Agenda

• EIDL Overview
• EIDL Application
• Reconsideration Process
• Resource Partners
• FAQs
• Q&A
Eligibility

• In business prior to February 15, 2020
• Program expires on December 31, 2021.
• Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.
• Eligible applicants include:
  • Businesses with 500 or fewer employees or defined as small per SBA.gov/SizeStandards
  • Cooperatives with 500 or fewer employees
  • Agricultural enterprises with 500 or fewer employees
  • Most private nonprofits
  • Faith-based organizations
  • Sole proprietorships and independent contractors

Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending.
Economic Injury Disaster Loans (EIDL)

3.75% Fixed interest rate for small businesses; 2.75% Fixed interest rate for private non-profits.

Long-term repayments up to 30 years. No prepayment penalty or fees.

Purpose: To meet financial obligations and operating expenses that could have been met had the disaster not occurred
How can I use the EIDL funds?

- **EIDL funds can be used for:**
  - Working Capital
  - Normal operating expenses (i.e. continuation of healthcare benefits, rent, utilities, fixed debt payments, payroll)

- EIDL funds **cannot** pay-off old debts, refinance another debt, or buy capital assets, new construction, vehicles, etc. By law, SBA disaster loans cannot ‘compete’ with private sector lending.

- **Keep** your EIDL funds in a **separate account**. Do **not** comingle EIDL with other funds. This will help you demonstrate how you used EIDL funds if/when requested.
EIDL Repayment

• **No payments** on EIDL loans for **one year** from date of note.
• Applicant will receive amortization schedule after loan is funded from the servicing department.
• Usually, applicant will be notified before applicant’s bank account on file will be debited for payment.
  • Applicant can also request to pay by mail or online payments.
How to Apply for EIDL

• 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**
  • (M-F 8:00am to 8:00pm, Sat/Sun 8:00am to 5:00pm Eastern Time)
  • Phone: 1-800-659-2955
  • E-mail: [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
  • TTY: 1-800-877-8339
Application
The website for applying for EIDL is www.sba.gov/disaster

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA’s Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

Important Notification

This application portal is for COVID-19 EIDL loan requests only. If you are seeking to apply for the new Targeted EIDL Advance (grant), please visit sba.gov/coronavirusrelief to learn more about eligibility requirements and how to access the next round of EIDL Advance funds.
Application

ELIGIBLE ENTITY VERIFICATION

Choose One:

- Applicant is a business with not more than 500 employees.
- Applicant is an agricultural enterprise with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative (but excluding all other agricultural enterprises), with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.

The website for applying for EIDL is www.sba.gov/disaster
Application

Review and Check All of the Following:
Applicant must review and check all the following (If Applicant is unable to check all of the following, Applicant is not an Eligible Entity):

☐ Applicant is not engaged in any illegal activity (as defined by Federal guidelines).

☐ No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.

☐ Applicant does not present live performances of a prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.

☐ Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.

☐ Applicant is not in the business of lobbying.

☐ Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.

The website for applying for EIDL is www.sba.gov/disaster
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Application

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### Business Owners Information

**Is Your Business Owned by a Business Entity?**
- Yes
- No

**Individual Owner(s)**

Complete for each: a. Proprietor, or b. Limited partner or LLC member who owns 20% or more interest and each general partner or managing member, or c. Stockholder or entity owning 20% or more voting stock.

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<th>Owner 1</th>
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<tr>
<td><strong>First Name</strong> *</td>
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Application
Targeted EIDL Advance

• **COVID-19 Targeted EIDL Advance** was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. The Targeted EIDL Advance provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency.

• Advance funds of **up to $10,000** will be available to applicants located in low-income communities who previously received an EIDL Advance for less than $10,000, or those who applied but received no funds due to lack of available program funding.

Applicants do not need to take any action at this time. SBA will reach out to those who qualify.
Targeted EIDL Advance

- SBA will first reach out to EIDL applications that already received a partial EIDL Advance (i.e. between $1,000 - $9,000). Applicants will be contacted directly by SBA via email in the coming weeks with instructions to determine eligibility and submit documentation.

- All communications from SBA will be sent from an official government email with an @sba.gov ending. Please do not send sensitive information via email to any address that does not end in @sba.gov.

- Applicants may qualify if they:
  - **Are located in a low-income community.** The definition of a “low-income community” is defined in section 45D(e) of the Internal Revenue Code. Note that the applicant must be located in a low-income community in order to qualify. Additional details on how SBA will identify low-income communities will be available soon on www.sba.gov/coronavirusrelief; AND
  - **Can demonstrate more than 30% reduction in revenue** during an 8-week period beginning on March 2, 2020, or later. If an applicant meets the low-income community criteria, they will be asked to provide gross monthly revenue (all forms of combined monthly earnings received, such as profits or salaries) to confirm the 30% reduction.
Targeted EIDL Advance

• Next, SBA will reach out to those who applied for EIDL assistance on or before December 27, 2020, but did not receive an EIDL Advance due to lack of program funding. These applicants will receive an email from SBA with instructions to determine eligibility and submit documentation. Applicants may qualify for a Targeted EIDL Advance if they meet the above criteria (low-income location and reduction in revenue) AND:

• **Have 300 or fewer employees.** Business entities normally eligible for the EIDL program are eligible, including sole proprietors, independent contractors, and private, nonprofit organizations. Agricultural enterprises are not eligible.

