

COVID crisis relief for Vermont food producers

Presented by:

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Disclaimer:

This is not legal advice. Do not rely on it.

Please refer to original official government resources for the final word and talk to your advisors. Information is being updated and changed frequently. I will share links.

Paycheck Protection Program (“PPP”)

PPP Loans are still available.

Deadline for applications were extended to August 8, 2020

Paycheck Protection Program (“PPP”)

Overview

- Amount of loan is calculated based on past payroll costs (2.5 x payroll)
- 1% interest rate
- Five year loan (if taken after July 5)
- No personal guarantee or collateral is required
- It is possible to have 100% of the loan forgiven
- Payments are deferred for until forgiveness application process is completed
- All fees are paid by the SBA
- Amounts borrowed under the SBA Disaster Loan Program between January 31 and April 3, 2020 can be re-financed under this loan, but the injury for which that loan was extended must be different from the purposes of the PPP loan.
- Applications are directed through your lender

Paycheck Protection Program (“PPP”)

More information at

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Webinar here: <https://youtu.be/vDPgpxKADWM> and materials here:

<https://www.vtbar.org/UserFiles/files/COVID%2019/CARES%20Act%20VBA%20VTAJ%20Presentation%20with%20ELH%20material.pdf>

Articles at www.gravelshea.com and www.eatdrinkvermont.com

Economic Injury Disaster Loans (EIDL)

EIDL Program re-opened on June 15, 2020

Apply directly to SBA online:

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

*** Business Loan Application (Form 5) / Sole Proprietor Loan App (Form 5C)**

*** Economic Injury Disaster Loan Supporting Information Form (Form P-019)**

Find forms here: <https://www.sba.gov/disaster/apply-for-disaster-loan/index.html>

Maximum loan amount \$2 million

Interest Rate 3.75% fixed for small business; 2.75% fixed non-profits

Up to \$25K does not require collateral

30 year term – payments deferred automatically for 1 year

Interest not deferred

Economic Injury Disaster Loans (EIDL)

More information here:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loans>

Main Street Lending Program

Main Street Lending Program Loan Options	New Loans	Priority Loans	Expanded Loans
Term	5 years <i>(previously 4 years)</i>		
Minimum Loan Size	\$250,000 <i>(previously \$500,000)</i>		\$10M
Maximum Loan Size	The lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$200M)</i>
Risk Retention	5%	5% <i>(previously 15%)</i>	5%
Principal Repayment	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 33.33% repayment due in years 2-4)</i>	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 15%, 15%, 70% repayment due in years 2, 3, and 4, respectively)</i>	
Interest Payments	Deferred for one year		
Rate	LIBOR + 3%		

Main Street Lending Program

More information here:

<https://www.gravelshea.com/2020/07/main-street-lending-program-now-open-and-list-of-lenders-available/>

And for nonprofits, here: <https://www.gravelshea.com/2020/07/nonprofits-now-eligible-for-main-street-lending-program-loans/>

At the Federal Reserve here:

<https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>

Small Business Debt Relief Program

Provides automatic relief to small businesses with non-disaster 7(a), 504 and micro- SBA loans disbursed prior to September 27, 2020. The Small Business Administration will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months.

For loans not on deferment, SBA will begin making payments with the next payment due on the loan and will make six monthly payments.

For loans currently on deferment, SBA will begin making payments with the next payment due after the deferment period has ended, and will make six monthly payments.

For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, SBA will begin making payments with the first payment due on the loan and will make six monthly payments.

It does not apply to PPP or EIDL loans

More information here:

<https://accd.vermont.gov/content/small-business-debt-relief-program>

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

Vermont Economic Recovery Package

Grants, not loans

Spread across three pieces of legislation

Hospitality businesses: \$50 million.

- Apply through Department of Taxes
- Grant amounts 10% of annual revenue subject to Meals and Rooms Tax up to \$50K
- More information here: <https://tax.vermont.gov/coronavirus#relief>

Businesses that don't pay rooms and meals tax – or which derive a certain percentage of their revenue from business other than that subject to rooms and meals tax - \$20 million

- Apply through Agency of Commerce and Community Development
- Grant amounts 10% of annual revenue up to \$50K
- More information here: <https://accd.vermont.gov/covid-19/economic-recovery-grants>

Dairy farms & producers, agricultural businesses, food markets and agricultural fairs - \$30 million and \$3.5 million to Working Lands Enterprise

- Apply through Vermont Agency of Agriculture.
- More information here: <https://agriculture.vermont.gov/vermont-covid-agriculture-assistance-program>

Each applicant can get ONE grant through ONE agency

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Having received a PPP or EIDL Loan does not make you ineligible.

