



U.S. Small Business
Administration



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Alternativas de Financiamiento ante el COVID-19

Oficina Distrito de Puerto Rico e Islas Vírgenes

**The SBA works to ignite change and spark action
so small businesses can confidently**



START • GROW • EXPAND • RECOVER

SBA's Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

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

Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provide by the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.



Administrator Jovita Carranza

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 to 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 kinds of small businesses can apply?

Examples of eligible industries include but are not limited to the following: hotels, recreational facilities, charter boats, manufacturers, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.



What other criteria is involved?

The applicant business must have a physical presence in the declared disaster area. An applicant's economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.

Automatic Deferment on Existing SBA Disaster Loans

SBA Implements Automatic Deferment on Existing SBA Disaster Loans Through End of 2020

U.S. Small Business Administration Administrator Jovita Carranza announced changes to help borrowers still paying back SBA loans from previous disasters. By making this change, deferments through December 31, 2020, will be automatic. Now, borrowers of home and business disaster loans do not have to contact SBA to request deferment.

“The SBA is looking at every option and taking every action to cut red tape to make it easier for small businesses to stay in business. Automatically deferring existing SBA disaster loans through the end of the year will help borrowers during this unprecedented time,” said Administrator Carranza. “Today’s announcement adds a list of growing actions the SBA is taking to support small businesses. These actions include making it easier for states and territories to request a declaration so small businesses statewide can now apply for economic injury disaster loans, and changing the terms of new economic injury loans to allow for one-year deferments. We are working around the clock to find ways to assist small businesses and today’s action is one step in this process.”

SBA Loan Programs



504 Loan



7(a) Loan



Microloan



Community
Advantage
Loans



International
Trade Loans



U.S. Small Business
Administration

The Express Bridge Loan (EBL)

What is a Small Business?

- **Organized for profit**
- **Place of business in the U.S.**
 - And operates primarily in the U.S., or makes a significant contribution to the U.S. economy (i.e. payment of taxes, use of American products, labor, or materials)
- **Each NAICS has a receipts-based OR employee-based size standard**
 - Each North American Industrial Classification System (NAICS) code has a small business size standard
 - NAICS are created by the Dept. of Census, not SBA
www.census.gov/eos/www/naics/

www.sba.gov/tools/size-standards-tool

13 CFR § 121.105 10

Ineligible Business



- Lending and Investment Concerns
- Multi-level sales distribution (Pyramid) Concerns
- Non-profit Organizations
- Not a small business concern
- Gambling concerns (concerns that derive more than one-third of their annual gross revenue for legal gambling activities) and Casinos, racetracks, etc.(businesses whose purpose for being is gambling
- Religious organizations
- Political or lobbying concerns
- Real estate developers
- Life insurance companies
- Concerns engaged in illegal activities (as defined by Federal guidelines)
- Concerns with principals incarcerated, on parole or probation
- Concerns engaged in live performances of, or the sale of products, services, of a prurient sexual nature
- Concerns not located in the declared disaster
- Concerns determined to have credit available elsewhere

The Express Bridge Loan Pilot Program (EBL)

Effective Date: March 25, 2020

Description:

- ❑ In response to the COVID-19 National Emergency, the Express Bridge Loan (EBL) Pilot Program has been modified and the term extended. The EBL Pilot Program is designed to supplement the Agency's direct disaster loan capabilities and authorizes SBA Express Lenders to provide expedited SBA-guaranteed bridge loan financing on an emergency basis in amounts up to \$25,000 for disaster-related purposes to small businesses located in communities affected by Presidentially-declared disasters while those small businesses apply for and await long-term financing (including through SBA's direct Disaster Loan Program, if eligible).
- ❑ SBA extended the term of the EBL Pilot Program through March 13, 2021.

www.sba.gov/document/support--express-bridge-loan-pilot-program-guide

What Lenders are authorized to make an EBL Loan?

