

What's an EIDL?

- The SBA EIDL program can provide low-interest loans of up to \$2M to businesses and private non-profits.
- EIDLs may be used to pay fixed debts, payroll, accounts payable and other bills.
- The interest rate is 3.75% for small businesses without credit available elsewhere. The interest rate for non-profits is 2.75%.
- EIDLs have long-term repayment options, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based on borrower's ability to repay.

Additional EIDL Details

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- 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
- You may also contact the SBA disaster customer service center:
 - 1-800-659-2955
 - e-mail disastercustomerservice@sba.gov
 - TTY: 1-800-877-8339

What You Need to Apply

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- 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

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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

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- 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

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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

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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

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- SBA YouTube Channel disaster video:
 - 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

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Small Business Development Center 713 752 8444 Sbdc.uh.edu	Houston SCORE 713 487 6565 Houston.score.org
Women's Business Center 713 681 9232 http://www.wbea-texas.org/womens-business-center	US Small Business Administration 713 555 1212 Www.sba.gov/tx/houston