

Business Resiliency Financial Resources Roundtable



Business Resiliency Financial Resources Roundtable

1. Welcome
2. Program and Introductions
3. SBA Programs
4. Grow Morgan Hill Fund
5. SBDC Resources
6. Questions & Answers



CHOOSE MORGAN HILL



U.S. Small Business
Administration

Financial Assistance Available

For small business affected by COVID-19

- Debt Deferment or Relief:
 - Automatically deferring payments on existing disaster loans thru 12/31/20
 - Existing 7(a), 504 and microloans can be deferred – talk to your lender
 - SBA Debt Relief Program
 - The SBA will also pay the principal and interest of **new 7(a) loans** issued prior to September 27, 2020.
 - The SBA will pay the principal and interest of **current 7(a) loans** for a period of six months.
- Loans:
 - Express Bridge Loan - \$25,000
 - Paycheck Protection Program
 - Economic Injury Disaster Loan
 - EIDL Advance of up to \$10,000

SBA is OPEN for Business

- District Office teams are assisting people by phone and email as are our resource partners. Contact San Francisco District Office at SFOMail@sba.gov
- Our Resource Partners, SBDC, SCORE, WBC, VBOC, are ready to help with free business advising.
- Webinars: to find out when and where, sign up for our newsletter and we will push info to you as it becomes available
- SFDO Newsletter – sign up to have the latest information pushed to you.
 - Sign up: <https://www.sba.gov/ca/sf>
- SBA.gov/coronavirus: contains latest program information
- Follow us on Twitter: @SBAGov and @SBA_SF

Resources

- SBA Disaster Loan Application
 - <https://covid19relief.sba.gov/#/>
- SBA's Customer Service Center (for Disaster Loans)
 - 1-800-659-2955 / 1-800-877-8339 (TTY)
 - Email: disastercustomerservice@sba.gov
- Paycheck Protection Plan
 - <https://www.sba.gov/paycheckprotection>
 - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- SBA San Francisco District Office
 - www.sba.gov/ca/sf
 - SFOMail@sba.gov
 - (415) 744-6820 – leave message
- SF Resource Guide – Lists local resource partners/SBA lenders
 - https://www.sba.gov/sites/default/files/files/resourceguide_3102.pdf

