MA COVID-19 Grants – Frequently Asked Questions

**Which grant should I apply for?**

The <5 employees grant has more flexibility in allowable uses but also has a strict income cap – business owners must qualify under LMI (Low-Moderate Income); the <50 employees grant has similar use restrictions as PPP (payroll, rent, utilities, interest payments) but no income cap.

**Can you apply for both grants?**

Yes, but you will only be awarded money from one grant.

**What is the difference between who counts as an employee in each grant?**

The <50 employees grant application only requires you to list full-time equivalents (FTEs).

The <5 employees grant application, requires you to list all employees (FTEs and non-FTEs), including 1099 (independent contractors), seasonal, and part-time employees. Each employee you list counts as 1 employee (i.e., a part-time employee does not count as a .5 employee).

**When is the deadline to apply?**

Thursday, November 12, 2020 by 12:00 PM.

**Are the grants first-come first serve?**

No, this is not a first-come-first-served gold rush. All applications will be reviewed after the deadline. It’s better to make sure that you have all your documents in order and answer the questions as completely as possible than push to be first in line.

**What format do the required documents need to be submitted in?**

Everything needs to be submitted in PDF format – you cannot take a jpeg with your phone unless you convert it to a PDF.

**Once all the applications are received on November 12, how long will the approval/rejection process take?**

Approximately 2-3 weeks.

**If an application is incomplete or the requirements not met, will the business be contacted to complete the application or submit correct paperwork if not correct?**

Possibly, but do not count on this. Regardless, completed applications will be processed first.

**How long must a business have been in business to apply?**

Businesses must have been incorporated before June 30, 2019 to qualify.
**Can you still apply if you received PPP or EIDL or other COVID funding?**

Having received a PPP/EIDL or other COVID funding does not disqualify the business from the grant program, but preference will be given to businesses who have not received any other COVID funding.

**For the purposes of these grants, which communities have preference?**

Preference will go to small businesses owned by women, minorities, veterans, members of other underrepresented groups, businesses serving Gateway cities, and those most negatively impacted by COVID-19. If your business is not located in a Gateway city but you serve clients in a Gateway city, highlight this fact.

**Can you still apply even if you are not a member of an underserved community or do not live in a Gateway city?**

Yes, but you will not get the extra “leg up” you would if you were a member of an underserved community or lived in a Gateway city.

**What are the 26 Gateway cities in Massachusetts?**

Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton, Westfield, and Worcester.

**There can be no duplication of expenses – what does this mean?**

These funds cannot be used for items already covered by COVID-19 aid. E.g.: if you used PPP funds to cover payroll for May, you cannot use grant funds to cover May payroll as well. However, you can use the grant funds for the same expense but a different time period. E.g.: if you used PPP funds to cover payroll for May, you can use grant funds to pay for October payroll (provided you didn’t get aid for October payroll elsewhere).

*Rule of thumb: no double dipping!*

**Both grants stipulate that the funds cannot be used for major equipment purchases. What constitutes major equipment? Are all equipment purchases prohibited?**

This is a gray area. The >5 employees grant can be used to purchase equipment that helps stabilize the business, e.g., outside heaters for outdoor dining or replacement of broken equipment like a stove. A new walk-in refrigerator, on the other hand, would probably be prohibited. The >50 employees grant cannot be used to purchase any equipment, whether or not it is “major.

**If a sole proprietor has been paying rent and expenses through personal savings, can back rent or expenses be paid for with the grant?**

Yes.

**Can funds be used to pay for independent contractors or seasonal employees?**

Yes.

**Are home-based businesses such as childcare or consultants eligible?**

Yes, home-based businesses are eligible for both grants.
Are franchises eligible for the grants?

This is another gray area. If the franchise is locally owned and has a limited number of locations within MA, it may be eligible (and it is worth applying to find out). A Dunkin Donuts or Burger King franchise, on the other hand, is considered a chain and is ineligible.

Is it better to use your 2019 tax return or 2020 expected income?

Use the one that works more in your favor. E.g., if your 2019 income is too high, you can try to use your expected income for 2020.

If there are two business owners in the same household, do you have to run through the questions for both?

Yes, on the same application (they do not need to submit separate applications).

Does the LMI (low-or-moderate-income) requirement on the <5 grant application apply to all owners?

Yes, the LMI requirement applies to all owners.

Can you use an ITIN number instead of a Social Security number?

No – you must use Social Security number.

What is a DUNS number, and is it required to apply for a grant?

A Dun & Bradstreet (DUNS) Number is a unique nine-digit identification number for each physical location of your business. It is required for the < 5 employees grant but not for the < 50 employees grant. If you don’t have a DUNS number, you can request and get one in about 24 hours. There is a link in the application to obtain the number.

Do businesses have to show a Certificate of Good Standing

Yes, if the business is a corporation, it needs to provide the Certificate of Good Standing from the Secretary of State, not the DOR. There is a link in the application to obtain the certificate.

