

Managing Your Cash Flow During the CoronaVirus Crisis

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Featured in WSJ, New York Times, Fox amongst others



Advised the White House, Federal Reserve and Treasury market on business credit markers



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About Ami Kassar



SBA PLANS IN PROGRESS



DOCUMENTS YOU SHOULD GET TOGETHER NOW



DO YOU HAVE LIQUIDITY YOU CAN LEVERAGE ?



TIPS TO NEGOTIATE DEFERMENTS ON CURRENT LOANS



PREPARING A REVISED FORECAST / BUDGET FOR 2020



STAYING AWAY FROM SHORT-TERM ON-LINE LOANS WHENEVER POSSIBLE

Agenda



SBA EMERGENCY INJURY
DISASTER LOANS



BOOSTING REGULAR SBA
PROGRAMS

SBA plans in
progress

SBA Economic Injury Disaster Loans

- SBA will begin ASAP issuing Disaster Assistance Loans
- States will have to declare disaster zones first, before the SBA starts processing loans in affected areas: current areas : California, Washington, Oregon, Idaho, Maine, New Hampshire, Connecticut, Massachusetts, New York, Rhode Island
- These loans are processed, underwritten and issued by the government, not a lender – as traditionally done
- Potentially Eligible
 - Small Businesses
 - Small Agricultural Cooperative
 - Most Private Nonprofit Organizations

SBA Economic Injury Disaster Loans

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses

EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster

The SBA can provide up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred

Your loan amount will be based on your actual economic injury and your company's financial needs. They will review financials month by month

The interest rate on EIDLs will not exceed 4 percent per year.

The term of these loans will not exceed 30 years.

The repayment term will be determined by your ability to repay the loan.

EIDL assistance is available only to small businesses when SBA determines they are unable to obtain credit elsewhere for requests >\$350K.

The maximum loan amount is \$2 million

Will most likely require a lien on your business and home

SBA Economic Injury Loans

SBA Economic Injury Loans

- Where to check if your area is eligible
 - <https://disasterloan.sba.gov/ela/Declarations/Index>
- Where to apply
 - <https://disasterloan.sba.gov/ela/Account/Login?ReturnUrl=%2Fela%2FLoanApplication%2FStartApplication>
- Where to submit the IRS 4506T
 - [https://disasterloan.sba.gov/ela/Documents/Request%20for%20Transcript%20of%20Tax%20Return%20\(IRS%20Form%204506T\).aspx](https://disasterloan.sba.gov/ela/Documents/Request%20for%20Transcript%20of%20Tax%20Return%20(IRS%20Form%204506T).aspx)

Increase	Increase the 7(a) loan program, which includes the Community Advantage pilot program, authorization level by \$50 billion.
Allow	Allow any 7(a) borrower to use the proceeds of the loan for payroll support, including paid sick leave.
Waive	Waive all fees for all 7(a) loans for one year for both lenders and borrowers.
Provide	Provide a 90 percent loan guarantee for all loans, no matter the size.
Increase	Increase the loan limit for SBA Express from \$350,000 to \$1 million. This program currently provides an accelerated turnaround time of 36 hours for SBA review, and provides a revolving line of credit for small businesses.

Boosting Regular SBA Programs



SBA lenders are incentivized to take on more risk and leveraging their processing and lending capabilities



Regular government guarantee fees go away



SBA lines of credit will now be \$1MM vs \$350K, but will likely require a regular 7a also

What That Means in English

Options To Consider

Apply for an Emergency Loan

- Pros : Low Rates and Longer Paybacks
- Cons: Expected to be slow and complex process : there will be no buffer between you and the government

Leverage an Existing SBA Lender

- Pros : Will likely get you to the finish line faster
- Cons: Rates will be higher and payback faster then emergency loans

Reality : Same SBA rules apply as yesterday

Options are not Mutually Exclusive

Every individual can be eligible for up to \$5 million of SBA loans

If an individual business has a loan of >\$350K the SBA will require a first lien on all of your business assets and a lien on your house

If your request is \$350K or under the SBA lender can take a second lien on your business assets and is not required to take a lien on your house

If you currently have an SBA loan they are very difficult to refinance. However you can still apply for a second SBA loan to sit behind your current one

