

SBA Disaster Relief Update 3.22.20

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 2 attachments (2 MB)

EIDLSupportingInformation.pdf; SBA Disaster Relief Assistance 3.20.20.pdf;

See below. Cameron Brewer is a knowledgeable and trusted resource for SBA. Feel free to reach out to him.

I write to you today (3.22.20) with feedback from numerous small business owners who have attempted and/or completed SBA Economic Injury Disaster Loan (EIDL) applications (applications can be completed here: [SBA.gov/disaster](https://www.sba.gov/disaster)). If you are a small business owner, I encourage you to read this whether or not you have completed the application. If this is your first time receiving one of my updates, I have attached a previous update with pertinent information.

NOTE: Moving forward, now that the SBA application is up and running, I will likely not be sending daily updates as I have been the last few days. However, I do plan to consolidate updates and feedback and send when I feel there is enough to pass on. If there is anything you feel is worth passing on to others, please feel free to send it my way. As I have said in past updates, feel free to share this with whomever. I would also be remiss if I did not credit Jake Reynolds, Principal of Solvo Advisory, with sending me several of these updates. Thanks, Jake.

- From what it sounds like, the SBA was flooded with traffic yesterday from small business owners accessing the SBA EIDL application. So much so that the website was timing out and was brought down overnight for maintenance. I have heard that the site is back up and running as of this AM, but if it continues to time out for you, I suggest attempting access during off-hours (7p-7a).
- Likewise, I have heard the site works better on certain browsers (i.e. timing out on Google Chrome vs. better success through Microsoft Edge).
- For those that submitted an application yesterday, *this is important*. Attached to this email is a form that was not included as part of the application until this morning. This form needs to be included for your application to be complete. I suggest downloading and completing the form then emailing or faxing it today or tomorrow morning. I suggest calling the SBA customer service line (see update below) to fully clarify where it is best to send this form.
- If you are a business less than 12 months operational, the EIDL supporting information form (attached) may read as though you are precluded from applying. You are not precluded – you may just not be eligible for expedited processing. If you have been in business 12 months or less, I encourage you to still apply if your business is affected.
- I have heard great feedback from those who have called the SBA customer service line (1-800-659-2955). Delays have been minimal and the agents helpful. If you have questions, please do not hesitate to give them a call.
- The SBA will be using tax transcripts (or profit and loss statements for businesses who have yet to file a return). If tracking down tax returns is your primary hold up for applying, do not allow that to be the item that slows you down.
- In addition to the previously mentioned contact at the Oklahoma Department of Commerce (Ray Little, ray.little@okcommerce.gov, 405-815-5227), John Veal with the SBA (john.veal@sba.gov) also offered his contact if you have any feedback or questions during the application process.

Final note with more of a personal twist:

I like to find silver linings and positive outcomes from any situation, even if we are far from out of the woods. Three items I find most encouraging: a) We are all working together, even if from afar. To those of you who have asked me questions or passed along feedback, I thank you. The more we work together, the better our collective outcome will be; b) We should all be thankful the SBA got this application up so quickly. Every day matters; c) I have been most impressed with the creativity and innovative spirit that Oklahoma businesses have shown during this trying time. Whether it is an owner finally launching that online store they have talked about for so long or the fitness studio purchasing webcams to then broadcast online classes, it's inspiring to watch. Thank you.

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Take a look at the 3D flyover of Oklahoma City in 2020 <https://www.youtube.com/watch?v=vVgYJoEP36Q>

Greater Oklahoma City saw significant investment by companies in the Greater Oklahoma City region during 2019. In total, 4,658 new jobs are projected in the region including eight new recruitment projects, seven company expansion projects and 74 local companies indicating local growth. For this growth, the average projected wage is \$69,561 with anticipated local investment of \$963 million.

Check out Greater Oklahoma City's business site, <http://www.greateroklahomacity.com> , our relocation site www.abetterlifeokc.com and our Velocity OKC Online Magazine www.velocityokc.com .