Is purchase of inventory for a retail business an acceptable use of funds?

For the >5 employees grant, yes; for the >50 employees grant, no.

What constitutes loss of income, top-line revenue or profit (gross or net)?

Both.

Can you use grant money to pay down SBA loans?

Only on the interest, not on the principal.

Can the grant money be used to pay for insurance and benefits? What about the owner’s insurance and benefits?

Yes, and Yes.

If a company is registered outside of MA but operates in MA and hires all MA employees, is it eligible?
If it is incorporated in another state but has a certificate of good standing in MA, then yes.

**If you had a business incorporated before June 30, 2019, but you had a dispute with your partners and dissolved and reestablished the business after June 30, 2019, are you still eligible for either grant?**

No.

**Do real estate brokerage businesses qualify for either of the grant programs?**

Yes. While passive real estate investment businesses, including those owning income properties and those that develop properties for sale, do not qualify, brokerage firms can apply for either of the grant programs.

**Do independent contractors (e.g. Uber drivers) qualify for either of the grants?**

Yes, if it is incorporated or an LLC, and all other grant requirements are met.

**If the business was purchased by new owners after June 30, 2019, can they use the prior owners’ tax return?**

No, they cannot, and they would be ineligible for the grant.

**Does business start date mean the date the business was established (incorporated) or when they started operation?**

The date it was incorporated. However, if a business was incorporated but not in operation until after the COVID-19 restrictions were imposed, it will not be able to show a financial loss due to the pandemic.

**If a DBA and planning was underway in June 2019 but revenue was not collected until July 2019, is the business eligible?**

Yes.

**Do applicants get a confirmation email when received?**

After the application is submitted, the applicant will get a message acknowledging the submission and asking a confirmation of the applicant’s email. It is important to use an email address that you check regularly, as this is what will be used for future communications about the status of your application.

**Is income eligibility determination forward- or backward-looking?**

The intention is to determine eligibility in 2020, so it is current- to forward-looking.

**On average, how long does it take to finish the application?**

Filling out the form is relatively straight-forward and may take an hour depending on how many business owners you need to fill out information for. The time-consuming part is gathering all the required documents, scanning them, and converting them to PDF format for upload. It also may take time to get a DUNS number and/or a Certificate of Good Standing. You can save the submission in your Submittable account and return to complete it later.

**Is there any penalty against smaller businesses applying for the <50 employees grant?**

No. The two pools of funds have different requirements and use-of-funds restrictions. For example, the <50 employees grant funds can only be used for payroll & benefits, utilities, rent or interest payments (similar to
PPP). For other uses, the business should consider the <5 employees grant, provided the business owner is income qualified.

Given the cumbersome income verification process, why would anyone go for the <5 employee program if eligible for both?

If you are income qualified, need funds for equipment, raw material and inventory, the <5 employees grant is the one to get. There are more restrictions attached to the <50 employees grant.

How would an Uber driver provide a lease or mortgage for business? If they rent an apartment, would that suffice?

An independent contractor can provide a lease or mortgage statement for home, if that is the business address as indicated on the Schedule C and 1099s.

In the sections of the applications that ask for 2019 income, should the applicant provide gross or net income?

Gross income.

How should a home-business compute its mortgage interest or rental cost in the <50 employees application? Is there a limit to the percentage of the mortgage interest that the grant funds can be used to pay?

Applicants should be consistent with the way they structure their Schedule C on their income tax statement. There is not a limit to the percentage of the mortgage interest the grant funds can be used to pay provided, again, that there is consistency with the Schedule C.

What if the applicant’s city/town is not on the list of cities/towns on the application or on the alternative drop-down menu?

In this case, the applicant should select “none of the above.” A link to HUD’s website will then appear and the applicant can find the city/town there.

If the applicant is a sole practitioner who never filed a DBA, can the applicant still apply?

Yes, provided the applicant can attach proof that the business was started prior to June 30, 2019. The applicant should also apply for a DBA (which will not be backdated) and keep it on hand in the event that further paperwork is required after the applicant receives the grant.

What happens if the applicant can’t get a Certificate of Good Standing by the application deadline?

The applicant should attach proof that she/he/they applied for the Certificate.

The <50 employees grant application only mentions mortgage interest – can the grant funds be used to pay mortgage principal, as well?

Yes.

The <5 employees grant application only mentions rent, not mortgage – can the grant funds be used to pay mortgage principal and/or interest?

Yes, the funds can be used to pay for both mortgage principal and interest.
If the applicant is working out of his/her/their home temporarily during the pandemic, can the grant funds from either grant be used to pay the home mortgage principal and/or interest?

No.

Are B&Bs/AirBnBs eligible?

No.

If the applicant has an LOI, can s/he/they submit this in lieu of a lease?

Yest.