Reality of SBA loans

What That Means in English

You may be eligible to get an SBA loan for \$350K to shore up your balance sheet

- 10-year term, 5.75% interest, monthly payments of \$3,841
- Personal guarantee, second lien, no pre-payment

Regular government guarantee fees go away

SBA lines of credit will now be \$1MM vs \$350K

Any loans >\$350K will require a clean first lien on all assets



FICO of 650 or higher



No Bankruptcies last five years



Been in Business for Two Years



Positive Cash Flow Last Year

Requirements
for \$350K SBA
loan program

Documents
You Should
Get Together
Now



Documents You Should Get Together Now

PERSONAL FINANCIAL STATEMENT					
As of _____, 19 ____					
<small>Complete this form for: (1) each proprietor, or (2) each limited partner who owns 10% or more interest and each general partner, or (3) each stockholder owning 10% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.</small>					
Name			Business Phone		
Residence Address			Residence Phone		
City, State, & Zip Code					
Business Name of Applicant/Borrower					
ASSETS			LIABILITIES		
(Omit Cents)			(Omit Cents)		
Cash on hands & in Banks	\$		Accounts Payable	\$	
Savings Accounts	\$		Notes Payable to Banks and Others	\$	
IRA or Other Retirement Account	\$		(Describe in Section 2)		
Accounts & Notes Receivable	\$		Installment Account (Auto)	\$	
Life Insurance-Cash Surrender Value Only	\$		Mo. Payments	\$	
(Complete Section 8)			Installment Account (Other)	\$	
Stocks and Bonds	\$		Mo. Payments	\$	
(Describe in Section 3)			Loan on Life Insurance	\$	
Real Estate	\$		Mortgages on Real Estate	\$	
(Describe in Section 4)			(Describe in Section 4)		
Automobile-Present Value	\$		Unpaid Taxes	\$	
Other Personal Property	\$		(Describe in Section 6)		
(Describe in Section 5)			Other Liabilities	\$	
Other Assets	\$		(Describe in Section 7)		
(Describe in Section 5)			Total Liabilities	\$	
Total	\$		Net Worth	\$	
Total			Total		
Section 1. Source of Income			Contingent Liabilities		
Salary	\$		As Endorser or Co-Maker	\$	
Net Investment Income	\$		Legal Claims & Judgments	\$	
Real Estate Income	\$		Provision for Federal Income Tax	\$	
Other Income (Describe below)*	\$		Other Special Debt	\$	
Description of Other Income in Section 1.					
<small>*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)</small>					
Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

Documents
You Should
Get Together
Now

Business Debt Schedule

Date: _____

Creditor Name/Address	Original Amount	Original Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment	Security	Current or Delinquent
			Total Present Balance	\$ -	Total Monthly Payments		\$ -	


NOTE:

Documents You Should Get Together Now

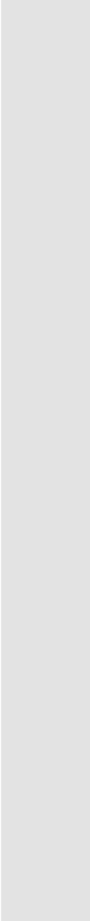
- Three Years of Business and Personal Tax Returns
- If 2019 Tax Return are not available yet, 2019 Financials
- Personal Financial Statement for any owners > 20% can be downloaded here : <https://www.sba.gov/document/sba-form-413-personal-financial-statement-7a504-loans-surety-bonds>
- Business Debt Schedule : Downloadable here : https://www.sba.gov/sites/default/files/tools_sbf_sba202.pdf

Liquidity to Leverage

- Your Line of Credit Should Be Greater of
- 10% of top line sales
- 85% of A/R and 50% of Inventory



Deferment of Current Loan Payments

- If you are concerned about your ability to make loan payments over the next few months – it's better to get ahead of it with your lenders and ask for support, then wait.
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BEST CASE



MEDIUM CASE



WORST CASE

Revised
Forecast /
Budget for
2020

Short Term On-Line Loans



Follow Up Resources

- Multifunding On-Line Community q@a: Pls stay engaged
- <https://multifunding.tribe.so/>
- SBA Disaster Loans
- <https://disasterloan.sba.gov/ela/Information/Index>
- Multifunding
- <https://www.multifunding.com/heres-how/>