



Covid-19 Relief

# SMALL BUSINESS GUIDE





## Council Member Plummer

Friends,

I understand that this COVID-19 pandemic has affected all of us in many ways. Our business community has suffered and continues to suffer tremendously. For the last two decades, I have successfully managed two dental practices, but like many small business owners, I am also feeling the emotional and financial impact of Covid-19. As someone who has never closed her business, or laid off staff, the past few weeks have been very difficult for me. I have had many Houstonians reach out to me in the last few days, enquiring about assistance that is available for small business owners so that they can stay afloat during this crisis and resume business afterwards.

Congress passed the CARES Act to provide resources for small businesses in the form of loans and grants that are administered by approved local banks. Since applying for loans can be a daunting process, my At-Large 4 staff and I have put together this resource, to help you make the right decision for your business and guide you through the process.

Should you have any questions or concern, please do not hesitate to reach out to my office.

Yours Sincerely,

Council Member Plummer,  
At - Large 4

## Contact

City Hall Annex  
900 Bagby, First Floor  
Houston, TX 7700

Phone: 832.393.3012  
FAX: 832.393.3327  
E-Mail: [atlarge4@houstontx.gov](mailto:atlarge4@houstontx.gov)

<http://www.houstontx.gov/council/4/>

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\*All information in this guide was correct at the time of publishing

A woman with dark hair, wearing a grey pinstriped suit jacket and matching pants, is holding a large, blank white rectangular sign in front of her. She is looking down at the sign. The sign is the background for the main text.

# Small Business Loan Options



# Loan Options

## Options for Small Businesses

The coronavirus pandemic continues to create economic challenges on many Houston businesses. The U.S. Small Business Administration (SBA) has initiated Economic Injury Disaster Loans to help small businesses survive and recover from the crisis by offering substantial relief for small businesses through multiple loan options.

In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.



### Paycheck Protection Program

This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program.



### EIDL Loan Advance

This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.



### SBA Express Bridge Loans

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.



### SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

\*SBA.gov



# Economic Injury Disaster Loan (EIDL)



## Eligibility

The SBA can approve and offer EIDL loans based solely on an applicant's credit score or use an appropriate alternative method for determining applicant's ability to repay.

It waived any personal guarantee on advances and loans below \$200,000. For loan amounts over \$200,000, the SBA may require personal guarantees.

## EIDL Loan Terms

The term of the will not exceed 30 years. The repayment term will be determined by the applicant's ability to repay the loan. This loan is available only to small businesses when SBA determines they are unable to obtain credit elsewhere. A business may qualify for both an EIDL and a physical disaster loan- the maximum combined amount is \$2 million.

## Application

To apply for the EIDL, go to: <https://covid19relief.sba.gov/#/>

A business can also determine its eligibility by visiting the above site.

**This loan program provides low interest disaster loans to help businesses recover from declared disasters.**

## EIDL Details

This loan will provide up to \$2 million in assistance and be used to pay fixed debts, payroll, accounts payable, and other expenses unable to be met due to COVID-19 pandemic. Interest rates for this loan are 3.75% for small businesses without credit available elsewhere and 2.75% for nonprofit organizations. The loan originator is the Small Business Administration (SBA). Even businesses who have been in operation for less than a year can apply. The application for this loan must be submitted by June 30, 2020.

# Emergency Advance



In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available following a successful application. This loan advance will not have to be repaid.

The EIDL loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.

A borrower applying for EIDL can request an advance on the loan of up to \$10,000 from the Small Business Administration (SBA). The SBA must distribute the Emergency EIDL within 3 days of the request. Any advance amount will be considered an Emergency EIDL grant. The good news is the borrower will not be required to pay back the Emergency EIDL Grant even if they are subsequently denied for an EIDL loan! In advance of disbursing the advance payment, the SBA will require that the borrower file a certification, under penalty of perjury, that they are eligible to apply for a EIDL loan

.Advance payment may be used for:

- Providing paid sick leave to employees;
- Maintaining payroll
- Meeting increased costs to obtain materials;
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses.

