U.S. Small Business Administration

As of 9/30/2020

Agenda

- EIDL Overview
- PPP Update
- CARL Update
- Resource Partners
- Additional Resources
- FAQs

EIDL

Economic Injury Disaster Loan Update

- Available for all eligible small businesses.
- Expires on December 21, 2020.
- As of July 11, 2020, SBA stopped processing EIDL Advance requests, because program funds have been fully allocated. EIDL loan applications will still be processed, even though the Advance is no longer available.
- Applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.

Eligibility

- Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

- Agricultural businesses includes those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries.

Economic Injury Disaster Loans (EIDL)

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

Long-term repayments up to 30 years.

May be used for fixed debts, payroll, accounts payable and other bills affected by the disaster.

How can I use the EIDL funds?

- **EIDL Purpose:** to help finance a company's day-to-day transactions to keep it solvent for a 6-month period.
- **EIDL funds can be used for:**
  - Monthly utility, rent and payroll expenses
  - Scheduled loan or tax payments
  - Repairs, and replacing customary inventories
  - EIDL loan contract states "Use of Loan Proceeds" that the borrower will use all the proceeds of this loan **solely** as working capital to alleviate economic injury caused by the disaster.
- 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
- 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
  - TTY: 1-800-877-8339

Application

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.

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

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

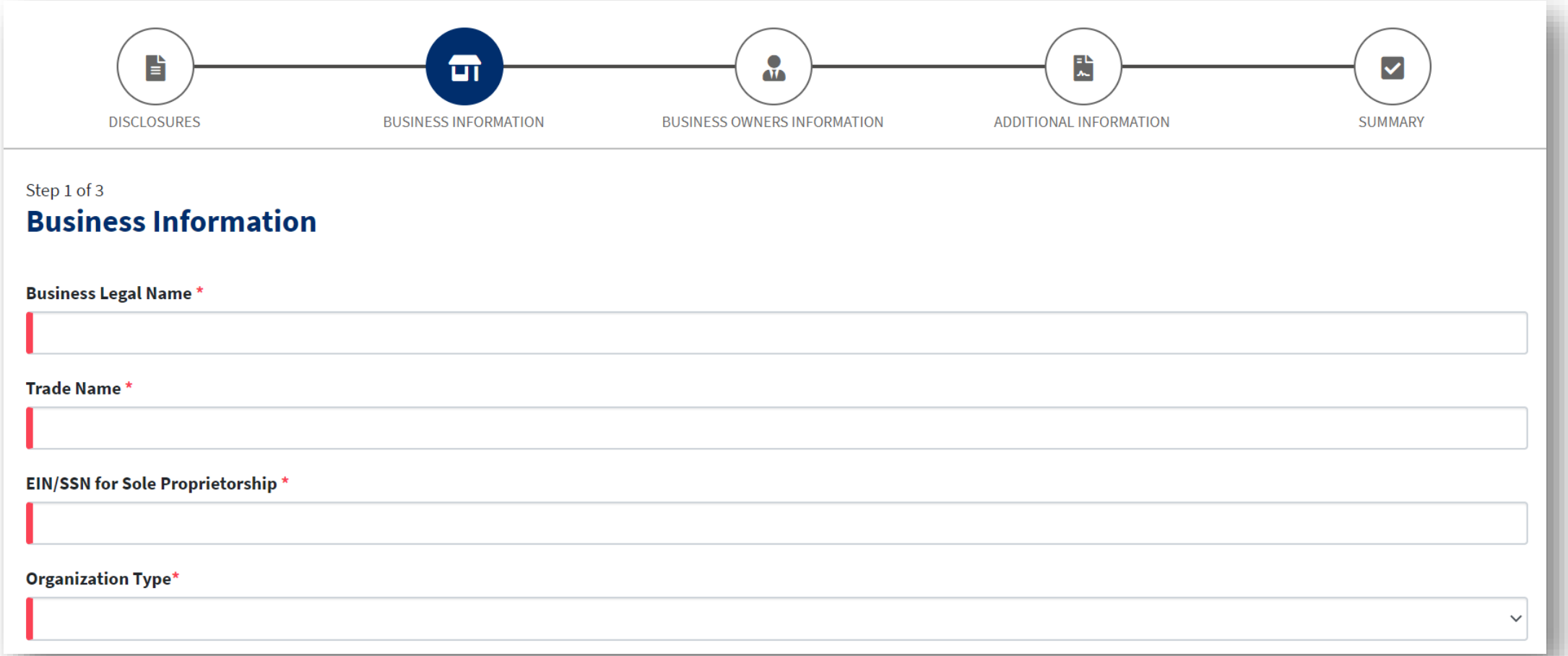
Review and Check All of the Following:

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

Application



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

Application

Is the Applicant a Non-Profit Organization? *

Yes No

Is the Applicant a Franchise? *

Yes No

Gross Revenues for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020) *

Cost of Goods Sold for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020) *

Rental Properties (Residential and Commercial) Only - Lost Rents Due to the Disaster

Non-Profit or Agricultural Enterprise Cost of Operation for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)

Compensation From Other Sources Received as a Result of the Disaster

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

Application

Provide Brief Description of Other Compensation Sources

Primary Business Address (Cannot be P.O. Box) *

City *

State *

County

Zip *

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

Application

Business Phone *

Alternative Business Phone

Business Fax

Business Email *

Date Business Established *

mm/dd/yyyy

Current Ownership Since *

mm/dd/yyyy

Business Activity *

Detailed Business Activity*

Number of Employees (As of January 31, 2020) *

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

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 six months to provide a written reconsideration request with new supplemental information.
  - If denied a second time, you get an additional 30 days to appeal.

