

# U.S. Virgin Islands Economic Development Authority



## Webinar: Everything EIDL in partnership with SBA

Moderator: Cusa Holloway, USVIEDA Business Incubator Program Manager

September 9, 2020

10:00amAST

# Agenda



Credible Sources for COVID-19  
Updates in the USVI

Small Business Administration (SBA)

- Economic Injury Disaster Loan (EIDL)

# Credible Sources for COVID-19 Resources

- Virgin Islands Department of Health –  
[www.doh.vi.gov/coronavirus](http://www.doh.vi.gov/coronavirus) or Text COVID19USVI to 88877 or  
call 340-713-6200 or 340-776-1519
- VI Territorial Emergency Management Agency:  
[www.vitema.vi.gov](http://www.vitema.vi.gov)
- Office of the Governor of the USVI:  
[www.facebook.com/GovernmentHouseUSVI](https://www.facebook.com/GovernmentHouseUSVI)
- Center for Disease Control & Prevention (CDC):  
[www.cdc.gov](http://www.cdc.gov)
- World Health Organization (WHO): [www.who.int](http://www.who.int)

# Speakers



**Wayne Huddleston**  
Senior Area Manager

Small Business  
Administration



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Outreach & Marketing  
Specialist

Small Business  
Administration





U.S. Small Business  
Administration

# Economic Injury Disaster Loan Everything EIDL

September 9, 2020

Puerto Rico & US Virgin Islands District Office



# Everything EIDL

## Agenda

General Overview

By the Numbers

Application Form Guidance

Reasons for & Options with Denials

Reconsideration Process

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

Coronavirus

Disaster

Funding

Options

Economic

Injury

Disaster

Loan

- Long term, low interest loans for small businesses, agricultural interests and private non-profits
- Eligible to businesses showing evidence of operation prior to February 1, 2020
- Can be used for working capital:
- Loan Amount: 6 months of working capital, up to \$150,000
- Loan payments: deferred 1 year; interest still accrues
- Repayment term: up to 30 years
- Interest rate:
  - 3.75% - businesses
  - 2.75% - non-profits
- Loans under \$25k, no collateral  
Loans over \$25k must pledge available collateral
- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated

# PURPOSE & USES OF EIDL FUNDS

## PURPOSE:

To meet financial obligations and operating expenses that could have been met had the COVID-19 pandemic disaster not occurred.

The loans are not intended to replace lost sales or profits or for expansion

## USES:

Working capital and normal operating expenses

- Payroll costs, salaries and sick leave
- Continuation of health care benefits
- Accounts payable
- Rent or mortgage payments
- Utilities
- Material costs





# EIDL Ineligible Uses of Loan Proceeds

## EIDL proceeds may NOT be used for:

1. Payment of any dividends or bonuses
2. Disbursements to owners, partners, officers, directors, or stockholders, except when directly related to performance of services for the benefit of the applicant
3. Repayment of stockholder/principal loans, except when the funds were injected on an interim basis as a result of the disaster and non-repayment would cause undue hardship to the stockholder/principal
4. Expansion of facilities or acquisition of fixed assets
5. Repair or replacement of physical damages
6. Refinancing long term debt
7. Paying down (other than regular installment payments) or paying off loans provided, guaranteed, or insured by another Federal agency or a Small Business Investment Company licensed under the Small Business Investment Act. Federal Deposit Insurance Corporation (FDIC) is not considered a Federal agency for this purpose
8. Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations
9. Contractor malfeasance
10. Relocation

# Ineligible Businesses

1. Financial lending institutions: (banks, credit unions)
  - Businesses in which the lender or any of its Associates owns an equity interest
2. Passive developers and landlords not actively using or occupying acquired assets
3. Life insurance companies
4. Businesses located in a foreign country (businesses in the U.S. owned by aliens may qualify)
5. Private membership clubs which limit the number of memberships for reasons other than capacity
6. Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude
7. Business which defaulted on a Federal loan
8. Speculative businesses

## **Review and Check All of the Following:**

Applicant must review and check all the following (If Applicant is unable to check all of the following, Applicant is not an Eligible Entity):

- ☒ Applicant is not engaged in any illegal activity (as defined by Federal guidelines).
- ☒ No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.
- ☒ Applicant is not an agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.
- ☒ Applicant does not present live performances of a prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- ☒ Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.
- ☒ Applicant is not in the business of lobbying.
- ☒ Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.