Please see below my latest update regarding SBA Disaster Relief Assistance (3.20.20).

Please also feel free to share this as you see fit. Oklahoma's small businesses need these funds, both short-term to weather this tumultuous time, as well as long-term to maintain a healthy cash balance while the economy recovers.

- All states are expected to be added to the list of eligible disaster areas by Sunday or Monday. Oklahoma is still not on the list but should be added within the next few days. You can find the up-to-date list at <https://disasterloan.sba.gov/ela/Declarations/Index>. The loan application process will be handled virtually through www.sba.gov/disaster with no field offices being set up (note: this is a good thing). There is a customer service number specifically set up for this program that is available to answer questions (1-800-659-2955) or email at disastercustomerservice@sba.gov.
- The loans will have 30 year terms with a 3.75% interest rate. They will have a full deferment for the first year with no payments due for the first 12 months. Most types of businesses will qualify including some that aren't eligible for typical SBA guaranteed loans such as passive real estate owners and non-profits that sell a product. The business will have to be "small" as determined by their NAICS code and matched to the SBA size standard for that code (https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf).
- The funds will be for working capital needs related to business operations. This includes items typically thought of as working capital, i.e. payroll (including any regular salary of the owner(s)), rent, etc, but it can also include paying fixed debt obligations such as a mortgage payments, paying back short-term or bridge loans made by lenders specifically for this purpose and credit card debt related to these economic circumstances. Borrowers must maintain receipts for all proceeds from the loan for three years in case of an audit.
- The amount available to a borrower will primarily be determined by dividing last year's gross profit in half up to \$500,000. If a borrower needs more than \$500,000 and their gross profit calculation will support this, there is a slightly more involved calculation that can allow up to \$2,000,000. Historically, 95% of borrowers have used the first calculation. To qualify for the loan, the SBA will pull an Experian credit score. The SBA will not say what the minimum score requirement is, but our understanding is that most businesses will qualify.
- Historically the average processing time on these loans has been 3 days with disbursement within 30 days. Obviously the volume should be substantially higher for the current economic relief loans than previously loans, but the SBA still plans to turn these loans around as quick as possible. Disbursement will be one lump sum directly into the customer's account.
- The Oklahoma Department of Commerce has staff available to assist small businesses with filling out disaster loan application forms. Companies needing assistance with the application forms and economic development organizations aiding businesses in their communities should contact Ray Little at ray.little@okcommerce.gov or 405-815-5227.

As I know you more, I will send updates.

Thank you and be well.

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U.S. SMALL BUSINESS ADMINISTRATION

ECONOMIC INJURY DISASTER LOAN SUPPORTING INFORMATION

The U.S. Small Business Administration Economic Injury Disaster Loan provides immediate working capital to eligible applicants. For expedited loan application processing, the business must have been operating for at least one year prior to the disaster. Eligibility for this disaster Loan must consider compensated from other sources to offset the economic injury. Other sources include but are not limited to: (1) grants or other reimbursement (including loans) from government agencies or private organizations, and (2) claims for civil liability against other individuals, organizations or governmental entities.

Was the business in operation one year prior to the disaster?

☐

Yes

☐

No

Gross Revenues for the twelve (12) month period prior to the disaster:

\$

Cost of Goods Sold for the twelve (12) month period prior to the disaster:

\$

Rental properties (residential and commercial) only.
Lost rents due to the disaster:

\$

Compensation **from other sources** received as a result of the disaster (provide a brief description below) :

\$

\$

\$

SIZE STANDARD*:

SBA's size standards define whether a business concern is small and, therefore, eligible for an Economic Injury Disaster Loan.

I certify **all above information provided** and the size of the applicant business does not exceed the size standard for the industry in which the business is primarily engaged.

Signature and Title

Date

* SBA establishes size standards by industry under the North American Industry Classification System (NAICS){<https://www.census.gov/eos/www/naics/>}. Business size standards, by NAICS code, may be found at 13 CFR §121.201 (https://ecfr.io/Title-13/se13.1.121_1201).