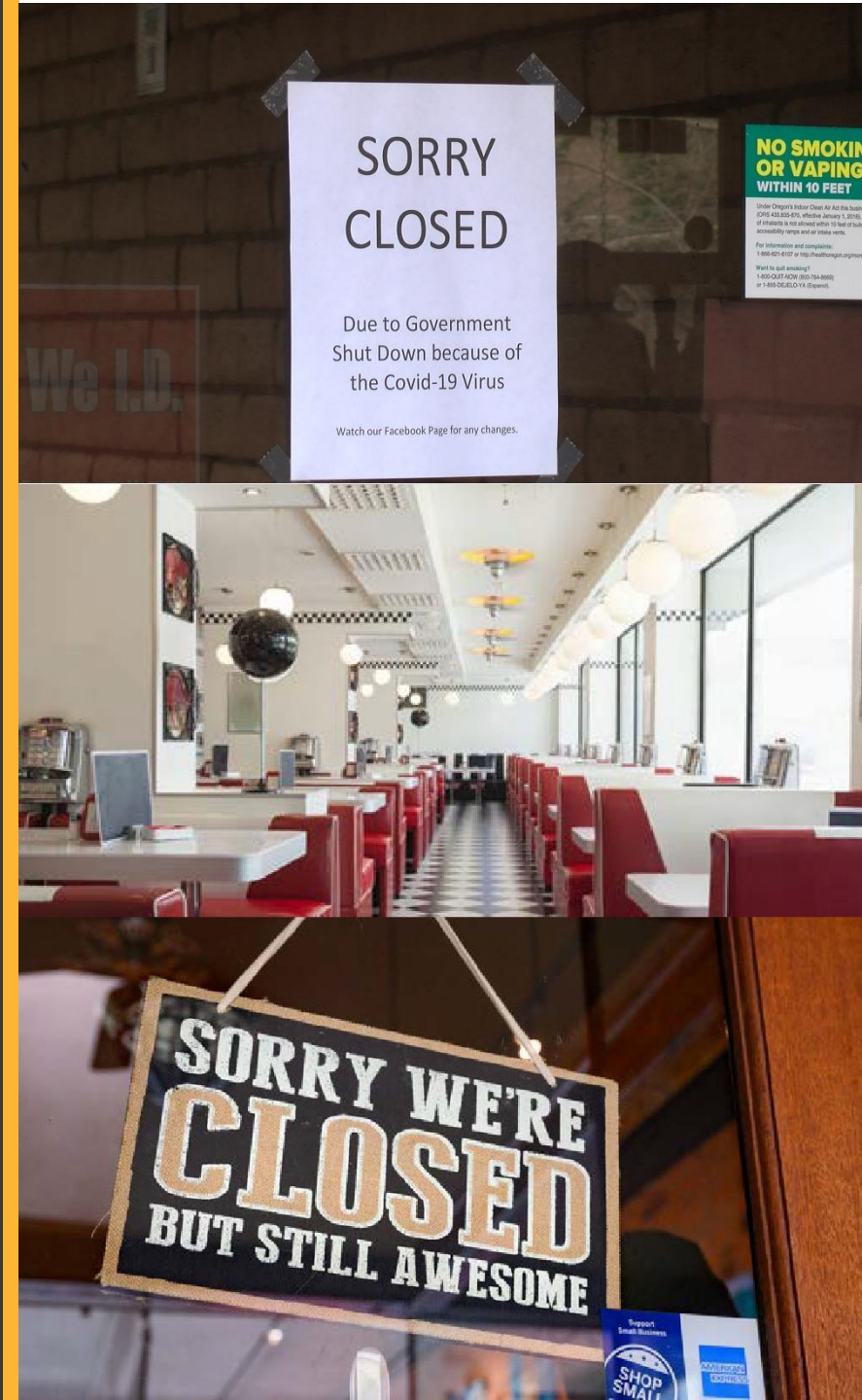


**HOMES
JOBS
COMMUNITY**

Small Business Recovery & Local Revolving Loan Funds

National Development Council
April 9th, 2020

www.ndconline.org



HELP IS ON THE WAY...BUT...

- ...You may need to act locally to buy your small business community time to connect with federal assistance
- What's Here and What's Coming from the Feds:
 - Economic Injury Disaster Loan (EIDL)
 - Paycheck Protection Program (PPP)
 - Federal Reserve Main Street Lending Program
- Connect your entrepreneurs – both for-profit and non-profit social enterprises – with federal assistance
- Design Revolving Loan Funds (RLFs) to bridge gaps between federal response and local needs

Federal Assistance Updates

PPP to EIDL Comparison	Paycheck Protection Program (PPP)	Economic Injury Disaster Loan (EIDL)
Who can apply?	Small businesses and nonprofits - 501(c)(3)s, including religious organizations, with 500 or fewer employees; self-employed individuals and independent contractors*	Small businesses and nonprofits - 501(c)(3)s - with 500 or fewer employees*
Maximum Loan Amount	Up to \$10 million	Up to \$2 million
Covered Period	2/15/2020 to 6/30/2020	1/31/2020 to 12/31/2020
Rate	1.00% Fixed	3.75% fixed for-profits 2.75% fixed non-profits
Term	Up to 2 years	Up to 30 years
Security / Collateral	No	Yes. If the loan is more than \$25,000
Eligible Uses	Payroll, health benefits, paid sick or medical leave, group health insurance premiums; mortgage and rent payments; utilities; interest on certain debts. Note: payroll estimates limited up to \$100,000 per employee	Working capital for expenses that could have been paid had the disaster not occurred, including payroll and other operating expenses.

- Business in certain industries can have more than 500 employees if they meet applicable SBA size standards for those industries.

Federal Assistance Updates

PPP to EIDL Comparison (cont.)	Paycheck Protection Program (PPP)	Economic Injury Disaster Loan (EIDL)
Forgiveness provisions	Up to 100% - but forgiveness amounts are decreased for reductions in number of employees or in wages of employees from base period.	Not for loan. An Advancement of up to \$10,000 Emergency Grant for every applicant does not have to be repaid.
Apply...	...through SBA-approved lenders	...directly to SBA
Underwriting criteria	Must provide documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.	Must have acceptable credit history and demonstrate ability to repay.
Eligibility requirements	Operating on 02/15/2020 with paid employees; certify need for funds during COVID-19 emergency; certify use of funds to retain workers.	Operating on 1/31/20; certify need for funds during COVID-19 emergency.