## By The Numbers

Nationwide Economic Injury Disaster Loan (EIDL) Numbers as of August 23, 2020:

- 5,781,390 advances disbursed for \$20,000,000,000
- 3,573,858 EIDL loans approved for \$188,022,021,024

USVI (EIDL) as of Aug 23, 2020:

- 1,665 loans approved for \$90,113,300

PR (EIDL) as of Aug 23, 2020:

- 22,490 loans approved for \$1,186,783,800

## What is the process to receive an Economic Injury Disaster Loan (EIDL) for COVID-19?



IF APPROVED	IF DECLINED
Email sent to applicant(s) to sign loan documents. <i>Be sure to download a copy for your records.</i>	Decline letter sent via email.
Loan proceeds transferred to bank account within 5-10 business days.	Applicant can request reconsideration in writing within 6 months of the date of decline letter.
Retain receipts and contracts for all loan funds spent for 3 years.	Send to:
Make payments through <a href="https://www.pay.gov">Pay.gov</a> OR mail payments to: U.S. Small Business Administration 721 19 <sup>th</sup> Street Denver, CO 80202	<b>E-mail:</b> <a href="mailto:pdcrecons@sba.gov">pdcrecons@sba.gov</a> <b>Mail:</b> U.S. Small Business Administration Disaster Assistance Processing & Disbursement Center 14925 Kingsport Road Fort Worth, Texas 76155
<b>On mailed payment, include:</b> <ul style="list-style-type: none"> <li>• Business Name</li> <li>• Borrower's Name</li> <li>• Tax ID/EIN or SSN</li> <li>• Application Number</li> </ul>	<i>Include your application number and any information required to overcome the reason for decline.</i> The process will vary depending on reason for decline.

# Online Application Form

1. <https://covid19relief.sba.gov/>
2. Verify you're an eligible entity
3. Complete business information section:
  - Business legal name
  - trade name
  - EIN/SSN for sole proprietorship
  - organization type (LLC, S-Corp)
  - non-profit or franchise
  - gross revenues for 12 months prior to date of disaster (Jan 31 2019 – Jan 31 2020)
  - Cost of goods sold for 12 months prior to date of disaster
  - Rental properties (lost rents due to disaster)
  - Non-profit cost of operation for 12 months prior to date of disaster
  - Faith based entity (combined operating expenses, secular services provided)
  - Compensation from other sources received as a result of disaster
  - Primary business address (cannot be PO) (phone, fax, email)
  - Date business established
  - Current ownership since
  - Business activity (details)
  - # employees (as of Jan 31, 2020)
4. Complete business owner information and sign
5. Additional information (checklist criminal activity)
6. Certify truth and accuracy
7. Review summary and submit

# Apply Online for EIDL

13. Receive confirmation of submitted application and reference number.



OMB Control #3247-0406

Expiration Date: 09/30/2020

## Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

### COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

#### Application Submitted

Your reference number is

You will be notified through the email address you submitted for any additional information  
needed once your application has been processed.  
Please write down your reference number or print this page for your records.

For status updates on EIDL applications,  
call 1-800-659-2955 or  
email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

## What if I don't need as much money as I've been approved for?

### Have you received the initial loan quote?

1. Log into your SBA Loan Portal
2. Choose how much you want your loan amount to be, up to the maximum quoted
3. Be sure to click the **submit button**

### Already received funds via Direct Deposit?

Make check payable to SBA and send with note that indicates whether the funds should be applied to the EIDL, Advance or both, and include:

- Business Name
- Borrower's Name(s)
- Tax ID or SSN
- Loan Number

### Already received funds via check?

**If the check has not been deposited**, write VOID across the front and return check to the address below. *Include:*

- Business Name
- Borrower's Name(s)
- Tax ID or SSN
- Application Number

### Send to:

U.S. Small Business Administration  
721 19<sup>th</sup> Street  
Denver, CO 80202



## Extra Guidance

- Once you decrease your loan amount, it's very hard to go back into the system and ask for an increase later, and the modification process takes a long time
- No pre-payment penalty. The loan has an annual interest rate, and even though payments are deferred for the first 12 months, the interest does start to accrue from day one.

