



U.S. Small Business
Administration

Disaster Assistance CORONAVIRUS (COVID-19)

CALIFORNIA Declaration #16332 (Disaster: CA-00313)

occurring: January 31, 2020 & continuing

Disaster Loan Assistance Available:

Economic Injury Disaster Loans (EIDLs) – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

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EID Loans may be used for:

- Pay fixed debts
- Payroll
- Accounts payables
- And other bills that can't be paid because of the disaster's impact

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Credit Requirements:

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay the loan.
- Collateral – Collateral is required for all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available.

SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

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- Interest Rates: The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 4 percent.
- Loan Terms: The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.
- Loan Amount Limit: The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

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- **Loan Eligibility Restrictions: Noncompliance** – Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA loans.
- **Refinancing:** Economic injury disaster loans cannot be used to refinance long term debts.
- **Insurance Requirements:** To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that flood insurance coverage be the lesser of 1) the total of the disaster loan, 2) the insurable value of the property, or 3) the maximum insurance available.

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The following information is required to complete the SBA online application:

- Contact information for all applicants
- Social security numbers for all applicants
- FEMA registration number
- Deed or lease information
- Insurance information
- Financial information (e.g. income, account balances and monthly expenses)
- Employer Identification Number (EIN) for business applicants

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Required Documentation

- Business Loan Application (SBA Form 5) completed and signed by business applicant.
- IRS Form 4506-T completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has more than a 50% ownership in an affiliate business. (Affiliates include business parent, subsidiaries, and/or businesses with common ownership or management).
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.
- Personal Financial Statement (SBA Form 413) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member.
- Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used).

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ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS YOUR APPLICATION:

- Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has more than a 50% ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.
- If the most recent Federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year is acceptable.
- A current year-to-date profit and loss statement.
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.

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- Applicants may apply online, receive additional disaster assistance information and download applications at
 - <https://disasterloan.sba.gov/ela> .
- Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance.
- Individuals who are deaf or hard-of-hearing may call (800) 877-8339. Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.



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Overview

- Conventional vs. SBA Lending
- Benefits of SBA Lending

- Grow your business through Government Contracting

Conventional vs. SBA Lending

U.S. Small Business Administration Office of Capital Access



Lender Types

- Conventional Lenders
- Credit Unions
- Non-bank Lenders
- Mission-based Community Lenders
 - Certified Development Companies (CDC)
 - Community Advantage Lenders
 - Microlenders

Conventional Lending Model: Low-Risk Clients

Disproportionately benefits:

- Established businesses
- Stable cash flow
- Proven financials



Leverage the SBA Guaranty



With SBA-guaranteed loans, lenders:

- Minimize risk
- Expand presence
- Penetrate new markets
- Have customers for life
- Access to secondary market

SBA Loan Programs

U.S. Small Business Administration Office of Capital Access



SBA Loan Programs



504 Loan



7(a) Loan



Microloan



Community
Advantage
Loans



International
Trade Loans

7(a) Loan Program

- Provides funds for a variety of uses
- Federally-guaranteed loans up to \$5 Million
- Competitive loan terms
- Term loans or revolving lines of credit
- Robust secondary market and CRA credits



7(a) Loan Program: International Trade Loans

- Helps small businesses expand globally
- Guaranties from 75 percent to to 90 percent
- Offers three specific loan programs:
 - International Trade Loan Program
 - Export Working Capital Program
 - Export Express