- EBL loans can only be made by SBA Express Lenders.
- SBA Express Lenders may only make EBL loans to eligible small businesses with which the Lender had an existing banking relationship on or before the date of the applicable disaster.

EBL loans can only be made up to six months after the date of the applicable Presidential disaster declaration

Get Local Assistance
www.sba.gov/local-assistance

What Small Businesses are eligible for the EBL Pilot Program?

- EBL loans may only be made to:
- For Presidential Disaster Declarations, small businesses that were located, as of the date of the applicable disaster, in Primary Counties that were declared disaster areas under the Presidential Disaster Declaration or in any Contiguous Counties; or
- For the COVID-19 Emergency Declaration, small businesses located in any state, territory and the District of Columbia that have been adversely impacted by the COVID-19 emergency.

The small business must have been operational when the declared disaster commenced and must meet all other 7(a) loan eligibility requirements as set forth in 13 CFR §§ 120.100 through 120.111 and SOP 50 10.1

What are Presidential Disaster Declarations and where is information on the declarations located?

- ❑ Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121 et seq., the President can declare a Major Disaster for any natural catastrophe, or, regardless of cause, any fire, flood, or explosion, that the President determines has caused damage of such severity that it is beyond the combined capabilities of state and local governments to respond.
- ❑ Each Presidential disaster declaration designates the geographical areas that are adversely affected by the disaster

What are Presidential Disaster Declarations and where is information on the declarations located? (Cont...)

- ❑ When the President declares a Major Disaster and authorizes federal assistance that includes SBA Disaster Loans, SBA publishes a notice in the Federal Register advising the public of the availability of SBA direct loans for the disaster and stating the Primary and Contiguous Counties comprising the eligible disaster area. See, 13 CFR § 123.3. See also, SOP 50 30, Disaster Assistance Program.
- ❑ A listing of Presidentially-declared disasters, including the Primary and Contiguous Counties for each declaration is available on the Disaster Loan Assistance website.

<https://disasterloan.sba.gov/ela/Declarations/Index>

COVID-19 Emergency Declaration

- ❑ The procedures in previous Section do not apply to the COVID-19 Emergency Declaration. For the COVID-19 Emergency Declaration, a small business located in any state, territory and the District of Columbia that has been adversely impacted by the COVID-19 emergency is eligible for an EBL loan, provided that all other eligibility requirements have been met. For the COVID-19 Emergency Declaration, the date of the applicable disaster is March 13, 2020 and the small business must have been operational on that date.

What are the required terms and conditions for EBL loans?

- ❑ **Credit Not Available Elsewhere.** As with all 7(a) loans, EBL applicants must demonstrate the need for the desired credit (i.e., they must meet the SBA’s “credit elsewhere” requirements). See 13 CFR §§ 120.101 and 120.102. The Lender must certify on the SBA Form 1920, “Lender’s Application for Loan Guaranty,” that the EBL applicant does not have the ability to obtain some or all of the requested loan funds on reasonable terms from non-Federal sources, including the Lender, without SBA assistance, and requires the Lender to fully document the basis for that determination in its loan file. Failure of the Lender to adequately address the EBL applicant’s need for the desired credit may result in SBA denying liability on the guaranty.
- ❑ **Business location** (Presidential Disaster Declarations Only). The Lender must document in the credit memorandum that the EBL applicant had an operating business located, as of the date of the applicable disaster, in a Primary County declared as a disaster area under a Presidential Disaster Declaration or in a Contiguous County. Lender may use internal documents obtained through its existing relationship with the applicant that contain the business address in order to verify the location of the business.
- ❑ **Adverse Impact** (COVID-19 Emergency Declaration Only). For EBL loans made under the COVID-19 Emergency Declaration, the Lender must document in the credit memorandum that the EBL applicant had an operating business as of March 13, 2020 and that the applicant has demonstrated that it has been adversely impacted by the COVID-19 emergency.

What are the required terms and conditions for EBL loans? (Cont...)

