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

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* *www.wbea-texas.org/womens-business-center*	**US Small Business Administration** *713 773 6500* *Www.sba.gov/tx/houston*