**The Emergency EIDL Grants will end on December 30, 2020.**

**Apply for this loan advance at the end of your EIDL application, under Additional Information**





# Paycheck Protection



## The loan amount is calculated using submitted tax documents.

**T**his program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), 501(c)(3) non-profit organizations, 501(c)(19) veterans organizations, or Tribal businesses (see sec. 31(b)(2)(C) of the Small Business Act) affected by coronavirus/COVID-19. Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.

For this program, the SBA's affiliation standards are waived for small businesses (1) in the hotel and food services industries or (2) that are franchises in the SBA's Franchise Directory; or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate.

The applicant is not required to pledge collateral for this loan and the loan amount is calculated using submitted tax documents.



# Program

# (PPP)



## PPP helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis.

Businesses can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, Farm Credit System institution that is participating and other regulated lenders, approved by the SBA. Lenders started processing loan applications on April 3, 2020.

The applicant will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process the application by June 30, 2020. Applicants are encouraged to apply early as there is a cap and the lenders will need time to process the loan.

The interest rate is 1% with a deferment for 6 months (interest will continue to accrue during this time). Loan terms are up to 10 years.

**SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.**

**Available through June 30, 2020**

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. Loan payments will be deferred for 6 months.

	<b>Economic Injury Disaster Loans</b>
<b>Originator</b>	Small Business Administration (Dire
<b>Application</b>	<a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a>
<b>Eligibility</b>	Small businesses with 500 or less employees
<b>Loan Forgiveness</b>	No
<b>Collateral</b>	The SBA places a UCC lien against assets of the business
<b>Terms</b>	Up to 30 years
<b>Maximum Loan Amount</b>	Up to \$2 million Applicants can request up to \$10,000 in advance, which will be distributed within 3 days. Applicants are not required to pay if they are denied a loan.

	<b>Payment Protection Program</b>
Object)	Bank, Credit Union, or a Technology Lender that is SBA approved and does SBA 7(a) Loans
	<a href="https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-6">https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-6</a>
Eligibility	Small businesses in operation on February 15, 2020 with 500 or less employees. Individuals who are sole proprietorship or an independent contractor.
Use	For businesses that follow guidelines for loan use.
Collateral	No collateral is required
Term	Up to 10 years
Maximum amount	Lesser of 2.5x average monthly payroll costs of last 12 months OR \$10 million

## Economic Injury Disaster Loans

## & Paycheck Protection Program Compari- son



# SBA Express Bridge Loans



Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan.



If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

#### Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

More information about this loan can be found in the [Express Bridge Loan Pilot Program Guide](#)



# SBA Debt Relief



**The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months, including new 7(a), 504, and microloans issued prior to September 27, 2020.**

## Additional Debt Relief

For current SBA Serviced Disaster (Home and Business) Loans: If a disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through December 31, 2020

### Automatic Deferral

- Interest will continue to accrue on the loan.
- 1201 monthly payment notices will continue to be mailed out which will reflect the loan is deferred and no payment is due.
- The deferment will NOT cancel any established Preauthorized Debit (PAD) or recurring payments on loans. Borrowers that have established a PAD through Pay.gov or an OnLine Bill Pay Service are responsible for canceling these recurring payments.
- Borrowers that had SBA establish a PAD through Pay.gov will have to contact their SBA servicing office to cancel the PAD.
- Borrowers preferring to continue making regular payments during the deferment period may continue remitting payments during the deferment period. SBA will apply those payments normally as if there was no deferment.

- After this automatic deferment period, borrowers will be required to resume making regular principal and interest payments. Borrowers that cancelled recurring payments will need to reestablish the recurring payment.

