



Dear Valued Clients/Colleagues:

This email is to provide you with the latest information we have received concerning the SBA Economic Interruption Disaster Loan (EIDL) on a recent conference call. This information includes our really “raw” notes, but we hope that it gives you greater insight into the process that you can expect if you apply on the SBA Disaster

Site: <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>.

Things you May Know from Previous Updates:

- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on our website: SBA.gov/disaster.
- SBA’s Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can’t be paid because of the disaster’s impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower’s ability to repay.

What You Can Expect/Underwriting Considerations When you Apply:

Credit History

- The decision is 100% credit score driven
- No decisions on minimum credit score was provided

Maximum Loan Amount Phase I - \$500,000

- 50% of the Gross Profits in the most recent tax year from a filed Tax return
(Revenue – COGS = Gross Profit)

Loan Greater than \$500,000 – Phase II

- Provide the most current TR or most recent YE Financial Statement include P& and Balance Sheet

AmPac Tri-State CDC, Inc.
22365 Barton Rd, Suite 304
Grand Terrace, CA 92313
909-915-1706

www.ampac.com

This information is provided compliments of AmPac Tri-State CDC, Inc. for informational purposes only. Please consult the SBA Disaster website for more information or for further clarification at www.sba.gov. (Last update – 3-19-2020 2:00pm)



- YTD P &L & Balance Sheet
- SBA Form 1368
- Reviewers will Compare what is going on now in comparison to the historical
- **Noted** – Historically about 5% of the submitted disasters loans are above \$500,000

Use of Funds – Eligible and Ineligible Uses

- Working capital
- Payroll
- Accounts Payable
- Pay fixed debts
- Pay monthly mortgage (may **NOT** payoff a mortgage)
- Short term notes may be paid, along with lines of credit
- Can make payments on IRS deferments but would rather IRS give more of a deferment
- Cannot replace sales or profit
- Cannot payoff fixed debt loans
- Cannot repay stockholder loans
- Cannot buy fixed assets
- No bonuses can be paid
- Interim Bridge Loan - If you receive an SBA Micro Loan or Express Bridge Loan from the bank, then the disaster loan can pay off this loan

Collateral/Guarantor

- Collateral required on loans over 25K
- Preferred collateral is real estate
- SBA will not decline a loan for lack of collateral
- Other SBA Real Estate Loans may be used for collateral
- The disaster loan will subordinate to any other real estate loan
- Anyone who owns 20% or the business more will be required to guarantee the loan

Fees/Charges

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- No origination fees
- Only standard recording and out of pocket fees for closing a loan

Timeline after Submission of a Disaster Loan

- Three days for an approval
- About 30 days to receive loan documents
- Funds will be deposited into your bank account

After Approval

- One-year deferment to repay the loan
- Must retain all receipts for three years to document loan was used for eligible business expenses

OTHER INFORMATION

With four states declaring a state of emergency on Monday, the following results happened with the disaster office:

- 6,000 applications were received
- The website crashed day one

As of Thursday morning, before Noon:

- 15,000 applications were received on the disaster site
- They believe they solved their disaster capacity issue

HIRING

The SBA Disaster Office is looking to add loan officers, paralegals, and processors in both Fort Worth, TX and in Sacramento, CA. Visit the www.sba.gov and look for the employment link.

SPECIAL NOTE: While AmPac is unable to process SBA Disaster loans, we will do our best to serve you and guide you in this process. You may phone our office at 909.915.1706

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