**SBA EIDL - COVID-19 Changes and Updates From Debra Peters, NCRPC.**

Some of the loan information has changed for the better…They are streamlining the program even further, as the processing center mentioned for the first 4 states approved under the program they received 6,000 applications, this disaster declaration will most likely be issued for every state in the U.S. - so the number of applications they will receive and process will be massive.

First the marketing of this program could be improved by saying:  **The program is designed to provide businesses with immediate relief to help mitigate the impact of COVID-19 by providing loans of approximately 6 months of expenses AND debt service.**

The business submits an application that does not include a loan amount, SBA decides the amount of the loan using the following formula:

2019 Sales - COGS = Gross Profit x 50% = Potential Loan Amount

There may be more that goes into the amount approved, so the amount of the approval may be more or less than this formula.

**Maximum Loan:** $2,000,000

**Interest Rate:** 3.75% fixed interest for-profit and 2.75% fixed for non-profits

**Term:** Automatic 30 year term with 12-month payment deferral (interest accrues)

**Eligible Businesses:**  Most eligible if they've been in business for 12 months or more, except farmers.  Program is unusual in that it does allow applications from residential rental real estate and commercial rental real estate companies, which are not eligible for SBA's regular program.  Also non-profits are eligible.  Note 1:  If there was a change in ownership that was less than 12 months ago, it should be eligible as long as the purchase was not after 1/31/2020.  Note 2:  For a business that is less than 12 months I would still recommend you have them call SBA-Wichita to see if there are any work arounds to help them.

**Credit Elsewhere:** A denial letter is not required from the bank.  This is a deviation from the normal disaster program where it is a requirement.

**Collateral:**  If the amount of your potential loan is $25,000 or less then it will be a unsecured loan.  If your loan is greater than that it will be secured by a lien on business assets (excluding business real estate and personal residence/real estate holdings), a personal guaranty, and if applicable - an entity guaranty from any affiliate businesses the borrower is a majority owner in.  This is a deviation from the normal disaster program where real estate is the preferred collateral including personal residence.

**Disbursement:** Depending on the amount approved, you will either receive a lump sum payment OR you will draw on the loan until you've reached the amount approved.  You only draw what you want, you don't have to draw it all.  This is a multiple advance term loan, not a revolving line of credit.

**SBA Fees:** The only fees SBA has are its out-of-pocket closing costs to secure the loan, which may be a UCC and fixture filing for less than $50.

**Timeline:**  Approximately 3 weeks for approval.  Then business mailed a closing packet.  Once SBA receives a completed closing packet, disbursement anticipated in 5 business days.

**How to Apply:**  My recommendation is to fill out the application by hand and then input into the website.  I have been hearing that the website is bogged down, so I would recommend applying in the early morning, late at night, or weekend when the system might have less pressure.

Or you can mail in your application if you don't want to mess with the website application submittal process and issues.  Keep in mind SBA says your request will be processed quicker if submitted on-line.

Here's where the business goes to apply electronically: <https://disasterloan.sba.gov/ela/>

Businesses should be told they can complete the application themselves.  There are only a couple SBA forms and the rest is information that should already have.

Most businesses should be eligible.  SBD EIDL Program specifically says they are not eligible if in the business is less than 12 months, but I would recommend they apply anyway - what do they have to lose?

If they have purchase a business before 1/31/2020, they should be eligible.

If they were losing money prior to the disaster (2019), they will probably be declined.  If they want to apply to make sure - what do they have to lose?

Here's the size standard by industry standard-NAICS Code:  <https://www.ecfr.gov/cgi-bin/text-idx?SID=b919ec8f32159d9edaaa36a7eaf6b695&mc=true&node=pt13.1.121&rgn=div5#se13.1.121_1201>

The business industry standard-NAICS Code should be at the top of their tax return.  If they can't find it, then they can Google it OR look at this link:  <https://www.census.gov/eos/www/naics/>

Any inquiries you get, please provide them the appropriate application packet.  it is pretty straight forward and they shouldn't have questions, but if they do here's the rundown of who they should call:

SBA-Wichita-316-269-6571 Christie Christie.Henry@sba.gov or Janelle Janelle.Jones@sba.gov, with one of them in the office daily.

Of course, they can contact me keeping in mind I'm just one person doing the best I can to try to cover a blast of inquiries/calls/application assistance/etc.  785-823-6106 dpeters@nckcn.com

In my opinion you should not call or e-mail disaster center, as they haven't responded to anything I've sent yet.

SBA EIDL Customer Service:  1-800-659-2955

SBA EIDL E-mail: disastercustomerservice@sba.gov

If you want to type the forms, then here's the link to the fillable pdf forms:  <https://disasterloan.sba.gov/ela/Information/PaperForms>

Disaster website probably crashed on Wednesday and may be down when you try it out.

Here's where the business goes to apply electronically: <https://disasterloan.sba.gov/ela/>

Other submittal options:  <https://disasterloan.sba.gov/ela/Home/COVID19DeliveryOptions>

**Deadline to Apply:** December 31, 2020

Right now SBA reports having $18 billion through 9/30/2020, with potentially more from the stimulus package if it ever gets passed.

Questions call SBA-Wichita District Office at 316-269-6571 and ask for Christie or Janelle.

Please let me know if you have questions or I can be of further assistance at 785-823-6106.

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If you want to see a sample one for application purposes, email Ellen at the bottom of the Marshall County web page, and she will forward it to you.