- ❑ **Eligibility period.** For Presidential Disaster Declaration loans, Lenders may only obtain SBA loan numbers for EBL loans in a particular disaster area for a period of 6 months from the date of the applicable Presidential Disaster Declaration. For COVID-19 Emergency Declaration loans, Lenders may obtain SBA loan numbers for EBL loans through March 13, 2021.
- ❑ **Multiple loans.** An EBL applicant (including affiliates, as defined in 13 CFR§121.301(f)) may obtain only one EBL loan per Declaration. An EBL loan will not count towards the maximum limitation on the amount of SBA Express loans that can be outstanding to any borrower (including affiliates). An EBL loan will, however, count towards the maximum limitation on the amount of 7(a) loans that can be outstanding to any borrower (including affiliates).
- ❑ Lenders may only obtain SBA loan numbers for EBL loans in a particular disaster area for a period of six months from the date of the applicable Presidential disaster declaration.

What are the required terms and conditions for EBL loans? (Cont...)

- ❑ **Maximum loan amount.** The maximum gross loan amount under the EBL Pilot Program is \$25,000
- ❑ **Maximum guaranty percentage.** For an EBL loan, the SBA guaranty percentage is limited to the maximum guaranty percentage for SBA Express loans. The guaranteed amount of an EBL loan will count towards the maximum SBA exposure that may be outstanding for all SBA loans to a borrower and its affiliates at any one time.
- ❑ **Maximum maturity/loan term.**
 1. The EBL loan must be structured as a term loan (revolving lines of credit are not permitted).
 2. The maximum EBL loan term is 7 years.
 3. The Lender may require the EBL borrower to pay the EBL loan in part or in full if the borrower is approved for long-term disaster financing (including an SBA Direct Disaster loan) that allows loan proceeds to be used for EBL loan reimbursement; or
 4. The Lender may permit the loan to amortize over a maximum term of 7 years if the borrower does not obtain long-term disaster financing.

What are the required terms and conditions for EBL loans? (Cont...)

I. Use of Proceeds.

- For Presidential Disaster Declarations, EBL loan proceeds must be used exclusively to support the survival and/or reopening of the small business within the eligible Primary or Contiguous Counties. For the COVID-19 Emergency Declaration, EBL loan proceeds must be used exclusively to support the survival and/or reopening of the small business.
- For Presidential Disaster Declarations, Lenders must certify in the credit memorandum that the EBL loan proceeds will be used by the borrower to support the survival and/or reopening of the small business within the eligible Primary or Contiguous Counties. For the COVID-19 Emergency Declaration, Lenders must certify in the credit memorandum that the EBL loan proceeds will be used by the borrower to support the survival and/or reopening of the small business. This certification must be included with any guaranty purchase request to SBA.
- For Presidential Disaster Declarations, EBL loan proceeds may be disbursed as working capital, or for specific disaster-related purposes, such as the purchase of generators, repair or replacement of disaster-damaged equipment or inventory, making repairs to the business premises, etc. For the COVID-19 Emergency Declaration, EBL loan proceeds must be disbursed as working capital.

What are the required terms and conditions for EBL loans? (Cont...)

Maximum Allowable Interest Rate.

- The EBL Pilot Program follows the SBA Express interest rate policy.
- An EBL loan may have a fixed or variable interest rate.
- Because an EBL loan is limited to \$25,000, a Lender may charge up to 6.5% over the Prime rate, regardless of the maturity of the loan.
- For variable rate loans, a Lender may use the same base rate of interest it uses on its similarly-sized, non-SBA guaranteed commercial loans; however, the interest rate throughout the term of the loan cannot exceed the maximum SBA Express interest rate allowed of Prime +6.5%.
- A Lender may charge a default interest rate if it does so for its similarly-sized, non-SBA guaranteed commercial loans, as long as the interest rate does not exceed the amount stated above.

What are the required terms and conditions for EBL loans? (Cont...)

