



The times we are all experiencing are certainly very challenging. Each day the Coronavirus consumes the news 24/7, and every day the information and data put out seems to get more intense and contains more uncertainty than the day before. We continue to hope and encourage you, your family and loved ones to take all the precautions to be safe and healthy as COVID 19 works through its course, which appears could take a while.

Governor Abbott officially declared Texas a Disaster Area on Friday, March 13, 2020. This declaration was approved by the SBA on Friday March 20, 2020, and Texas was added to the Disaster Area Listing on the SBA's Web-site on Friday March 20, 2020 (see attached listing from the sba.gov). If you live in another state check with at sba.gov to see if your state has been declared a Disaster Area.

The SBA has two disaster loan programs available, each of which is detailed below:

1. **Disaster Bridge Loan** – This program will include the area SBA Lenders that do the SBA's Express Loans. It is meant to provide short-term assistance and is up to a \$25,000 maximum amount. There is an application that needs to be completed and financial projections must be included. Typically, these loans take up to five days to be approved with funding shortly thereafter.
2. **Economic Injury Disaster Loan (EIDL)** - These loans can be up to \$2.0 million and have a potential 30-year repayment term. Interest rates are 3.75% for for-profit entities and 2.75% for non-profit entities. Proceeds from these loans can only be used for payroll, accounts payable, loan payments, and overhead expenses. Proceeds can't be used to purchase equipment, buy another business, pay owner's bonuses, expand operations, etc.

These loans require an application be completed, as well as:

- Two years of business tax returns;
- Two years of business financial statements;
- A current debt schedule;
- Monthly records of last two years of revenues;
- A personal financial statement;
- Last two years of tax returns for any individual who owns 20.0% or more of the entity that is applying for the loan;
- SBA's Form 4506 T, which gives the SBA approval to get copies from the IRS of all the tax returns that were provided.

The SBA has forms that must be used for some of the information that is required.

After you apply and all this information is supplied (all electronically), your request will be assigned an SBA representative who will serve as your principal contact person. Further, these loans take up to four weeks to be approved, and advances will follow sometime after that. If you took out a Disaster Bridge Loan, the first advance will be used to pay that loan off.

The SBA has resources that are available to help small businesses in this time of need. Attached is a copy of the SBA's slide deck presentation, which includes all this information and has helpful assistance entities' contact information listed as well.

One more piece of information for you: We have been in communication with some Lending Institutions, and nearly all are providing their existing loan customers 90-day deferrals on their loan payments. If you haven't done so already, we would encourage you to contact your financial institution and make that deferral request.

We have been providing many of our clients with suggestions on how to work through some of the issues that they are dealing with, and we would be more than happy to provide you with a list we have developed. Further, if you feel you need some ongoing business assistance, planning and guidance, please contact us at 713.467.5900 or e-mail me at info@silverfox.org

Continue to be wise and safe.

Shared by Gerald Merfish, a member of **Silver Fox Advisors**

Silver Fox Advisors are proven business leaders who advise, consult with, and mentor other business leaders, CEO Roundtables, and entrepreneurship programs.

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