Federal Assistance Updates (cont.)

- **Entrepreneurs are applying for both EIDL and PPP**
 - Inventory isn't eligible under PPP – it is under EIDL
 - Expenses can't be duplicated
 - EIDL is up and running – PPP still getting there
 - Independent contractors are not considered to be employees and must apply for PPP separately
 - 75% of PPP loan must be used for payroll related expenses

Nonprofits Are Eligible for PPP and EIDL

- Nonprofits - including religious organizations - with 500 or fewer employees – can apply for PPP and EIDL loans.
- Organizations should have their 501(c)(3) designation – or, in the case of religious organization – be 501(c)(3) eligible.
- PPP can be sized to 250% of an employer's average monthly payroll – including fringe expenses.

Nonprofits Are Eligible (cont.)

- Nonprofit Example - Midwestern Hospice
- Applying for:
 - Average monthly (gross) payroll times 2.5 months
 - Employer share of health insurance premiums and 401K match
 - Total ask is \$662,000
- The hospice expects most of its payroll costs will ultimately be covered by grant reimbursements, but:
 - Reimbursements will be slowed by COVID-19
 - PPP can be used like an inexpensive line of credit rather than a forgivable loan.

Federal Assistance Updates (cont.)

- **Federal Reserve Main Street Lending Program**
 - For businesses with up to 10,000 employees or revenue less than \$2.5 billion
 - Businesses must make “reasonable efforts” to maintain payroll and retain workers
 - 4-year loans, with payments deferred for 1 year
 - Loans will be issued through banks, which can sell 95% to the Main Street Facility (up to \$600 billion)

Connecting Small Businesses & Nonprofits to Federal Assistance

- Identify SBA Lenders who are participating in your area
 - Regional SBA Websites
 - Outreach to area banks, credit unions and CDFIs
- Stay updated on guidance and resources
 - [SBA.gov/coronavirus](https://www.sba.gov/coronavirus) - first place where SBA updates are posted
 - [Home.Treasury.gov/CARES](https://www.treasury.gov/CARES)
 - www.sba.gov/updates - sign up for email updates
 - Twitter: @SBAgov – and check for regional SBA Twitter feeds
 - [NDOnline.org](https://www.ndc50.org)

Connecting Small Businesses & Nonprofits to Federal Assistance (cont.)

- Manage misinformation
 - Before sharing information, verify that it came from the SBA or Treasury (check websites)
- Assist small businesses in preparing complete applications
 - Connect to Small Business Development Centers through national listings at:
<https://www.sba.gov/tools/local-assistance/sbdc/>
 - Check the resource tab for this webinar for additional guidance

Help is on the way, but...

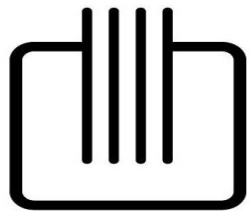
- Right now, loans are only being originated by existing SBA bank lenders, who have historically only provided 5% of their loans to Black borrowers, 9% of their loans to Hispanic borrowers, and 3% of their loans to businesses in low-income neighborhoods (SBA, 2018)
- Many lenders have stated that they will only approve loans to their current clients, immediately eliminating the under- and un-banked businesses that need cash the most
- You may need to act locally to buy your small business community time to connect with Federal assistance

Other Resources from NDC

- NDC has 25+ years of experience lending directly to small businesses and assisting local governments and nonprofit agencies in designing small business assistance programs.
- For Technical Assistance in establishing or modifying RLFs to assist with COVID-19 recovery efforts, contact:

<https://ndconline.org/technical-assistance/staff/>

Q&A



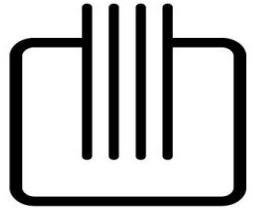
NATIONAL DEVELOPMENT COUNCIL

Partners in Community Development Since 1969



COUNCIL
Since 1969





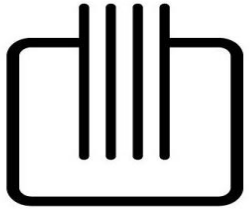
Improving Communities Enhancing Lives

NDC is the nation's
oldest non-profit
provider of
community and
economic
development,
technical assistance
and training.



NATIONAL DEVELOPMENT COUNCIL
Partners in Community Development Since 1969





A Powerful Mission

Increasing the flow of capital for investment, jobs and community development to distressed urban and rural communities throughout the U.S.

