal team again and then once it is approved you are eligible to receive funds.

Is my area eligible for EIDL Funds?

You can check to see if your governor and the SBA have made funds available in your area for the COVID19 Disaster [here](#). As of 3/20/2020 all counties in Maryland are eligible for COVID19 disaster funding.



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What resources are available for my business?

[Extension of Business Tax filing deadlines](#)

[Montgomery County Business Resources and Guidelines](#)

[State Business Resources](#)

[ASBDC Small Business Resource Page](#)

[CDC Business Guidelines](#)

[Latest news from the Governor's Office](#)

[Business Resources](#)

[State FAQ](#)

OSHA Resources and Information

The U.S. Occupational Safety and Health Administration (OSHA) has information to help employers address the coronavirus pandemic, including:

- [Guidance on Preparing Workplaces for COVID-19](#): a booklet about COVID-19 and the workplace, with steps employers can take in different types of workplaces.
- [Preventing Worker Exposure to \(COVID-19\)](#)
- [Additional Resources suggested by OSHA](#)

To see all of the COVID-19 information available from OSHA , [click here](#).

Facebook for Business Tips and Resources

The Facebook for Business website has tips and resources to help small businesses deal with business interruptions such as the coronavirus pandemic, including:

- Ideas for staying in touch with customers, using online resources such as email, your website and your Facebook page.
- Hosting virtual, online events such as webinars, in place of in-person events.
- Preparing a list of Frequently Asked Questions (FAQs) about how your business is operating during the pandemic.



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- Business Resilience Toolkit – a booklet about preparing for a business interruption, and creating a resiliency plan.
- Small Business Resilience Quick Action Guide
- Online courses about how to communicate with customers and provide customer support during business disruptions.

To see all of the Facebook for Business tips and resources, [click here](#).

Intuit Quickbooks Resources and Tips

The Intuit Quickbooks website has resources and tips about what you can do to address the coronavirus pandemic, including:

- Financial preparedness tips
- Workplace prevention tips
- Suggestions for hosting events
- Best practices for remote work
- Boosting employee morale
- Guidance for protecting your business and employees during the pandemic

For all of Intuit Quickbooks' tips and resources, [click here](#).

Google Tools and Tips

Google's help center has suggestions for businesses affected by the coronavirus pandemic, regarding updates to their business information on Google My Business, including:



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- Changing your business hours if necessary
- Adding information about how your business has been affected and what steps you're taking
- Creating a post
- Updating your phone number if necessary

To see all of Google's update suggestions, [click here](#).

Learn about Google's [Remote Work hub](#), with tips about running online meetings, collaborating on documents remotely, and more.