*Borrower may make payments if they choose to do so.*

*Set up online payments through [Pay.gov](https://pay.gov) **OR** mail payments to:*

*U.S. Small Business Administration  
721 19th Street  
Denver, CO 80202*

*Be sure to include EIDL loan number on mailed-in checks.*

- Annual financial tax audits – keep receipts for a three-year period in case you're ever audited.





U.S. Small Business  
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# RECONSIDERATION GUIDANCE

- Unsatisfactory credit
- Economic Injury Not Substantiated
- Not Eligible Due To Character Reasons
- Applicant Requests A Change In Plans Or Fails To Proceed
- Not Eligible Because The Applicant Is Not A Small Business
- Not Eligible Due To Delinquent Child Support Payments
- Business activity is not eligible
- Unverifiable Information

Please submit any additional information that may assist us in reconsidering your application. If you would like us to consider tax information, please submit a copy of your most recent date stamped and signed tax return.

Send reconsideration requests to:  
[PDCRecons@sba.gov](mailto:PDCRecons@sba.gov) or  
[PDC.Reconsideration@sba.gov](mailto:PDC.Reconsideration@sba.gov)

[To apply: covid19relief.sba.gov](https://covid19relief.sba.gov)

**SBA Customer Service Center: 1-800-659-2955**

# Top 6 reasons for EIDL Declines

## Reason

1. Public records did not find the business
2. CBReport –SBA looks at credit history and assesses ability to repay
3. Insufficient credit: Did not meet FICO score: Minimum threshold of 570
4. Applicant is not a U.S. Citizen. E2 visas not eligible for EIDL program.
5. Bank account status is “Cannot Verify”
6. Account Ownership status is “Cannot Authenticate”

## What you can do

1. Submit copies of current business license, articles of incorporation)
2. File frozen by applicant (SBA cannot pull it off FICO, Experian or TransUnion)
3. The principal on the business will be investigated (personal score used). Whenever you submit reconsideration request, you should be comfortably above the FICO minimum threshold of 570. That's why you get up to 6 months
4. Need PRC (green card front & back), make sure it's current
5. Get letter from bank stating that I (NAME) is the owner of the bank account ending in xxxx for Business name, and bank account is current
6. Every owner on the business has to sign

# Duplications and Reconsideration

- One Covid-19 EIDL loan per Tax ID
- SBA will always default to the original application. Use same info on the original application – reasons that will overcome original denial
- Duplicates do not get declined... rather a message is sent to the applicant saying that only their original application will be considered
- In most cases, the second application (or third, or fourth) is identified as being for the same business as the first. If this is not the case, and the client can show the income as being for a different business/entity (with a different tax ID) from the first, then an LO can reactivate the duplicate application for it to be processed

# Appeal Process

## CALL: 1-800-659-295

- SBA sends out emails to the applicants requesting verification information
- Have your application number handy.
- If you send any email: Subject Appl #,,,,,, Bank letter, or

## EMAIL: [pdcrecons@sba.gov](mailto:pdcrecons@sba.gov)

- Get auto generated email that it's been received. Don't follow every other day (what's the status)  
All that does is saturating the box. First nationwide disaster. 50 states and territories are eligible.  
Be as patient as possible. If it sits for over a month, then reinitiate contact

## MAIL:

- You have the option to mail your reconsideration request to

US Small Business Administration

Disaster Assistance

Processing and Disbursement Center

14925 Kingsport Road

Fort Worth, Texas 76155

- **Put Application number on every single page** and priority mail with receipt and tracking # to ensure receipt

## FAX:

- Fax to 202-481-5931 (Gold fax # - will turn into an email)

# Your reconsideration request must...

- Be in writing and be received as soon as possible but no later than 6 months from the date of the denial letter
- Contain all significant information that will overcome the decline/withdrawal reason
- You want to respond as quickly as possible when you get requests for information, and accurately, particularly re: revenue, cost of goods sold, expenses, P&L statements, tax returns – particularly cost of goods sold. Materials, labor, parts cost. That number does affect your loan eligibility
- Email Subject Line: Name of Business and/or EIDL Appl # & document that you're sending with email:
- Title of request:
  - Loan Reconsideration
  - Increase Reconsideration
  - Citizen Verification Reconsideration
- Tax Return Attached
- Articles of Incorporation
- Green Card

# Reconsideration Examples

To Whom it May concern,

I, (name) received a decline letter from SBA disaster Assistance office. According to the correspondence, “Unverifiable information” I have been made aware that I need to provide verification for ...