SBA

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
- 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)

Why does SBA need my tax return?

The SBA was often unable to obtain a copy of the Federal Tax Return or transcripts from the IRS.

For all COVID-19 declarations the applicant is asked to self-certify the business' Gross Revenues, Cost of Goods Sold (operating expenses for a non-profit organization), rental or other losses. This information is how your organization's economic injury is determined.

For those individuals who request reconsideration, SBA will need a copy of their most recent Federal Tax Return and signed IRS Form 4506-T.

PPP

PLEASE NOTE:

Paycheck Protection Program (PPP) is no longer available pending Congressional action.

Program Deadline was August 8, 2020.

For the most up to date information, visit:

www.sba.gov/paycheckprotection

CARL

PLEASE NOTE:

The Community Advantage Recovery Loan (CARL) Program is no longer available.

Program Deadline was September 27, 2020.

Resource Partners

Important Non-Monetary Assistance from SBA

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
- Messaging and Social Media
- Import/Export
- Supply Chain Issues
- Strategic Planning
- Risk Management and Insurance Counseling

Resource Partner Contact Information

Small Business Development Center

- **PHONE:** 713-752-8444
- **WEBSITE:** www.sbdc.uh.edu

Houston SCORE

- **PHONE:** 713-487-6565
- **WEBSITE:** www.houston.score.org

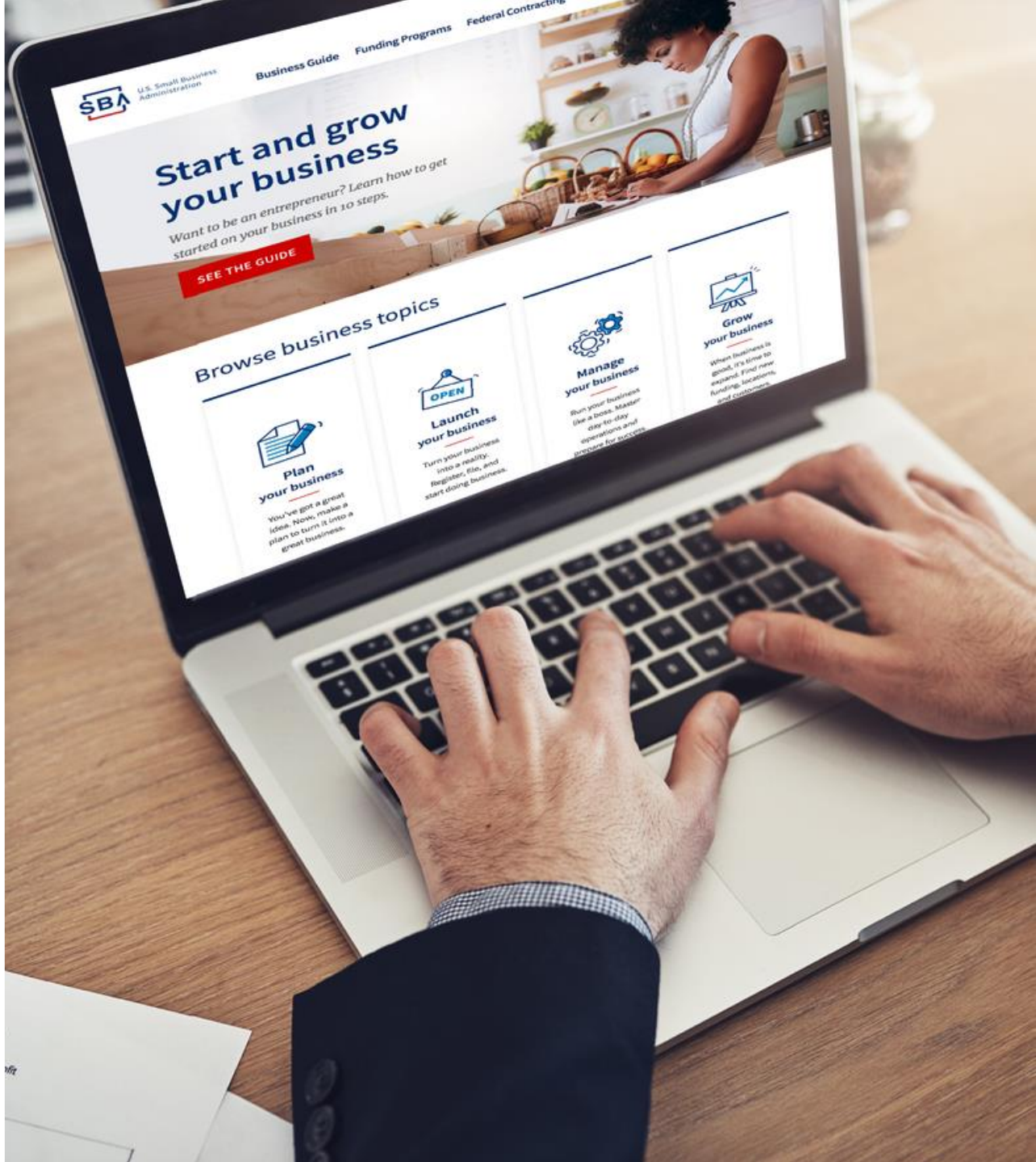
WBEA Women's Business Center

- **PHONE:** 713-681-9232
- **WEBSITE:** www.wbea-texas.org/womens-business-center

U.S. Small Business Administration

- **PHONE:** 713-773-6500 | **EMAIL:** houston@sba.gov
- **SIGN-UP FOR EMAIL UPDATES:** www.sba.gov/tx/houston
- **FOLLOW US ON TWITTER:** @SBA_Houston

Additional Resources



Additional Resources

- Visit with your existing bank
- The LiftFund Program
- Texas Restaurant Association Grant Program
- Check your local EDC (ex.- Galveston EDP Short-term Loan Program)
- Brazos Valley Community Relief Grant
- Harris County Small Business Recovery Fund
- U.S. Chamber of Commerce 'Save Small Business Fund'
- Allied Arts Grant program for artists
- Hello Alice COVID-19 Grant
- Non-Profit Organization Assistance
- Visit your local Chamber of Commerce
- Houston Business Development, Inc.
- Fort Bend County Grant Program
- Small Business Development Center Website under COVID-19 Grants

Frequently Asked Questions

Click HERE to Review ALL FAQ's

Frequently Asked Questions

- **Visit www.sba.gov/tx/houston, under Webinar Schedule and Presentations:**
  - *For a copy of this slide deck*
  - *Houston District SBA 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)*