Fees.

- 1. Upfront Guaranty Fee.** All EBL loans are subject to the same upfront guaranty fees as required for 7(a) loans of similar size and maturity.
- 2. Lender's Annual Service Fee (SBA Ongoing Guaranty Fee).** All EBL loans are subject to the same Lender's annual service fee as required for all 7(a) loans.
- 3. Other Fees.** In order to ensure that EBL applicants and borrowers are charged only those additional fees reasonably necessary in connection with an EBL loan, SBA published the May 7, 2018 Federal Register Notice (83 FR 19921), Lenders to collect only the following:

What are the required terms and conditions for EBL loans? (Cont...)

Lender Fees. A Lender must not impose any fees or direct costs on an EB applicant or borrower, except for the following:

- **Application Fee:** The maximum permissible application fee is 2% of the loan amount or \$250, whichever is greater. If an application fee is charged, it must be disclosed on SBA Form 159(7a), Fee Disclosure Form and Compensation Agreement for Agent Services in Connection with a SBA 7(a) Loan. If an undisbursed loan is canceled, the Lender may retain the application fee. The application fee is optional; therefore a Lender may choose not to collect an application fee.

What are the required terms and conditions for EBL loans? (Cont...)

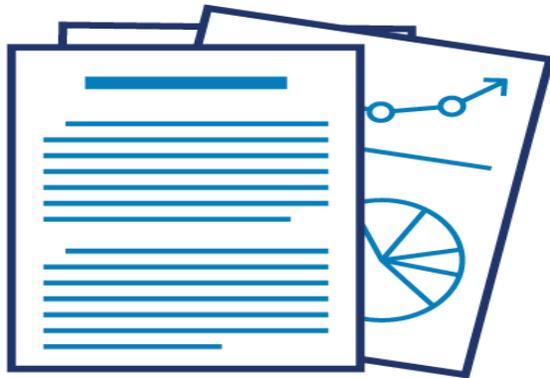
Prohibition on all other fees and charges, including by loan packagers, referral agents or brokers. No other fee or costs may be charged to an EBL applicant or borrower by the Lender or any third party in connection with an EBL loan, including any referral fee, broker's fee or similar fee. Because an existing banking relationship is a requirement for an EBL loan, there is no need for either the applicant or the Lender to pay a referral fee, broker's fee, or similar fee in connection with an EBL loan.

Collateral

The SBA Express collateral policy applies to EBL loans. Because the maximum amount of an EBL loan is \$25,000, Lenders are not required to take collateral for EBL loans.

Increase Your Chances of Securing a Loan

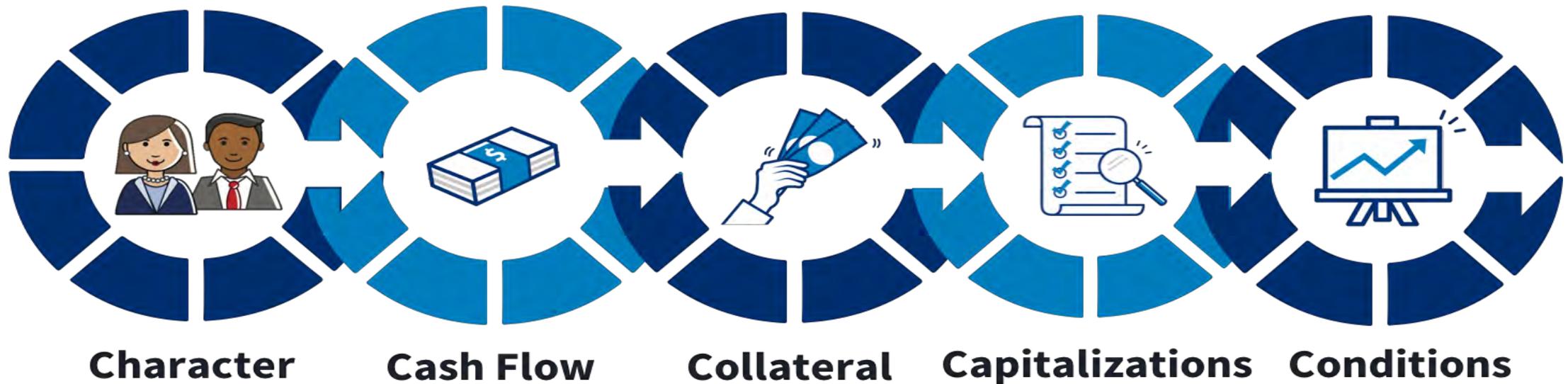
Lenders want to know they're making a smart choice by giving you a loan. Your local SBA Resource Partners can help you develop your:



