



March 25, 2020

Alabama Lender Update
SBA Economic Injury Disaster Loans (EIDL) and Observations

I am offering you the following Bullet Points. However, I want you, the LENDER, to understand that you can offer a loan (BRIDGE) to the Small Business Owner until they receive the Direct Disaster Loan from SBA. ***Understand that during a previous Disaster, SBA established an SBAExpress Bridge Loan which is not currently available for this Disaster. Therefore, any reference to Bridge Loan, in this Alabama Lender Update, relates to A BANK CONVENTIONAL LOAN.*** Once they receive the Direct Loan, from SBA, they can then payoff your loan. This is authorized as a USE OF FUNDS – see below. ***USUALLY a Line of Credit (LOC) and Bridge Loan can be paid from proceeds of Disaster Loan.*** Due to the magnitude of the situation, as I have previously stated, Business owners are experiencing challenges in getting the application through because of current system capacity. Encourage them to continuously save their work. In some instances, there are longer than normal wait times with SBA Customer Service. Understand that SBA is working diligently to address any concerns. SBA is expanding the capacity of the system. In addition, our Customer Service Team is working hard. In fact, I gave a Business Owner the phone number to SBA Disaster Customer Service today. He called and got connected rather quickly. He emailed me and said, “I talked to them”. So, our Team is working hard.

Also, be advised that I have receive numerous requests, from Lenders, who want to do SBA Guaranteed Loans. Most of them referenced the Stimulus Package which would make some changes to SBA Loan Programs. I am not at liberty to speak on this because I have not received Internal Communications as the Stimulus Package has not been approved. However, it is expected to be approved within a day or two. At the same time, after approval, the details and procedures still have to come down to us.



Bullet Points on SBA Economic Injury Disaster Loan (EIDL)

- Direct Loans up to \$2,000,000
- No Lender Guaranty – Business Owner Applies directly to SBA
- No upfront Tax Returns
 - IRS Form 4506T must be completed allowing SBA to get Tax Transcripts directly from IRS
- No loan payment during the first year
- <\$25,000 No collateral
- >\$25,000 Collateral Taken if available – SBA will not decline if no collateral
- No Cost to apply
- No obligation to take loan if approved
 - Apply for the maximum amount possible whether you feel you need it or not.
- Cannot merge new Disaster Loan with existing Disaster Loan
- Meet working capital needs
 - Debts
 - LOC - USUALLY
 - Bridge Loans - USUALLY
 - A/P
 - Payroll
 - **No paydown of long-term debt
- Prepayment penalty
 - None
 - Can pay loan off early
- Nonprofits
 - All apply
- Startups
 - In operation for a Year
 - In operations less than a Year, still possible to get funding
- Credit Report
 - Pull Credit
 - Beacon Score
 - No stated minimum/max Beacon Score
- Credit Elsewhere



- Looks at other loan possibility – Under Current Environment, Bank may not lend creating a situation where you cannot get “Credit Elsewhere”
 - SBA Looks at Personal Financial Statement
 - Personal Liquidity
- Appeal Process – You can appeal if loan request is Declined
 - Referred to Resource Partner – Small Business Development Center (SBDC)
 - 6 months for reconsideration
- Personal Guaranty
 - Yes