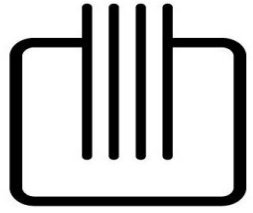
“As attorney general during the height of the civil rights movement, my father recognized that the quest for justice could not be conceived only in the narrow legal sense. It would need to include political, social and economic justice as well — and incorporate the housing, education, health care, food and employment needs of those it sought to serve. It is that foresight that brought the National Development Council to life and the principles that serve it today.”

Kerry Kennedy



NATIONAL DEVELOPMENT COUNCIL
Partners in Community Development Since 1969





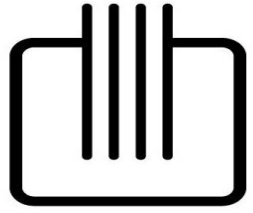
Partners in Community Development Since 1969

NDC works in partnership with local and state governments and non-profit organizations to help them build their communities and economies



The Pub Group in Portland, OR





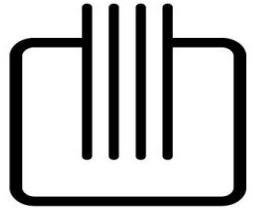
Partners in Community Development NDC's Grow America Fund (GAF)

GAF creates jobs and economic development with direct, well-structured financing to assist healthy, growing businesses with a focus on women and minority-owned businesses as small business lending company since 1992.



Redbarn Pet Products in Long Beach, CA

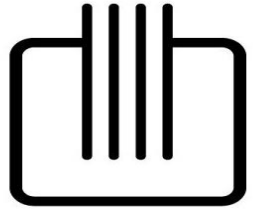




Partners in Community Development GAF + City of Morgan Hill = Grow Morgan Hill Fund

The City of Morgan Hill & GAF established and capitalized the Grow Morgan Hill Fund in 2010 as an economic development tool designed to assist small business within the City of Morgan Hill.





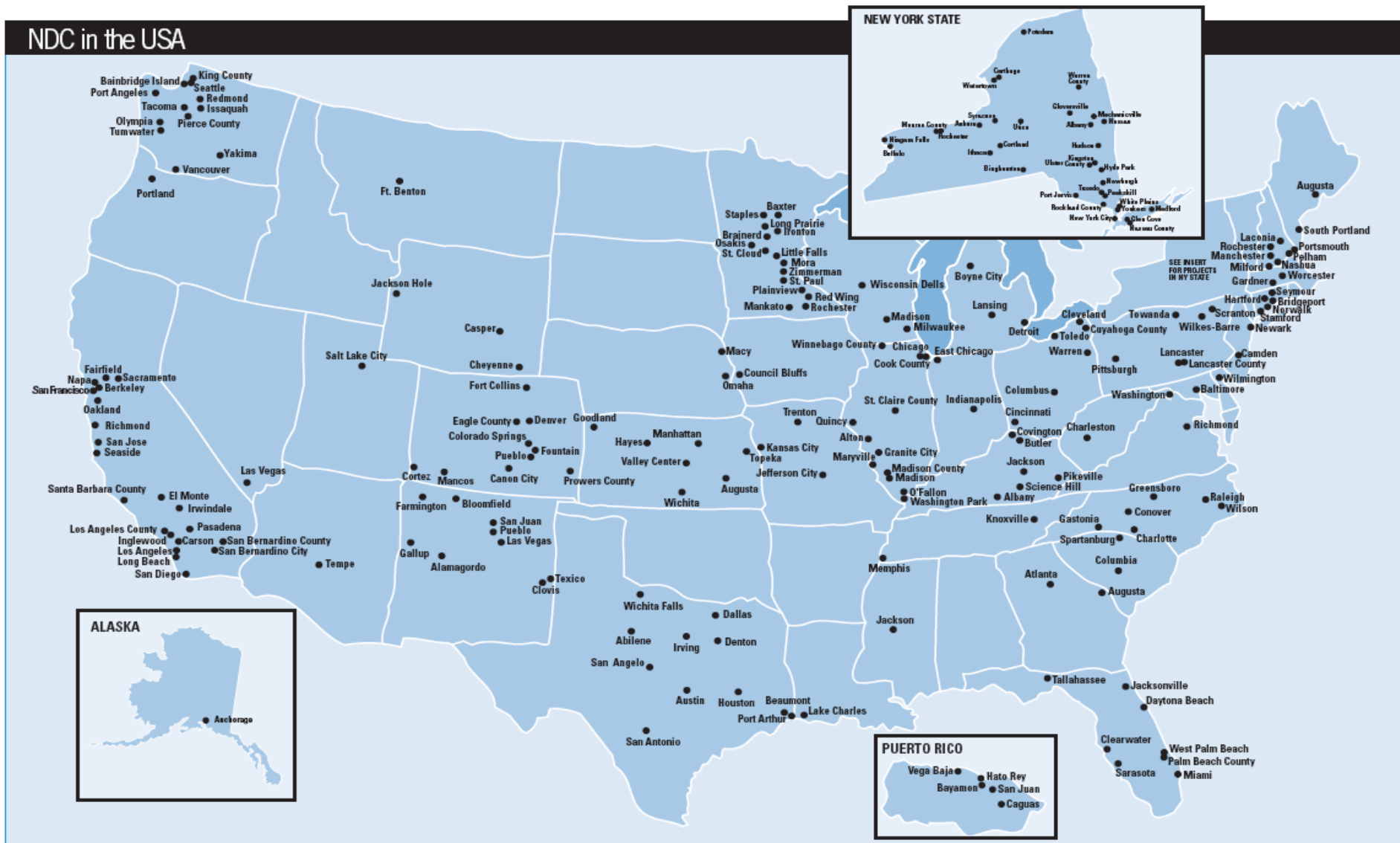
Small Business Financing NDC's Grow America Fund