- **Business plan**
- **Expense sheets**
- **Financial statements**
- **Financial projections**

Determine Your Creditworthiness

Your local SBA District Office or SBA Resource Partners can work with you to determine your creditworthiness using the **5 Cs Model**:



Recursos Asociados de la SBA

Nuestros recursos asociados pueden:

- Ayudarles a completar la solicitud para préstamos por desastre de la SBA y documento/estados financieros requeridos libre de costo.
- Proveer asistencia a los negocios que su solicitud sea aprobada, declinada o retirada.
- Proveer asistencia técnica y gerencial a los solicitantes de los préstamos de desastre para negocios.

Centro de Desarrollo de Pequeñas Empresas y Tecnología (SBTDC)

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Fomentando el espíritu empresarial

Desde el 1997, Puerto Rico SBDC celebra eventos educativos anuales como el Small Business Week, alentando a miles a iniciar, desarrollar o hacer crecer sus negocios.

El Centro de Desarrollo de Pequeñas Empresas y Tecnología o Puerto Rico SBDC, por sus siglas en inglés, ofrece sus servicios de asesoría y capacitación de alta calidad a empresarios de todos los sectores.

El Puerto Rico SBDC, es un programa con sede en la Universidad Interamericana de P.R. en acuerdo cooperativo con la Administración Federal de Pequeños Negocios. El programa está acreditado en el Desarrollo de Negocios y Tecnología y Comercialización por la Asociación Americana de SBDC's, red nacional que ofrece sus servicios a través de 1,000 oficinas y 58 universidades en los EE.UU. En la Isla, el programa cuenta con ocho (8) centros ubicados en los Recintos de la Inter de Arecibo, Caguas, Fajardo,

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www.prsbtdc.org/

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www.mujoyempresas.org



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We connect entrepreneurs with mentors
to help you build your business.

GET STARTED

WHAT IS MENTORING?

Mentoring is when an experienced leader provides advice to another to help them succeed. That's what SCORE is all about.

SCORE volunteers provide the specific advice and resources you need through customized, 1-on-1 or team mentoring. Our mentors work with you to identify opportunities and avoid threats to your success. With SCORE, you can feel confident knowing you have an experienced resource available for simple questions or complicated strategy development.

Last year, we helped create over 56,000 new businesses and helped over 107,000 businesses increase revenue. The next success story can be yours.