* PLEASE NOTE: As of July 11, 2020, SBA stopped processing EIDL Advance requests, because program funds have been fully allocated.

Click HERE to Review ALL FAQ's

Frequently Asked Questions

- **Can I apply for both EIDL and PPP?**
  - *YES; however, you cannot duplicate costs.*

- **I have already submitted my PPP application. Can I submit for the EIDL loan?**
  - *YES, just don't duplicate costs included in the EIDL.*

- **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.*

Click HERE to Review ALL FAQ's

SBA

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

- **I’ve been declined for COVID-19 EIDL. What could be reasons for that decline?**
  - *Unsatisfactory credit history*
  - *Unverifiable information*
  - *Ineligible non-US citizen status*
  - *Business activity not eligible*
  - *Economic injury not substantiated*
  - *Character reasons*
  - *Failure to respond*

Click HERE to Review ALL FAQ’s

Frequently Asked Questions

- **I already have a PPP and COVID-19 EIDL and my business has not recovered yet from the impacts of the COVID shutdowns; would I qualify for another loan?**
  - *If your business received a PPP loan or EIDL assistance because of COVID-19, and even you have another SBA Disaster Loan from a previous disaster, you may still qualify for a new SBA disaster loan for losses resulting from a declared disaster in your community.*

Check disasterloan.sba.gov to see if there is a disaster declaration for your area

Click HERE to Review ALL FAQ's

Frequently Asked Questions

- **Given that my business has not yet recovered from COVID shutdowns, how will I handle repayment?**
  - *Payments for **COVID-19 loans are deferred automatically for 1 year**. Disaster loans that are already in repayment status for disasters that occurred before COVID-19 are **deferred through December 2020.** New disaster loans for civil unrest and other disasters are also automatically deferred for 1 year.*

Click HERE to Review ALL FAQ's

SBA

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

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

References and Guidance

- **IFR 136/Borrower (5/22/2020)**
  https://home.treasury.gov/system/files/136/PPP-IFR-Loan-Forgiveness.pdf

- **HR7010 - 'Paycheck Protection Program Flexibility Act of 2020' (6/5/2020)**
  https://www.congress.gov/bill/116th-congress/house-bill/7010

- **19th IFR – 13 CFR Part 120 (6/17/2020)**
  https://home.treasury.gov/system/files/136/PPP-IFR--Revisions-to-the-Third-and-Sixth-Interim-Final-Rules.pdf

- **20th IFR – 13 CFR Part 120 (6/22/2020)**
  https://home.treasury.gov/system/files/136/PPP--IFR--Revisions-to-Loan-Forgiveness-Interim-Final-Rule-and-SBA-Loan-Review-Procedures-Interim-Final-Rule.pdf

Questions?

Please send them to houston@sba.gov