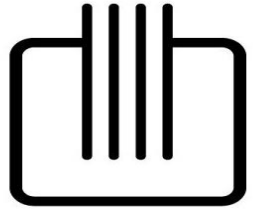
What is Grow America Fund?

- An SBA 7a PLP Lender & CDFI
- It's a long-term, revolving loan fund designed to help businesses expand
- The goal of the program is to help businesses create and retain jobs
- GAF is designed to leverage equity approximately 4 to1



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Small Business Financing
NDC's Grow America Fund

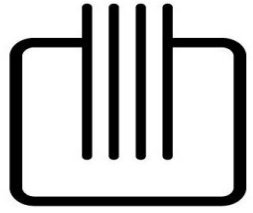
GAF's Total Loan Volume (nationwide)
530 loans, \$192,094,118

2014 GAF loan total: 21 loans, \$ 16,880,000

2013 GAF loan total: 35 loans, \$ 16,064,123

2012 GAF loan total: 42 loans, \$24,822,240



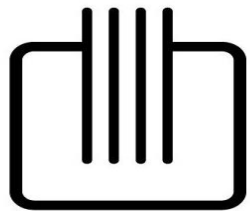


Small Business Financing Grow Morgan Hill Fund

What are the advantages of this program for the businesses?

- Long term financing
- Low equity requirement
- Flexible underwriting criteria
- Limited pre-payment penalties
- Loans tailored to individual borrowers



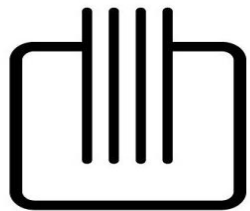


Small Business Financing Grow Morgan Hill Fund

What can GAF dollars be used for?

- Real estate acquisitions
- Debt refinancing
- Leasehold improvements
- Machinery and equipment
- Working capital



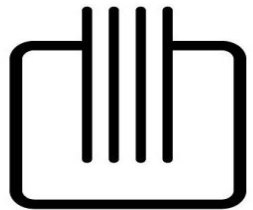


Small Business Financing Grow Morgan Hill Fund

What GAF dollars **CANNOT** be used for:

- Venture capital
- Research and development
- Equity needs



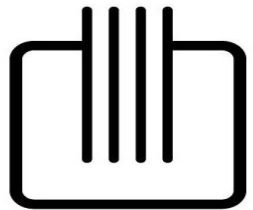


Small Business Financing Grow Morgan Hill Fund

How much can GAF lend?

- Loans range from \$100,000 to \$2,000,000
- The U.S. Small Business Administration (SBA) guarantees 85% of all loans less than \$150,000 and 75% of all loans more than \$150,000



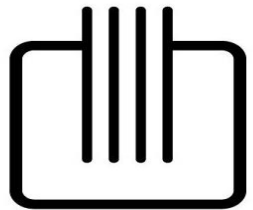


Small Business Financing Grow Morgan Hill Fund

What are the requirements for a GAF Loan?