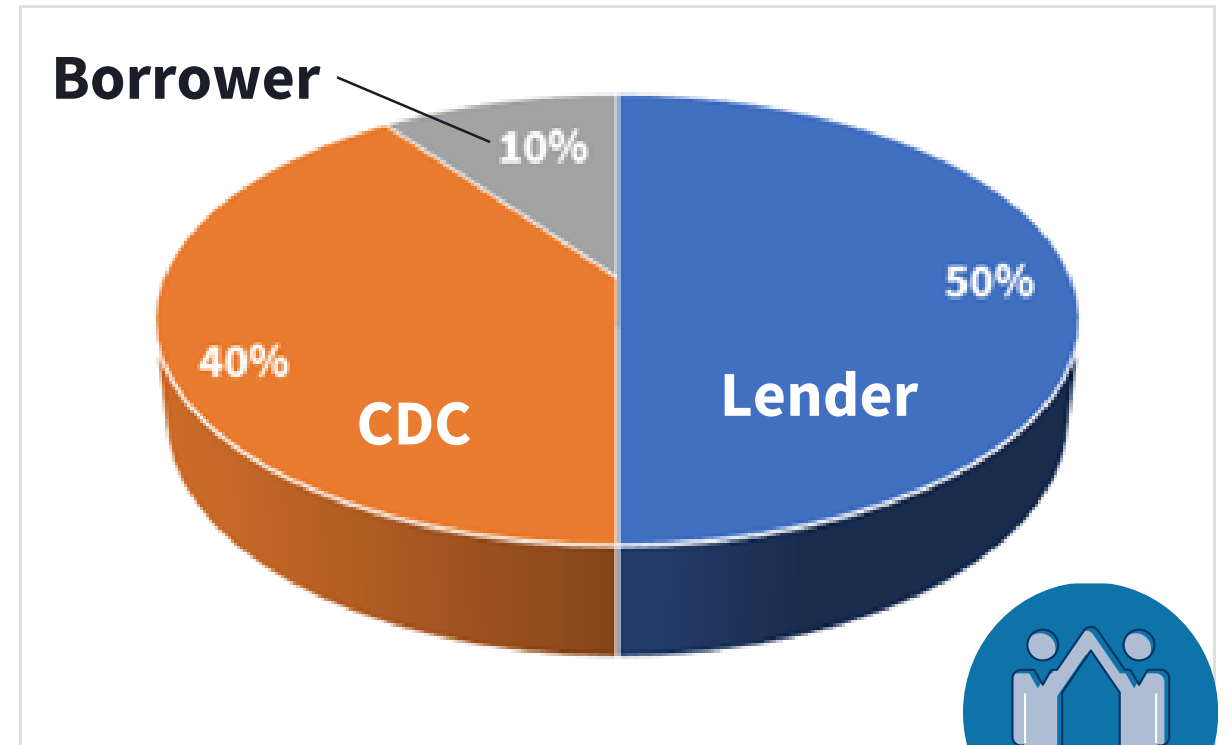
7(a) Loan Program: Community Advantage Pilot

- Originated and serviced by mission-based lenders
- Focus on underserved markets
- Receive loan guaranties up to 90 percent
- Secondary market profits can be reinvested back into the community



504 Loan Program

- Strengthened collateral position
- No SBA lending history required
- CDC processes SBA paperwork
- Qualifies for CRA credits
- Mitigates High Volatility Acquisition Development Construction concerns



Microloan Program



- Mission-based lenders and nonprofits
- Microloans of up to \$50,000
- Interest rates negotiated by lender
- Eligible for annual Technical Assistance Grant
- Eligible to be Community Advantage lender
- Use of Lender Match for lead generation



Benefits of SBA Lending

U.S. Small Business Administration Office of Capital Access



Benefits for Conventional Lenders

- Reduces the risk when lending to higher-risk industries and startups
- Helps meet Credit Reinvestment Act (CRA) requirements
- Develops future non-SBA borrowers
- Generate additional income from sale of guaranteed portion on the secondary market.



Benefits for Borrowers

- Reasonable term loans for which they may not otherwise qualify
- Smaller equity requirements mean lower down payments
- Longer repayment terms mean lower monthly payments and increased cash flow



Benefits for the Community

- Promotes economic growth
- Generates tax revenue for the community
- Creates jobs
- Encourages innovation



FY 2019 Lending Highlights

SBA Lending Highlights in Fresno District Office

- 471 = \$339mm of 7(a) loans
- 102 = \$78mm of 504 loans

SLO County 7a loans with 60 loans for \$42mm.

SLO County 504 with 13 loans for \$10mm.

SBA Fresno District Office covers 15 counties of Central CA.

Lender Match



- Lender Match is a user-friendly website that connects participating SBA lenders with small business borrowers.
- Lender Match can increase your reach to borrowers outside of your local area.
- Lenders can select referral search criteria to better target customers who meet their requirements.

Benefits of government contracting

- Government contracts are a tremendous financial opportunity for small businesses.
- The U.S. government is the largest customer in the world. It buys all types of products and services — in both large and small quantities — and it's required by law to consider buying from small businesses.
- The government wants to buy from small businesses for several reasons, including:
 - To ensure that large businesses don't "muscle out" small businesses
 - To gain access to the new ideas that small businesses provide
 - To support small businesses as engines of economic development and job creation
 - To offer opportunities to disadvantaged socio-economic groups

Want to Learn More?

Andy Seeto
Lender Relations Specialist
International Trade Officer
SCORE Liaison

559-487-5791 ext. 2714
andy.seeto@sba.gov