



U.S. Small Business  
Administration

# Agenda

- 1. Disaster Loan Assistance from the US SBA  
for Small Businesses and Non-Profits**
- 2. Non-Financial Assistance  
from the US SBA and our Partners**
- 3. Additional Resources**

***These Slides are available to download at:  
[www.sba.gov/tx/houston](http://www.sba.gov/tx/houston)***

# Economic Injury Disaster Loans (EIDL)



Loans up to \$2 million; no payments for 12 months



Small businesses and private non-profits are eligible



May be used for fixed debts, payroll, accounts payable and other bills affected by the disaster



3.75% interest rate for small businesses *without credit available elsewhere*; businesses with credit available elsewhere are not eligible.



2.75% for private non-profits



Long-term repayments for COVID crisis will be 30 years

## Additional EIDL Details

- No cost to apply
- No obligation to take the loan (if offered)
- Amount should reflect 6 months operating expenses
- Existing SBA loans are OK:
  - Applicant can have an existing SBA Disaster Loan and still qualify
  - Applicant can have other existing SBA Loan (7a, 504, etc) and still qualify
  - Loans cannot be consolidated
- Collateral:
  - If over \$25,000 EIDLs require collateral
  - SBA will not decline for lack of collateral, but requires the pledge of what is available
  - Real estate when available

## Who is Ineligible

- Any business where gambling is more than 1/3 of annual gross revenue
- Casinos & Racetracks where their purpose for being is gambling
- Businesses of a prurient sexual nature
- Pawn Shops is more than 50% of income derives from interest
- Religious Organizations
- Investment or Lending companies
- Charitable Organizations (private non-profits are OK)
- All Speculative Activities
- Agricultural Enterprises

# Criteria for Approval

- Credit History - acceptable to SBA.
- Repayment - business must exhibit the ability to repay the loan. Were you current on your obligations as of Jan 31?
- Eligibility - business must be located in a declared state and suffered working capital losses due to the declared disaster.



## How to Apply for EIDL

- **Works best with Internet Explorer or Microsoft Edge**
- For the COVID-19 disaster everything will be online
- The website for applying for EIDL is [www.sba.gov/disaster](http://www.sba.gov/disaster)
- You may also contact the SBA disaster customer service center:
  - 1-800-659-2955
  - e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
  - TTY: 1-800-877-8339

# What You Need to Apply

- In addition to the loan application:
  - Completed IRS Form 4506-Ts:
    - owner
    - each principal that owns 20% or more
    - each general partner or managing member
    - each owner who owns more than 50% of an affiliate business
  - At least two (2) years complete business tax returns with all schedules
    - *UNLESS the loan is for under \$500,000. In that case only 4506T is needed*
    - *If you haven't been in business two (2) years; OK. Submit what you have.*
  - Personal Financial Statement for each applicant
  - Schedule of Liabilities for all fixed debts
- *Other information that may be requested:*
  - A current year-to-date profit-and-loss statement, especially if the most recent Federal tax return has not been filed
  - SBA Form 1368 providing monthly sales figures



# The Three Step Disaster Loan Process

## Apply online per previous slide

## Loan Processing Decision

- Information is verified and credit checked
- Forecasts are completed to determine the EIDL amount
- A loan officer contacts you to make recommendation and discuss next steps
- Decision normally takes up to 4 weeks

## Loan Closes and Funds Disbursed

- Sign and Submit Loan Documents
- Initial disbursement of \$25K within 5 days
- A Case Manager is assigned that will help you with the rest

## Important Notes About Your Application

- Please complete and submit everything required
  - Delays occur due to missing / incomplete information
- If more funds are needed, you can submit supporting documents and request an increase
- If less funds are needed you can request a reduction
- If denied you will be given up to six months to provide new information and a written reconsideration request

# Forbearance of Your Existing SBA Loan

## 7(a) Loans and Micro Loans

- Lenders may help with temporary cash flow issues by deferring payments
- For 7(a) loans, up to six (6) consecutive months
  - *Unless guarantee has been sold, in which case 90 days*
- For micro loans, up to six (6) consecutive months
  - *Deferment may not cause the loan to extend beyond the maximum six (6) year maturity*

## 504 Loans

- CDCs may help with temporary cash flow issues by deferring payments
- Up to six (6) consecutive months or 20% of the original loan amount, whichever is less

# Important Non-Monetary Assistance from SBA

## SBA has three local Resource Partners

- Texas Gulf Coast Small Business Development Centers (SBDC)
- SCORE Mentors
- The WBEA Women's Business Center (WBC)

## A range of help during the downturn, to include:

- Cash flow management / short term financial management
- Messaging / Social Media to stay engaged with customers
- Import/Export
- Supply Chain
- Strategic Planning and Financial Tune-Up; prepare to prosper after the disaster
- Planning for further disasters / Risk management / Insurance counseling

## Additional Info / Resources

- SBA YouTube Channel disaster video:
  - [https://www.youtube.com/watch?v=Xm\\_ss5QmBAE](https://www.youtube.com/watch?v=Xm_ss5QmBAE)
  - *NOTE: There are many videos on disaster applications, but all are not from the SBA. Beware!*
- JP Morgan Chase programs
- Regions Bank programs
- Galveston EDP Short-term Loan Program: <https://bit.ly/2UrL001>
- Your existing bank may do bridge loan
- More coming...

## Contact Information

<p><b>Small Business Development Center</b> <b>713 752 8444</b> <a href="http://www.sbdc.uh.edu">www.sbdc.uh.edu</a></p>	<p><b>Houston SCORE</b> <b>713 487 6565</b> <a href="http://www.houston.score.org">www.houston.score.org</a></p>
<p><b>Women's Business Center</b> <b>713 681 9232</b> <a href="http://www.wbea-texas.org/womens-business-center">www.wbea-texas.org/womens-business-center</a></p>	<p><b>US Small Business Administration</b> <b>713 773 6500</b> <a href="http://www.sba.gov/tx/houston">www.sba.gov/tx/houston</a></p>