- Meet SBA size and eligibility requirements.
- Demonstrate an ability to repay the loan through existing or projected cash flow
- Collateralize the loan with available assets
- Personally guarantee the repayment of the loan
- Positive net worth, evidence of increasing revenue and/or expansion plans preferred



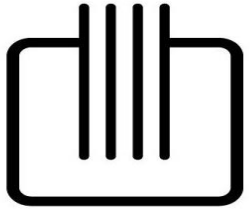


Small Business Financing Grow Morgan Hill Fund

What are the interest rates and terms?

- Interest rates are flexible and generally below market
- Variable or fixed rates available
- Variable rates typically WSJ Prime Rate + 1.50%
- Fixed rates range from 4.5% to 6.5%
- Terms are also flexible, and are commensurate with the lives of the assets being financed
- 10 yrs. for M&E or WC and 25 yrs. for real estate



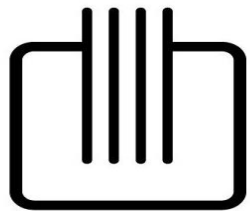


Small Business Financing Grow Morgan Hill Fund

Must businesses be located in a certain area?

- No, but all businesses must be located or planning on moving their primary location within the client community targeted areas
- Business must be properly zoned and licensed for the proposed use



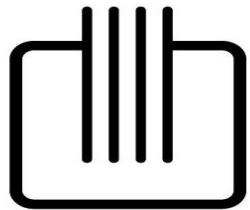


Small Business Financing Grow Morgan Hill Fund

What are the fees?

- Fees vary with the size of the loan
- SBA guarantee fee of 2% to 3.75% of the guaranteed portion of the loan, payable to the SBA and may be paid from loan proceeds
- Closing deposit of 1%, due after the loan request is approved
- Other closing costs (can be financed as part of the loan)



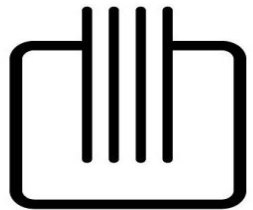


Small Business Financing Grow Morgan Hill Fund

How long will it take to get a loan?

- Depends on how complete the loan application is
- After all the required information has been submitted, processing usually takes 30-45 days
- Transactions involving real estate acquisition and/or construction financing can take up to 60 days to close.



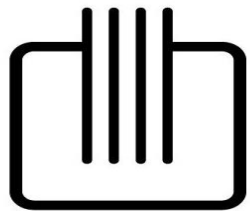


Small Business Financing Grow Morgan Hill Fund

What does the application package include?

- Three years of tax returns, personal & corporate
- Interim financials
- Debt Schedule
- Personal Financial Statements
- Statement of Personal History
- Credit release form
- Project-specific information



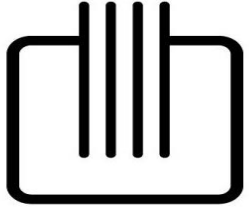


Small Business Financing Grow Morgan Hill Fund

Program Success Stories

- \$530,000 loan made for leasehold improvements and moving costs to a precision CNC machining manufacturer specializing in prototypes and production for various industrial applications & customers.
- \$250,000 loan application in current underwriting for eligible refinancing and permanent working capital for a retail cycling shop.
- \$500,000 loan application for real estate acquisition for a manufacturing company looking to relocate in Morgan Hill.
- **LENDING CAPACITY REMAINING IN THE PROGRAM:**
\$1,564,825





For More Information

Andria Martinez

GAF Loan Officer

21 E. Canon Perdido St #212A

Santa Barbara, CA 93101

ph: 805-698-8005

Edith Ramirez

City of Morgan Hill

17575 Peak Avenue

Morgan Hill, CA 95037

ph: 408-310-4633

www.ndcgaf.org

e-mail:

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edith.ramirez@morganhill.ca.gov



NATIONAL DEVELOPMENT COUNCIL
Partners in Community Development Since 1969



SBDC helps clients to
apply for SBA loans
and other resources

Our services are
FREE



Presented by Dennis King

Who are we?

