

U.S. Small Business Administration

Agenda

Disaster Loan Assistance from the U.S. SBA to Small Businesses and Non-Profits

Non-Financial Assistance from the U.S. SBA and our Partners

How a Disaster is Declared



Local Emergency
Management
documents the
disaster using SBA
criteria



Documentation goes to local government and eventually the Governor's office



Governor can then declare a state of emergency for Texas



Governor sends declaration and documentation to SBA



If SBA Administrator agrees the SBA Office of Disaster Assistance (ODA) creates a formal disaster declaration

Only at this point is a federal disaster officially 'declared'

Only at this point can EIDL applications be received

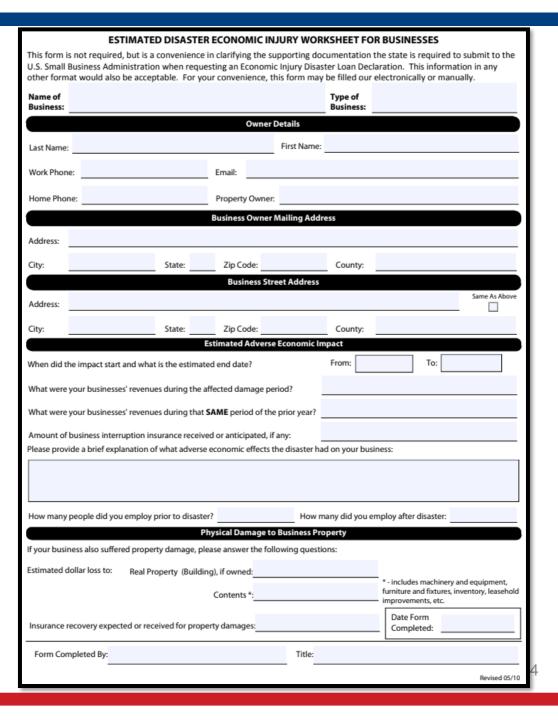


How You Can Help

 Submit an Economic Injury Worksheet to the State at this link:

https://tdem.texas.gov/covid-19/

 This worksheet can help them complete the declaration faster



Economic Injury Disaster Loans (EIDL)

- Loans up to \$2 million
- **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
- l⇔l Long-term repayments, on a case by case basis, up to a maximum of 30 years



How to Apply for EIDL

Typically, for a physical disaster (*such as Hurricane Harvey*) local Disaster Recovery Centers are used

- For the COVID-19 disaster it will be virtual / online
- The website for applying for EIDL is <u>www.sba.gov/disaster</u>
- You may also contact the SBA disaster customer service center:
 - 1-800-659-2955
 - e-mail <u>disastercustomerservice@sba.gov</u>
 - TTY: 1-800-877-8339



What You Need to Apply

- In addition to the loan application:
 - Completed IRS Form 4506-Ts:
 - for 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
 - Personal Financial Statement for each applicant
 - Schedule of Liabilities for all fixed debts
- Optional:
 - Items above plus 2 years complete financial statements
 - P&L, Balance Sheet, Cash Flow
 - Monthly revenue records for at least 2 years



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



Disaster Bridge Loans

Can be useful while you are waiting on EIDL disbursement

- The application itself
- The financial projections
- The disbursement

Your existing bank may offer SBA Express Disaster Bridge Loans

- Up to \$25K
- Can usually be done quickly
- Will be repaid in full or in part by proceeds from the EIDL loan



What If You Don't Need EIDL or Don't Qualify?

- Many businesses may not need EIDL.
- If your business is in good financial shape, traditional bank financing may be available from your existing banker / lender
- Local entities unaffiliated with the U.S. SBA may also offer help

Important Non-Monetary Assistance from SBA

SBA has three local Resource Partners

- Texas Gulf Coast Small Business Development Centers (SBDC)
- SCORE Mentors (virtual only)
- The 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



Forbearance of Your Existing SBA Loan (Non-Disaster)

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



Contact Information

Small Business Development Center	Houston SCORE
713 752 8444	713 487 6565
Sbdc.uh.edu	Houston.score.org
Women's Business Center	US Small Business Administration
713 681 9232	713 773 6500
www.wbea-texas.org/womens-	Www.sba.gov/tx/houston
business-center	

