

Thank You For Joining Us Today!

NVIE Is Here To Help You Navigate These Unprecedented Times, Stay Afloat, and Prepare For Growth Once The Pandemic Has Passed.

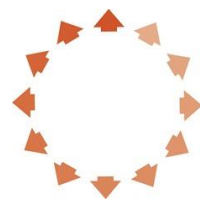
Before We Get Started, An Urgent Request For Our Manufacturers

The Governor's Office Just Requested Response Of A New Survey On Mfrs. Ability To Ability To Retool For PPE, Provide Needed Materials, Etc.

Our Goal: 500+ manufacturers respond by End of Day Tuesday.

A Real Opportunity For Mfg. To Step Up, Show Strength of the Nevada Mfg. & Tech Forum (NMTF), And Show Leadership Through The Crisis.

We will be sharing the link to the survey in the chat room. Please complete the survey and share with other manufacturers.



NEVADA
Industry Excellence
"YOUR STRATEGIC GROWTH PARTNER"

Financing Options for Business and an Overview of the SBA Disaster Relief Programs



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Financing Options for Business

*Presented by: Monica Coburn, Founder and Managing Director
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- 1. Where is the money?**
- 2. Financing Options**
- 3. What do banks and lenders look for?**
- 4. How do I prepare to get funding?**
- 5. SBA Disaster Loan Programs Overview**



TRADITIONAL OR CONVENTIONAL FINANCING

- ▶ BANKS
- ▶ CREDIT UNIONS
- ▶ NON BANK LENDERS



ALTERNATIVE FINANCING

- ▶ GOVERNMENT PROGRAMS
- ▶ FINANCE COMPANIES
- ▶ MERCHANT PROCESSING CO.
- ▶ PRIVATE
- ▶ PUBLIC



TYPES OF FINANCING

- ▶ Line of Credit
- ▶ Term Loan (equipment, real estate, fixtures, etc.)
- ▶ SBA (Express, 7a, 504, Disaster)
- ▶ Secured line/loan (CD, savings, securities)
- ▶ Microloans



ALTERNATIVE FINANCING

- ▶ Factoring
- ▶ Asset Based Lending
- ▶ Other Programs (i.e. NV Business Opportunity Fund, Nevada Opportunity Fund)



“OTHER” FINANCING

- ▶ Family and Friends
- ▶ Home Equity
- ▶ Credit Cards
- ▶ Seller
- ▶ Private Investors
- ▶ Crowdfunding
- ▶ MCA’s (Avoid if at all possible!)





**A bank is a place that will lend
you money if you can prove that
you don't need it.**

Bob Hope

NOTE: Get a GREAT banker!

NOTE: Get the RIGHT banker! Not every banker knows business.



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What do Banks and Lenders Look for?

#1: CHARACTER

- ▶ Your credit character speaks to your overall trustworthiness as a borrower. Does history show that you've paid your obligations timely? Late? Your credit score and credit history both play important roles. A lender will want to see a long history of using credit (credit cards, loans, etc.); consistent on time payments on all accounts; all accounts are in good standing (no past dues, collections, bankruptcy, foreclosures, etc.)
- ▶ If you're applying for business credit, additional due diligence such as payment history with vendors, suppliers, business license status, etc.
- ▶ Criminal history-What? Where? Why? When?



What do Banks and Lenders Look for?

#2: CAPACITY

- ▶ Capacity can also be referred to as cash flow and how well you can manage your current and projected payments.
- ▶ Lenders will look at your income (either as a business, an individual or both)
- ▶ Lenders will look at the stability of your income (i.e. is your business seasonal? what does the financials of the business look like?)
- ▶ Ratios i.e. debt to income ratio (the minimum ratio to keep in mind is 1.25:1)



What do Banks and Lenders Look for?

#3: COLLATERAL

- ▶ Security blanket for the bank or lender.
- ▶ Collateral or assets that can be sold and used as a back up source of repayment
- ▶ For example, a mortgage on a house. The bank or lender has filed a lien on the property until the loan is paid in full. If the loan payments are not made, the lender can foreclose on the home in an effort to recoup the funds that were borrowed.
- ▶ Other examples of collateral might include: Cash (checking/savings accounts), business assets (inventory, equipment, etc.), real estate, accounts receivables.



What do Banks and Lenders Look for?

#4: CAPITAL

- ▶ How much “skin” do you have in the game?
- ▶ Do you have the required injection or down payment?
- ▶ Do you have cash in the bank? Financial reserve or cushion?
- ▶ The bottom line is a bank or lender wants to see that you’re invested in your business and that you have put money on the line as you are asking the bank or lender to.



What do Banks and Lenders Look for?