- Small Business Development Center(SBDC)
- Largest federal program under the Small Business Administration to help start and grow small businesses.
- We provide services through workshops and one-on-one advising.
- Our local funding partner is the County of Santa Clara.
- We often work in partnership with other organizations such as Business Owner Space, Score and Chambers of Commerce.

Start. Grow. Thrive.

SBDC: Our mission

We provide ACCESS to information and resources to help you sustain and grow your business.

Where can you find us?

<https://www.svsbdc.org/>

Where can you find us?



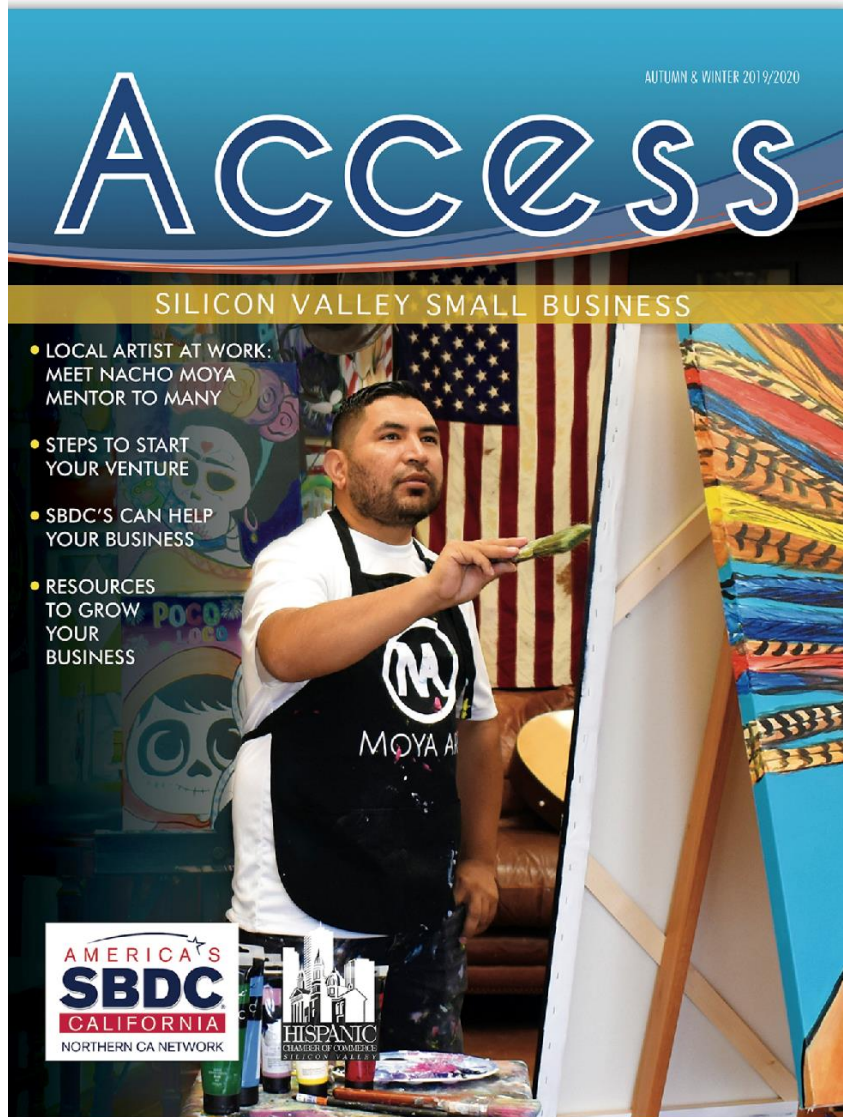
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COVID-19 SMALL BUSINESS RESOURCES

[LEARN MORE](#)

We're dedicated to the success of entrepreneurs in the Greater Silicon Valley Area.

Access Magazine



- <http://hccsv.com/index.html>

Start. Grow. Thrive.

Advisors

SBDC ADVISORS

SBDC BUSINESS ADVISORS SERVING SANTA CLARA COUNTY (Partial list)



Lourdes Arvizu



Frank Cancilla



Mary Castillo



Joe Cholko



Carl Davis Jr.