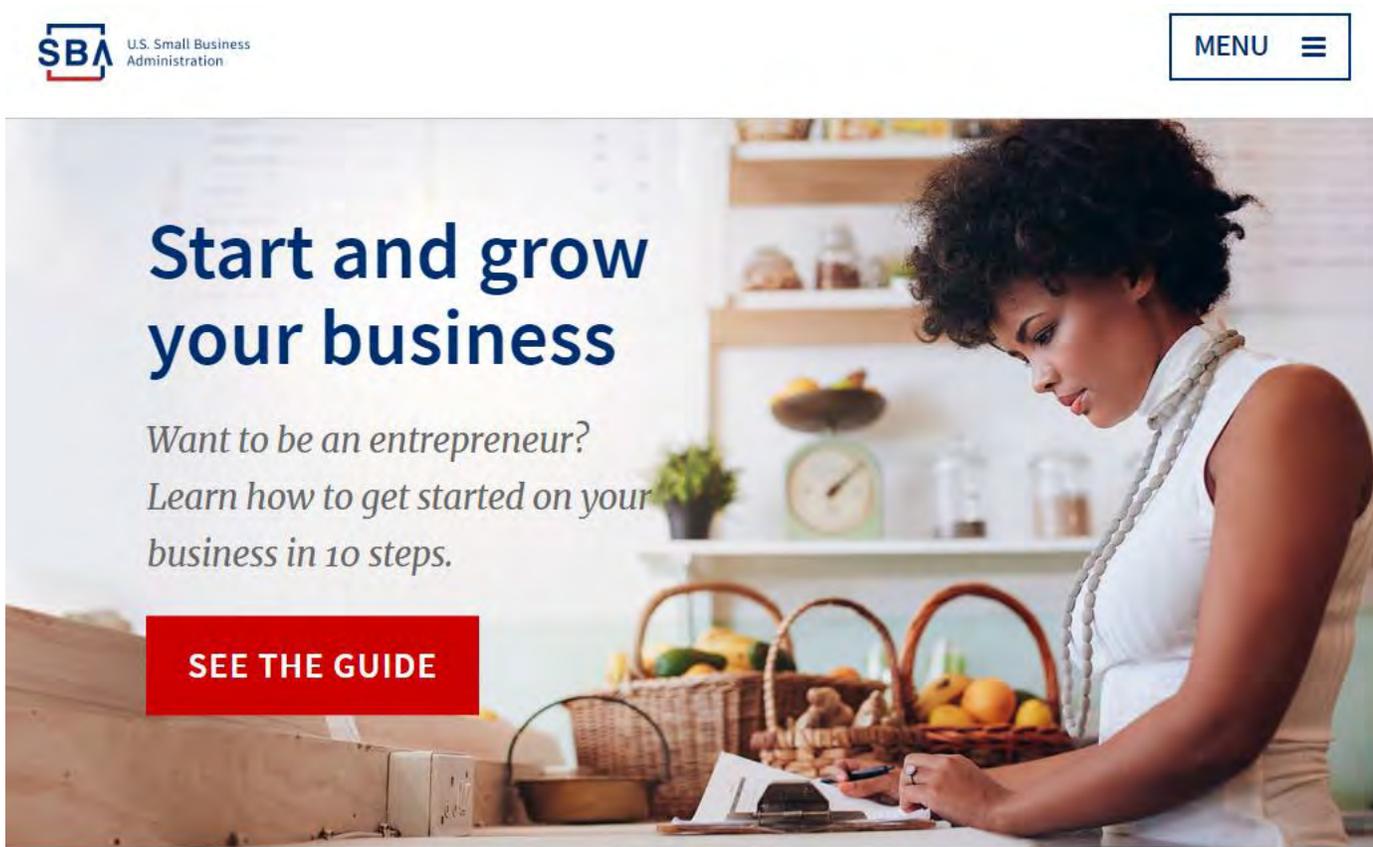
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The image is a screenshot of the SBA website homepage. At the top left is the SBA logo with the text "U.S. Small Business Administration". At the top right is a "MENU" button with a hamburger icon. The main content area features a large photograph of a woman with dark curly hair, wearing a white sleeveless top and a long white necklace, looking down at a document on a table in a kitchen setting. Overlaid on the left side of the image is the text "Start and grow your business" in a large, bold, blue font. Below this is the text "Want to be an entrepreneur? Learn how to get started on your business in 10 steps." in a smaller, italicized font. At the bottom left of the image is a red rectangular button with the white text "SEE THE GUIDE".

SBA U.S. Small Business Administration

MENU

Start and grow your business

*Want to be an entrepreneur?
Learn how to get started on your
business in 10 steps.*

SEE THE GUIDE



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