



Covid-19 Crisis Small Business Capital

San Diego & Imperial Small Business Development Center (SBDC)

San Diego & Imperial Women's Business Center (WBC)

www.SDIVSBDC.org

www.SanDiegoWBC.org

(March 30, 2020)



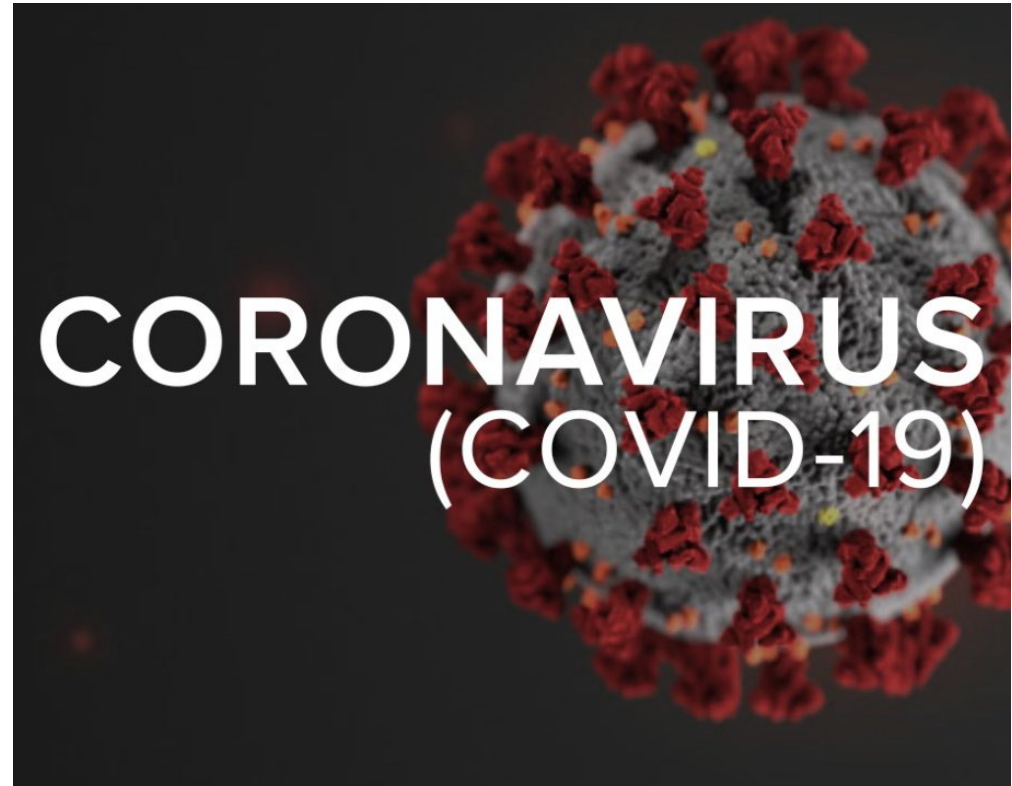
What Do We Do?

- We are funded by the US SBA and the CA Governor's Office of Business and Economic Development
- We provide expert one-on-one business advising for free
- We provide training sessions on a variety of topics
- Expertise includes: financing, business planning, operations, accounting/bookkeeping, marketing, and much more
- 10 services locations, but all staff is working online during these times



What is there today?

- SBA Disaster Loans
 - EIDL
 - PPP (Payroll) - coming
- Paid Leave and Unemployment for furloughed staff
- Tax Deadlines moved to July 15
- California State Loan Guarantee, disaster enhancement
- Micro-loans, CDC SBF and more
- City and County programs



Cash-Outflow – Action Steps Now

- Contact current creditors to ask for deferral
- Request to EDD payroll tax deferral
- Plan for July 15 income tax (federal and state)
- Contact landlord(s) to delay rent



Financials

- Collect your 2019 and prior year financials. This includes profit and loss statements, sales history by month, and completed tax returns
- Collect your 2020 financials to date, by month.
- Document a negative cause and effect relationship of the virus on ability to pay:
 - Expenses
 - Debt Service, i.e. any and all loan payments
- Project the financial impact - compare to 2019 and prior - project through the end of 2020.
- Monthly Payroll expenses



SBA's Economic Injury Disaster Loan Basics

What businesses are eligible to apply?

SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations

This includes:

- Businesses directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration
- Other businesses indirectly related the industry that are likely to be harmed by losses in their community

(Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)

SBA's Economic Injury Disaster Loan Basics

- What is the criteria for a loan approval?

- Credit History-Applicants must have a credit history acceptable to SBA.

Repayment –SBA must determine that the applicant business has the ability to repay the SBA loan.

- Eligibility- The applicant business must be physically located in a declared county and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.





SBA's Economic Injury Disaster Loan Terms



- **How much can I borrow?**
- Eligible entities may qualify for loans up to \$2 million.
- The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.
- Eligibility for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.
- **How can I use the loan funds?**
- These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.



SBA's Economic Injury Disaster Loan Terms

What are the collateral requirements?

- Economic Injury Disaster Loans over \$25,000 require collateral.
- SBA takes real estate as collateral when it is available.
- SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available.





SBA's Working Capital Loans are Different from Other SBA Loans



- SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.
- Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: <https://covid19relief.sba.gov/#/>
- There is no cost to apply.
- There is no obligation to take the loan if offered.
- The maximum unsecured loan amount is \$25,000.
- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.



Basic Filing Requirements

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

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 to receive the advance, 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.

Paycheck Protection Plan (PPP)

- This is coming out later this week or early next week
- It will work under the SBA 7a program – a bank or other lender will provide the loan
- Loan application will be available until June 30, 2020
- Loan size is 2.5 times monthly fully-loaded payroll
- Payroll paid between Feb 15 and June 30 can be forgiven along with mortgage or rent
- PPP and EIDL can both be applied for, but not used for the same purpose



Use our Team of Advisors for Help – and Review



- You can request an SBDC/WBC Advisor to help you complete your application prior to submittal – this is a no-cost service.
- Help can be provided for other capital





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Other Loan Options

- City of San Diego - \$6 million fund for City based businesses
- South County (San Diego) EDC - \$5,000 loans for Restaurants
- Others in development:
 - County of San Diego
 - Opportunity Fund
 - Accion of Southern California
- Stay Tuned . . .