Edward Fike



Shawn Flynn



Anita Garcia



Edna H. Amezcua



Chris Horton



Jenny Huang



Shirley Interiano



Nancy Islas Aldaia



Margaret Jackson



Indu Jayakumar



Aileen Kao



Dennis King



Kristin Knaus



Bob Komoto



Allie Lopez



Connie Madrigal



Dawn Maher



Helen Masamori



Kevin McClelland



Jennie Z. Meehan



Jessica Muñoz



Jim C. Nguyen



Nga Nguyen



Nicole Nguyen



Anne O. Ramirez



Lien Phan



Pablo Pineda



Yocanex Posadas



Carlos Reza



Armando Ricardez



Sandra Sanchez



Hillary Talbot



Juanita Velasco



Helen Wang



Our business
experienced advisors
can speak English,
Spanish, Vietnamese,
Chinese and other
languages.

Start. Grow. Thrive.

Our services

- Access to Capital is one of our fundamental services.
 - We work with many banks, credit unions, alternative lenders and other finding sources.
 - We are on your side, we represent our clients.
 - We can help our clients package their loan requests.
 - We can walk you through the steps for access to the Economic Injury Disaster Loan and Payroll Protection Program.



SMALL BUSINESS LOANS UNDER
THE CARES ACT

DIFFERENCES BETWEEN LOANS

PAYCHECK PROTECTION PROGRAM (7A PPP)

- > For all profit businesses and private non-profits.
- > Apply at your local SBA approved bank.

ECONOMIC INJURY DISASTER LOAN (EIDL)

- > For sole proprietors, small agriculture coops & aquaculture, and private non-profits
- > Apply at sba.gov/disaster

Payroll Expenses Employee Salaries Mortgage Interest Rent and Utilities Interest on debt before 2/15/2020	LOAN USE	Payroll Fixed Debts Accounts Payable Other expenses that cant be paid because of COVID-19
2.5X Business's average monthly payroll for the prior 12 months	AMOUNT	up to \$2 Million
4% Fixed Annual Percentage Rate	RATE	3.75% Annual Percentage Rate
.5% on unforgiven portion 2 year fixed note	TERMS	3.75% small businesses to up to 5 years 2.75% non profits fixed note
up to 100% with approval	LOAN FORGIVENESS	0% Eligible for forgiveness
No payments for first 6-12 months then a 10-year term loan	DEFERMENT	No payments for first 12 months then a 10-year term loan

Be careful

- CAUTION:
 - Constant Change
 - Predators

Any Questions?



Thank you

<https://www.svsbdc.org/>

We are here for you.

Business Resiliency Financial Resources Roundtable

Business Resiliency Roundtables

Location: Virtual meeting details will be sent upon registration.



Financial Resources

Guest Speakers: SBDC, Grow
Morgan Hill Fund, Silicon
Valley Strong
Date: Friday, April 10th
Time: 2:00 pm to 3:30 pm

[REGISTER NOW](#)



Communication Resources (Website, Social Media)

Guest Speakers: Articulate Solutions
Date: Wednesday, April 22nd
Time: 10:30 am to 11:30 am

[REGISTER NOW](#)



Restaurant Roundtable

Guest Speaker:
California Restaurant Association
Date: TBA
Time: 10:30 am to 11:30 am

[REGISTER NOW](#)



Tourism Roundtable

Guest Speaker:
California Travel Association
Date: April 17, 2020
Time: 10:30 am to 12:00 pm

[REGISTER NOW](#)



Manufacturing Roundtable

Guest Speaker: MANEX
Date: TBA
Time: 10:30 am to 12:00 pm

[REGISTER NOW](#)



Retail Roundtable

Guest Speaker: FedEx
Date: TBA
Time: 10:30 am - 12:00 pm

[REGISTER NOW](#)

Click here to go to choosemorganhill.com/covid19roundtables

[Choosemorganhill.com/covid19roundtables](https://choosemorganhill.com/covid19roundtables)

Tourism with CA Travel Association April 17

Communications/Social Media with Articulate Solutions April 22



Business Resiliency Financial Resources Roundtable

SBA

Julie Clowes julie.clowes@sba.gov

SBDC

Dennis King dennisk@hccsv.org

Lourdes Arvizu lourdes@sbdchc.org

Allie Lopez allie4svsbdc@gmail.com

Grow Morgan Hill Fund

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City of Morgan Hill Economic Development

Edith Ramirez edith.ramirez@morganhill.ca.gov

John Lang john.lang@morganhill.ca.gov

Morgan Hill Chamber of Commerce

Brittney Sherman brittney@morganhill.org

Visit Morgan Hill

Krista Rupp executivedirector@visitmorganhill.org

