



AMERICA'S

SBDCC®

CALIFORNIA

# Supervisor V. Manuel Perez



# CV SBDC Joaquin Tijerina



# How Do you Contact Me?

## **SITE**

[www.ociesmallbusiness.org](http://www.ociesmallbusiness.org)

## **PHONE NUMBER**

1-800-616-7232

# What is the SBDC?





# Who am I?



# Where was I Two Weeks Ago?





# Where Am I Today?



# Things You Can Do Now

- Your Lease
- Your Loan
- Your Insurance
- Your Employees

# Taking Care of my Employees

Program	Why	What	Benefits	More Information	How to File
<b>Disability Insurance</b>	If you're unable to work due to medical quarantine or illness related to COVID-19 (certified by a medical professional)	Short-term benefit payments to eligible workers who have a full or partial loss of wages due to a non-work-related illness, injury, or pregnancy.	Approximately 60-70 percent of wages (depending on income); ranges from \$50-\$1,300 a week for up to 52 weeks.	<a href="#">Learn more about your eligibility for Disability Insurance</a>	<a href="#">File a Disability Insurance claim</a>
<b>Paid Family Leave</b>	If you're unable to work because you are caring for an ill or quarantined family member with COVID-19 (certified by a medical professional)	Up to six weeks of benefit payments to eligible workers who have a full or partial loss of wages because they need time off work to care for a seriously ill family member.	Approximately 60-70 percent of wages (depending on income); ranges from \$50-\$1,300 a week for up to 6 weeks.	<a href="#">Learn more about your eligibility for Paid Family Leave</a>	<a href="#">File a Paid Family Leave claim</a>
<b>Unemployment Insurance</b>	If you have lost your job or have had your hours reduced for reasons related to COVID-19.	Partial wage replacement benefit payments to workers who lose their job or have their hours reduced, through no fault of their own.	Range from \$40-\$450 per week for up to 26 weeks.	<a href="#">Learn more about your eligibility for Unemployment Insurance</a>	<a href="#">File an Unemployment Insurance claim</a>
<b>Paid Sick Leave</b>	If you or a family member are sick or for preventative care when civil authorities recommend quarantine	The leave you have accumulated or your employer has provided to you under the Paid Sick Leave law.	Paid to you at your regular rate of pay or an average based on the past 90 days.	<a href="#">Learn more about your eligibility for Paid Sick Leave</a>	<a href="#">If accrued sick leave is denied, file a Wage claim</a>
<b>Workers' Compensation</b>	If you are unable to do your usual job because you were exposed to and contracted COVID-19 during the regular course of your work, you may be eligible for workers' compensation benefits.	Benefits include temporary disability (TD) payments, which begin when your doctor says you can't do your usual work for more than three days or you are hospitalized overnight. You may be entitled to TD for up to 104 weeks. TD stops when either you return to work, your doctor releases you for work, or your doctor says your illness has improved as much as it's going to.	TD generally pays two-thirds of the gross wages you lose while you are recovering from a work-related illness or injury, up to maximum weekly amount set by law. In addition, eligible employees are entitled to medical treatment and additional payments if a doctor determines you suffered a permanent disability because of the illness.	<a href="#">Learn more about your eligibility for Workers' Compensation benefits</a>	<a href="#">File a Workers' Compensation claim</a>

# What Funding Is Available To Me?

- SBA Disaster Loan
- Traditional Loans
- Credit Cards
- Crowd Funding
- City/County Loans
- Equity Funding like Shark Tank!



# What's In The Current Stimulus Bill For Small Business?

- Economic Injury Disaster Loan
- Paycheck Protection Program

# How to Prepare for Funding

## Items Needed:

- Credit History
- Credit Score
- About your business
- How you will use the funds
- Interim 2019 P & L's
- Tax Returns for the past two years - both Corporate and Personal
- SBA Form 413
- SBA Form 1919
- SBA Form 5 or 5C (for Sole Prop)
- SBA Form P-019
- SBA Form 2202
- SBA Form 1368
- SBA Form 4506T

# Economic Injury Disaster Loans (EIDL)

The U.S. Small Business Administration (SBA) is offering low-interest federal disaster loans for **working capital to small businesses suffering substantial economic injury** as a result of the Coronavirus (COVID-19) throughout California.

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.



# Economic Injury Disaster Loan Basics

## *How much can I borrow?*

- Eligible entities may qualify for loans up to **\$2 million**.
- The interest rates are **3.75%** for small businesses and **2.75%** for nonprofit organizations.
- 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.



U.S. Small Business  
Administration



# Economic Injury Disaster Loan Basics

## *What businesses are eligible to apply?*

- 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 product may be eligible as well as the wholesaler and retailer of the product.)



# 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.



# Ineligible Entities for Economic Injury Disaster Loans

## What are some of the businesses that are ineligible for an Economic Injury Disaster Loans?

- **Agricultural Enterprises** - If the primary activity of the business (including its affiliates) is as defined in Section 18(b)(1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance.
- **Religious Organizations**
- **Charitable Organizations**
- **Gambling Concerns** (Ex: Concerns that derive more than 1/3 of their annual gross revenue from legal gambling activities)
- **Casinos & Racetracks** (Ex: Businesses whose purpose for being is gambling (e.g., casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of 1/3 criteria above.