• All applicants may be asked to provide an IRS Form 4506-T to allow SBA to request tax return information on the applicant's behalf.

• **Please do not submit duplicate COVID-19 EIDL applications.** Only prior applicants will be considered for the Targeted EIDL Advance.

SBA will reach out to you if you qualify!
EIDL Declines

Applicants may be declined for a full loan at any point in the process.

• Potential Reasons for Decline:
  • Credit History
  • Not an eligible business activity (based on NAICS code)
  • Delinquent child support (more than 60 days)
  • Economic injury is not substantiated
  • Character reasons (felony or fraud record)
  • Unverifiable information
  • Applicant withdraws or fails to proceed

• If you are declined, you will receive an email or letter with a reason why and instructions on how to request reconsideration.
  • You get up to six months (after the date the application was declined) to provide a written reconsideration request with new supplemental information.
  • If denied a second time, you get an additional 30 days to appeal.
Requesting Reconsideration of your EIDL

Suggested documentation to include in your request:
• Copy of your Decline Letter with cover sheet (short letter of explanation)
• Copy of the most recent filed Federal Tax Return including all schedules
• Copy of your government issued ID (ex. driver’s license)
• Completed SBA Form 3502 (Gross Revenues, COGS)
• Completed and signed copy of the IRS Form 4506-T: https://www.irs.gov/pub/irs-prior/f4506t--2019.pdf
  • Answer questions 1a, 1b, 2a, 2b, 3 and 4, and then sign it at the bottom.
• If you know that your credit history/score may be an issue, please submit evidence showing that you have repaid or are repaying your business loans as required (demonstrate credit worthiness) and complete & submit SBA Form 2202 (Schedule of Liabilities)
Paycheck Protection Program Key 2021 Dates

- **Jan. 11**: PPP opened for First Draw PPP loan applications from Community Financial Institutions
- **Jan. 13**: PPP opened for Second Draw PPP loan applications from CFIs
- **Jan. 15**: PPP opens for First and Second Draw applications to lending institutions with $1 billion or less in assets
- **Jan. 19**: PPP opens First and Second Draw applications to all other participating lending institutions
- **March 31**: All PPP applications must be submitted

**What is a CFI?**
Community Financial Institutions include:
- Community Development Financial Institutions
- Minority Depository Institutions
- Certified Development Companies
- Microloan Intermediaries
What is a First Draw PPP Loan?

For eligible applicants that did not receive a PPP loan prior to Aug. 9, 2020

• PPP loan eligibility now includes additional types of entities.

• Covered eligible expenses are expanded.

• Borrowers can now select a covered period to use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.

• Certain borrowers may request an increase to their original PPP loan amount.

• Must apply **on or before March 31, 2021**, or until Congressional appropriations expire.
First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Eligible news organizations

Still Eligible

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses
What is a Second Draw PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- For most borrowers, the maximum loan amount of a Second Draw PPP loan is 2.5x average monthly 2019 or 2020 payroll costs, up to $2 million.

- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a Second Draw PPP loan is 3.5x average monthly 2019 or 2020 payroll costs, up to $2 million.

- Second Draw PPP loan applicants must submit the information on SBA Form 2483-SD (Borrower Application) when applying to their lender.
Second Draw PPP Loan Eligibility

Must have previously received a First Draw PPP loan

Additional Eligibility Criteria

• Has used or will use the full First Draw PPP loan amount only for eligible expenses before the PPP Second Draw Loan is disbursed

• Has no more than 300 employees

• Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.
PPP Loan Forgiveness

Borrowers must apply for forgiveness through their lender; lenders submit borrower forgiveness decisions to the SBA

Updates per the Economic Aid Act

• EIDL Advances are no longer deducted from forgiveness payment.

• Forgiven PPP loans are not taxable income; expenses paid with PPP loan funds are now tax deductible; consult the IRS for details

• Expanded forgivable expenses are permissible for any PPP loan not already forgiven.

