



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

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



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 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

- 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

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