For questions about applicable loan deferments, contact:

Birmingham Disaster Loan Servicing Center:  
Phone: 800-736-6048  
Email: BirminghamDLSC@sba.gov

El Paso Disaster Loan Servicing Center:  
Phone: 800-487-6019  
Email: EIPasoDLSC@sba.gov

# SBA Process & Documents



## The Three Step Process: Disaster Loans

### About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.

#### STEP 1: Apply for Loan

- Apply: 1) online; 2) in-person at a disaster center; or 3) by mail.
- Apply online at the SBA's secure website [disasterloan.sba.gov/ela](https://disasterloan.sba.gov/ela).
- As a business of any size, you may borrow up to \$2 million for physical damage.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a maximum business loan (physical and EIDL) of \$2 million.
- As a homeowner you may borrow up to \$200,000 to repair/replace your disaster damaged primary residence.
- As a homeowner or renter, you may borrow up to \$40,000 to repair/replace damaged personal property.

#### STEP 2: Property Verified and Loan Processing Decision Made

- SBA **reviews your credit** before conducting an inspection to verify your losses.
- An SBA verifier will **estimate** the total physical loss to your disaster damaged property.
- A loan officer will determine your **eligibility** during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. Our goal is to arrive at a decision on your application within 2 - 3 weeks.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.

#### STEP 3: Loan Closed and Funds Disbursed


- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
  - Physical damage:
    - \$25,000
  - Economic injury (working capital):
    - \$25,000 (In addition to the Physical damage disbursement)
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).

[sba.gov/disaster](https://sba.gov/disaster)  
August 2018 v1

## Required Documentation

The following documents are required to process your application and reach a loan decision. Your Loan Officer and Case Manager will assist you to ensure that you submit the proper documentation. Approval decision and disbursement of loan funds is dependent on receipt of your documentation.

BUSINESSES	HOMEOWNERS AND RENTERS
<ul style="list-style-type: none"> <li>• Business Loan Application (SBA Form 5) completed and signed by business applicant.</li> <li>• 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).</li> <li>• Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.</li> <li>• 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.</li> <li>• Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used).</li> </ul> <p><b>ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS YOUR APPLICATION:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• A current year-to-date profit and loss statement.</li> <li>• Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.</li> </ul>	<ul style="list-style-type: none"> <li>• Home Loan Application (SBA Form 5c) completed and signed by Applicant and Co-Applicant.</li> <li>• IRS Form 4506-T completed and signed by Applicant and Co-Applicant.</li> </ul> <p style="text-align: center;"><b>APPLY FOR ASSISTANCE AT</b> <a href="https://disasterloan.sba.gov/ela">disasterloan.sba.gov/ela</a></p> <div style="text-align: center;">  <p><b>Or Call</b></p> <p><a href="tel:1-800-659-2955">1-800-659-2955</a> (SBA Customer Service Center)</p> <p><a href="tel:1-800-877-8339">1-800-877-8339</a> (TTY: Deaf and Hard-of-Hearing)</p> </div>



# Resources

[www.SBA.gov](http://www.SBA.gov)

Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

Business Guide Funding Programs Federal Contracting Learning Center Local Assistance About SBA

## Coronavirus (COVID-19): Small Business Guidance & Loan Resources

Health and government officials are working together to maintain the safety, security, and health of the American people. Small businesses are encouraged to do their part to keep their employees, customers, and themselves healthy.

### Content

- [Coronavirus Funding Options](#)
- [Guidance for Businesses and Employers](#)
- [Local Assistance](#)
- [Join the SBA's Relief Efforts](#)



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## HOUSTON DISTRICT OFFICE

SBA.gov - Local Assistance - District Office List - Houston

**Houston District Office**  
 8761 S. Decatur Drive Suite 1200  
 Houston, TX  
 Phone: 713-773-6500  
 Fax: 713-773-6530

**About Us**

Hours of Operation:  
 Monday through Friday from 8:00 AM to 4:30 PM

District Director: Tim Jeffcoat  
[Office Directory](#)

**Resource Guide**  
[Houston District Office Resource Guide](#)  
[National Resource Guide \(En Español\)](#)  
[SBA Houston District Webinar Schedule - April](#)



HOW TO GROW YOUR BUSINESS IN HOUSTON

### Small Business Events

April 2020

## Houston District Office