• Coming soon: simplified forgiveness application for PPP loans $150,000 and under.
Resource Partners
## SBA Resources

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<tr>
<th>SBA Houston Website</th>
<th>SBA Houston Contacts</th>
<th>SBA Contacts in your area (if not Houston)</th>
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<tr>
<td>Texas Gulf Coast Small Business Development Center (SBDC)</td>
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<td>Greater Houston Women’s Chamber Women’s Business Center (WBC)</td>
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<td>• <a href="http://www.sbdc.uh.edu">www.sbdc.uh.edu</a></td>
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<td>• More info coming soon!</td>
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<td>Houston SCORE</td>
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<td>• 713-487-6565</td>
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<td><a href="http://www.sba.gov/local-assistance">www.sba.gov/local-assistance</a></td>
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<td>WBEA Women’s Business Center (WBC)</td>
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<td>• List of PPP lenders</td>
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Coronavirus Recovery Info in Other Languages: [https://www.sba.gov/page/coronavirus-recovery-information-other-languages](https://www.sba.gov/page/coronavirus-recovery-information-other-languages)
Frequently Asked Questions

• Visit www.sba.gov/tx/houston, under Webinar Schedule and Presentations:
  • For a copy of this slide deck
  • Lender list

• Can I check status of my EIDL application?
  • Call 1-800-659-2955 or Email disastercustomerservice@sba.gov

• Are EIDL loans forgiven?
  • NO, but the Advance is a grant (is forgiven)

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• Can I apply for both EIDL and PPP?
  • YES

• I have multiple businesses. Can I submit multiple COVID-19 EIDL applications?
  • YES, you can submit one application per eligible business. However, at least 81% ownership needs to be accounted for on the application. NOTE: A single business entity cannot receive more than 1 EIDL loan.
Frequently Asked Questions

• I received an initial loan quote. Does that mean I’ve been approved?
  • No, that is simply an estimate of the loan you may be qualified to receive.

Once you receive the initial loan quote:
  1. Log into your SBA Loan Portal
  2. Choose how much you want your loan amount to be, up to the maximum quoted
  3. Be sure to click the submit button

Once that is completed, your application will be advanced to the final review stage. You may be contacted by a Loan Officer to submit additional information. Please respond promptly so your application can be processed.

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• I received the loan. How do I make payments?
  • Set up online payments by completing SBA Form 1201 Borrower Payments on Pay.gov.

If you prefer to mail payments, send to:
U.S. Small Business Administration
721 19th Street
Denver, CO 80202

On mailed payments, include:
• Business Name
• Borrower’s Name
• Tax ID/EIN or SSN
• Application or Loan Number

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• What if I need more money than I’ve been approved for?
  • COVID-19 EIDLs can be modified by increasing the amount up to 6 months of working capital. An increase can be requested either before or after accepting the loan. If applicant is in urgent need of funds, accept the maximum loan amount offered and then request an increase by providing additional documentation.
  • If you were approved for a loan and would like to request additional funds, send an email that states your need for an increase to the loan amount to pdcrecons@sba.gov with the word “INCREASE” in the subject line. Include any additional information that may assist us in considering an increase for your application. For example:
    1. Your most recent Federal tax return for your business along with a signed IRS Form 4506-T
    2. For updated financials (Gross Revenue, Cost of Goods Sold, cost of operation, or other sources of compensation), submit Form 3502.

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• I received an email with an SBA logo. How do I know it is real?
  • If its from the SBA it will have a .gov email address

• Someone contacted me promising they can get me approved and move me to the head of the line – for a fee. Is this real?
  • Suspect fraud!

Report any suspected fraud to OIG’s Hotline at 800-767-0385 or online at https://bit.ly/2UxdAhL

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• Are faith-based organizations, including houses of worship, eligible to receive SBA loans under the EIDL program?

• Yes, and we additionally clarify that faith-based organizations are eligible to receive SBA loans regardless of whether they provide secular social services. That is, no otherwise eligible organization will be disqualified from receiving a loan because of the religious nature, religious identity, or religious speech of the organization.

Click HERE to Review ALL FAQ’s
Frequently Asked Questions

• What if my business started after Feb 15, 2020?

  • You are not eligible for EIDL or PPP, however SBA has other loan programs you may be able to pursue (7a, 504, micro-loans).
  • Economic Aid Act provides fee and debt relief:
    • Waives lender and borrower fees for 7(a) and 504 loan program
    • Increase in guarantee percentage (less exposure to lender)
    • SBA pays 6 months of P&I for all loans approved between Feb 1 and Sept 30, 2021, capped at $9K per month.

Click HERE to Review ALL FAQ’s
For questions about your specific situation

• **For the EIDL Loan - SBA Disaster Customer Service:**
  • 1-800-659-2955
  • TTY: 1-800-877-8339
  • E-mail: disastercustomerservice@sba.gov

• **Reach out to one of our Resource Partners for general guidance:**
  
  **Texas Gulf Coast SBDC**
  713-752-8444
  www.sbdc.uh.edu

  **Houston SCORE**
  713-487-6565
  www.houston.score.org

  **Women’s Business Center**
  713-681-9232
  www.wbea-texas.org/womens-business-center
Questions?

Please send them to houston@sba.gov

Valerie Maher
valerie.maher@sba.gov

Easter Wright
easter.wright@sba.gov

Be sure to stay up to date with our upcoming events by
Subscribing to our Email Updates at www.sba.gov/tx/houston