I attach the following documents for verification:

or

I am writing to the Office of Disaster Assistance Reconsideration team because: I am requesting an (increase in the loan amount)

I have attached the required documents/request in this email.

Please let me know what steps I need to take to address/correct this matter.

Thank you for your assistance and reconsideration.

You may contact me at ..... Or email me at .....

I hope to hear from you soon.

NB: Upload documents only as pdfs, not jpegs.

# Phishing WARNING



Remember:  
SBA email will only come from accounts  
ending in <http://sba.gov>

Look out for emails that use the SBA  
logo to scam people

SBA will never use a 3rd party platform  
to seek personal info

From: [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) <[noreply@eventbrite.com](mailto:noreply@eventbrite.com)>

Subject: Action Required - Verify Your Identity

SBA - Small Business Administration

Valued Applicant,

We noticed irregular activities on your loan application for SBA funding. We are currently manually verifying each loan application. **This is due to high fraudulent claims and identity theft cases used by hijackers recently in regards to loan applications.** We noticed a **suspicious activity** on your account with us and would need to verify your identity. Failure to get verified may lead to termination or rejection of your application.

To resolve this issue, kindly verify your identity by [VISITING HERE](#).

After verification, no action is required on your part. We would crosscheck and give feedback shortly.

We are sorry for this brief inconvenience.

Office of Disaster Assistance

U.S. Small Business Administration

[disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)



# SBA Resources and Links

## SBA PR & USVI Office:

1-787-523-7120

[wayne.huddleston@sba.gov](mailto:wayne.huddleston@sba.gov)

[lisa.chamely-aqui@sba.gov](mailto:lisa.chamely-aqui@sba.gov)

<https://www.sba.gov/pr>

## For EIDL Loan Applicants:

1-800-659-2955

[disastercustomerassistance@sba.gov](mailto:disastercustomerassistance@sba.gov)

[www.sba.gov/funding-programs/disaster-assistance](http://www.sba.gov/funding-programs/disaster-assistance)

For local technical assistance for individual USVI businesses:  
[www.visbdc.org](http://www.visbdc.org)

## Federal Resources for US Small Businesses

<https://www.covid-sb.org/>

## PPP Forgiveness Guidance Most Recent:

[Treasury.gov/CARES](https://www.treasury.gov/CARES)



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

Free business mentoring and education

## For information on all federal programs:

[www.usa.gov/coronavirus](http://www.usa.gov/coronavirus)

## PPP Related Content including Forgiveness Applications:

[sba.gov/fundingprograms/loans/coronavirus-relief-options/paycheck-protection-program](http://sba.gov/fundingprograms/loans/coronavirus-relief-options/paycheck-protection-program)

- All Interim Final Rules
- Borrower Application Form
- Loan Forgiveness Instructions and Application Form
- FAQ for Lenders and Borrowers
- PPP Loan Activity by State
- Information on Traditional SBA Lending Options



# USVI Local Assistance



U.S. Small Business  
Administration

SBA PR & USVI District Office

<https://www.sba.gov/pr>

U.S. Virgin Islands – (340) 473-7945

Puerto Rico – (787) 766-5002 / 5003

[https://twitter.com/SBA\\_PuertoRico](https://twitter.com/SBA_PuertoRico)



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*Helping Businesses Grow & Succeed*

Virgin Islands Small Business Development  
Center

<http://www.visbdc.org>

Consulting, Workshops & Technical Assistance  
Currently accepting virtual appointments

**St. Thomas/St. John**

8000 Nisky Center, Suite 720  
St. Thomas VI 00802  
(340) 693-1694

**St. Croix**

6300 Estate Peters Rest #4  
Christiansted, St. Croix VI 00820  
(340) 692-4294

[info@visbdc.org](mailto:info@visbdc.org)



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# How are we doing?

Please take a minute to let us know

[www.sba.gov/feedback](http://www.sba.gov/feedback)





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**We Support Small Business.**

**Thank you to SBA for participating!**

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Visit [www.sba.gov/PR](http://www.sba.gov/PR).



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