# How to Apply

- Applicants may **apply online** using the Electronic Loan Application (ELA) via SBA's secure website at [disasterloan.sba.gov/ela](https://disasterloan.sba.gov/ela).
- Paper loan applications can be downloaded from [sba.gov/disaster](https://sba.gov/disaster). Completed applications should be mailed to: **U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.**
- Disaster loan information and application forms may also be obtained by calling the **SBA's Customer Service Center at 800-659-2955 (800-877-8339** for the deaf and hard-of-hearing) or by sending an email to [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

# Basic Filing Requirements

- **Completed SBA loan application (SBA Form 5 or 5C)**
- **Tax Information Authorization (IRS Form 4506T)** for the applicant, principals and affiliates (see instructions on form, must be signed).
- **Complete copies of the most recent Federal Income Tax Return.**
- **Schedule of Liabilities (SBA Form 2202).**
- **Personal Financial Statement (SBA Form 413).**
- **Other Information may also be requested.**

Although a paper application and forms are acceptable, filing electronically is easier, faster and more accurate.

# Additional Filing Requirements

Other information that may be requested:

- **Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates**
- (see filing requirements for more information).
- 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.
- A **current year-to-date profit-and-loss statement**.
- **Additional Filing Requirements (SBA Form 1368)** providing monthly sales figures. (especially important for Economic Injury Disaster Loans like these)

# Submit Your Application As Soon As Possible

- **Recheck the filing requirements** to ensure that all the needed information is submitted.
- **The biggest reason for delays in processing is due to missing information.** Make sure to complete all filing requirements before submitting the application and forms.
- **If more funds are needed**, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.
- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

# What to do Right Now!

## Complete the following Forms:

- SBA Form 5 or 5C (for sole proprietor)
- SBA Form P-019

## Log-on to [covid19relief.sba.gov](https://covid19relief.sba.gov)

- Fill in online application
- Make sure you check box that you want \$10,000 upfront
- Click submit on application and save application number

## Complete the rest of the forms, ASAP



# Examples!

*Borrowing \$25,000 for 30 years at 3.75% = \$116/month*

*Borrowing \$50,000 for 30 years at 3.75% = \$232/month*

*Borrowing \$100,000 for 30 years at 3.75% = \$463/month*

# Where Do I Apply?

[covid19relief.sba.gov](https://covid19relief.sba.gov)

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# Payroll Protection Program- PPP

The Paycheck Protection Program administered through the SBA - that provides up to **\$349 billion in loans** to eligible entities, with such loans being subject to forgiveness under certain circumstances. The **100 percent federally-guaranteed loans** are available under a new subsection 36 of Section 7(a) of the Small Business Act.



U.S. Small Business  
Administration



ORANGE COUNTY INLAND EMPIRE NETWORK

# Eligibility

Eligible entities are those with less than 500 employees, including the following:

- Businesses
- 501(c)(3) nonprofit organizations
- Veterans organizations
- Certain tribal business concerns
- Eligible self-employed individuals
- Independent contractors
- Sole proprietorships
- Businesses in the accommodation and food services industry (NAICS 72) that have less than 500 employees per physical location

# Eligibility

For the purposes of determining the 500 employee threshold, applicants should include full time, part-time and other basis employees. General SBA affiliations apply except such rules are waived with respect to:

- Businesses in the accommodation and food services industry (NAICS 72),
- Franchises assigned a franchise identifier code
- Business licensed under Section 301 of the Small Business Investment Act



# How much can I Borrow?

- Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed \$10 million.
- Maximum loan = **2.5 x Average total monthly payroll costs** incurred during the year prior to the loan date For businesses not operational in 2019: 2.5 x Average total monthly payroll costs incurred for January and February 2020

## **For Seasonal Employers:**

Maximum loan = 2.5 x Average total monthly payments for payroll costs for the 12-week period beginning February 15, 2019 or March 1, 2019 (decided by the loan recipient) and ending June 30, 2019

# What are the Rates?

- Loan amounts up to \$10,000,000
- Fixed rate of no more than 4%
- Up to a 10 year term for the loan
- Deferred for up to 6 months

# Included Payroll Costs

**For Employers: The sum of payments of any compensation with respect to employees that is a:**

- salary, wage, commission, or similar compensation;
- payment of cash tip or equivalent;
- payment for vacation, parental, family, medical, or sick leave
- allowance for dismissal or separation
- payment required for the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee

# Will This Loan Be Forgiven?

## How Much?

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- **Payroll costs** (using the same definition of payroll costs used to determine loan eligibility)
- **Interest on the mortgage obligation** incurred in the ordinary course of business
- **Rent on a leasing agreement**
- **Payments on utilities** (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees

The loan forgiveness cannot exceed the principal.

# How could the forgiveness be reduced?

The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.

# What if I bring back employees or restore wages?

Reductions in employment or wages that occur during the period beginning on February 15, 2020, and ending 30 days after enactment of the CARES Act, (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness IF by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.

# What will lenders be Looking for?

Lenders will also ask you for a good faith certification that:

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan)



# What Lenders will not be looking for

- That the borrower sought and was unable to obtain credit elsewhere.
- A personal guarantee is not required for the loan.
- No collateral is required for the loan.

# QUESTIONS?

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