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Vermont Economic Recovery Package

More information:

<https://accd.vermont.gov/covid-19>

<https://agriculture.vermont.gov/vermont-covid-agriculture-assistance-program>

<https://workinglands.vermont.gov/>

Vermont Sole Proprietor Stabilization Program – Sole Proprietor Grants

Funded through US HUD and administered by VT Brattleboro Development Corporation and Two Rivers-Ottawaquechee Regional Commission

Intended to reach sole proprietor business owners that have been impacted by COVID-19 and have remaining unmet needs

Grants, not loans

Amounts range between \$5,000 and \$10,000

Sole Proprietor Grants

- Separate from the VT COVID Relief programs
- Grants of \$5,000, \$7,000 or \$10,000; **224** grants available.
- Awarded by lottery, not first come first served
- Must pre-register and must apply online (no paper)
 - Will need DUNS #, which you can obtain @ <https://www.dnb.com/>
- Application window opened July 20 and will close July 31
- Lottery draw will take place on August 14, 2020
- Subgrant agreements issued week of August 17
- Disbursements starting August 27
- [Apply through portal: https://www.vermont-cdbg-cv.com](https://www.vermont-cdbg-cv.com)

Sole Proprietor Grants

- Eligibility:

- Vermont resident (must have physical presence in VT)
- Business established prior to January 1, 2020 and in business on March 24
- Have a for-profit business entity (Inc., LLC, partnership – note that a two person partnership, S-Corp or LLC that has no W-2 employees is eligible as a sole proprietor for the purpose of this program)
- Provide goods or services to multiple clients or customers
- Be in good standing with the State
- Gross annual revenues greater than \$25K
- Can document past or expected costs of 10 items totaling the grant award
- Can demonstrate paying these costs is a hardship due to a loss of income between March 1, 2020 and Sept 1, 2020 as a result of COVID-19

- More grants may be coming for S Corps with W-2 employees

Sole Proprietor Grants

- Not eligible:
 - Cannabis-related business (as this is federal funding, this probably means business using CBD in food, too)
 - Franchises and chains
 - Weapons/firearms dealers
 - Lobbyists
 - Independent Contractors providing services to a single entity
 - Burlington-based businesses (likely allowed in second round)

Sole Proprietor Grants

When you submit a pre-registration request you will need:

- Business Name
- DUNS #
- NAICS Code
- Business Physical (E911) Address
- Business Mailing Address (if different)
-

When you submit a Grant Application you will need:

- Driver's license (front and back scanned as separate PDFs)
- 2018 & 2019 Tax Returns - redact all but last 4 digits of SS#
 - If you have not filed for 2019, then provide 2017 & 2018 Tax Returns
For Start Ups, provide 2018 Tax Returns
- Detailed summary of revenue for impacted period in 2020 and same period in 2018 or 2019 for comparison
- HUD Duplication of Benefit Information
- 2019 HUD Family Income Statement (does not impact eligibility)

Links

PPP Loan:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form> (for review only)

Emergency Economic Injury Disaster Loan:

<https://covid19relief.sba.gov/#/>

Main Street Lending Program:

<https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>

Small Business Debt Relief:

<https://accd.vermont.gov/content/small-business-debt-relief-program>

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

Vermont COVID-19 Relief Package:

<https://accd.vermont.gov/covid-19>

<https://tax.vermont.gov/coronavirus#relief>

<https://agriculture.vermont.gov/vermont-covid-agriculture-assistance-program>

<https://workinglands.vermont.gov/>

Vermont Sole Proprietor Grants:

<https://accd.vermont.gov/covid-19>

Apply through portal: <https://www.vermont-cdbg-cv.com>

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An experienced litigator, regulatory and business attorney across a range of industries, Cassandra has tailored her practice for New England's food and beverage producers, most of which are small- and medium-sized companies. She also heads Gravel & Shea's Intellectual Property practice, managing a global trademark portfolio spanning more than 50 countries.

<https://www.gravelshea.com/category/covid-19/>