#5: CONDITIONS

- ▶ Conditions refer to outside factors and banks/lenders will consider things like the following:
 - ▶ Economy
 - ▶ Industry
 - ▶ Stability
 - ▶ Market for the Product or Service
- ▶ The lender will take into account how the money will be used.



HOW DO I PREPARE TO GET FUNDING?



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Startup?

5 C's of Credit
Personal Credit
Business Plan
Projections
Down Payment
Collateral



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Existing?

5 C's of Credit
Equipment
Real Estate
Working Capital
Growth Plans



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When Should I Ask?

It's **NEVER** too early to start
having a conversation with your
bank!!!



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When Should I Ask?

Make sure your **FINANCIAL HOUSE** is in order (personal credit, cash in bank, etc.)



When Should I Ask?

Know what to ask for **BEFORE**
you talk with your banker. Be
prepared!



NEVER Say.....

“What can I qualify for OR how much money can you give me?”



Be Prepared

Personal & Business Federal Tax Returns (3 years)
Business financial statements (P&L/Balance Sheet)
Bank account statements
Personal financial statement*
Debt Schedule*
Business Plan and Projections (as applicable)
Agreements (Purchase, Lease, etc.)
Entity documentation (articles, by-laws, etc.)



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SBA Disaster Loan Programs Overview



Economic Injury Disaster Loan (EIDL) Overview



FACTS

- ▶ Nevada was one of the first states approved with a disaster declaration
- ▶ Apply directly to the SBA (no bank or lender)
- ▶ Applications are currently being accepted through the SBA's online portal
- ▶ Apply at <https://covid19relief.sba.gov/#/>

Need to Know

- ▶ “Economic Injury Disaster” Loan
- ▶ Definition: Substantial economic injury means the business is unable to meet its obligations with its ordinary and necessary operating expenses.
- ▶ Provides the necessary working capital to help small businesses survive until normal operations resume after “disaster”.
- ▶ Eligible businesses only as defined by the SBA, exception is most non profit organizations
- ▶ Examples of ineligible businesses i.e. gaming, adult entertainment, cannabis, speculative real estate
- ▶ NOTE: No One can guarantee approval and funding of this loan, other than SBA and beware of SCAMS!

Program Highlights

- ▶ New and Improved Streamlined Application
- ▶ Up to \$2 million (to help meet financial obligations and operating expenses that could have been met had the disaster not occurred).
- ▶ Interest Rates: Business-3.75% ; Non Profits-2.75%
- ▶ 30 Year Term; No prepayment penalty
- ▶ Collateral requirements still apply (SBA requires all available collateral) for more than \$25,000
- ▶ Personal Guarantees are required
- ▶ No Guaranty Fee (unlike regular SBA loans)

Documentation Requirements*

- ▶ Completed loan application online
- ▶ IRS Form 4506-T (gives permission for the IRS to provide SBA your tax return information). Required by each owner with 20% or more ownership of the applicant business.
- ▶ Personal financial statement
- ▶ Recent filed federal returns including all schedules
- ▶ Schedule of liabilities (business debt)
- ▶ *List is not all inclusive, subject to change

What can funds be used for?

- ▶ Program is for additional funding only
- ▶ Refinancing of existing business debt and funding for expansion is not applicable
- ▶ May be used to pay fixed debts, payroll, accounts payable
- ▶ Separate pool of funds from SBA (ceiling)

SBA DISASTER LOAN PROGRAM CONTACT

- ▶ Email: disastercustomerservice@sba.gov
- ▶ Phone: 1-800-659-2955
- ▶ SBA Nevada District Office: (702) 388-6611
- ▶ TTY: 1-800-877-8339
- ▶ Visit [SBA.gov/disaster](https://www.sba.gov/disaster) for more information

Emergency Economic Injury Grants Overview



Who is Eligible for the Grant?

- ▶ Same eligibility as the EIDL and businesses who have been in operation since Jan. 31, 2020

How long are EEIG available?

- ▶ Jan. 31, 2020- Dec. 31, 2020
- ▶ The grants are backdated to allow those who have already applied for an EIDL to be eligible to also receive a grant
- ▶ NOTE: If you have applied for the EIDL under the original application, you **NEED** to submit an application with the streamlined version to be considered for the grant.

Need to Know

- ▶ If you have applied for the EIDL under the original application, you **NEED** to submit an application with the streamlined version to be considered for the grant. Check box at end of application.
- ▶ Submit a complete application
- ▶ SBA will respond by email (check spam)
- ▶ Amount: Up to \$10,000
- ▶ Timeline: As soon as 3 business days (per SBA)
- ▶ No one can guarantee this grant, only SBA

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Small Business Debt Relief Program Overview



What is the Small Business Debt Relief Program?

- ▶ Provides “immediate” relief to small businesses with non-disaster SBA loans (7a, 504 and microloans).
- ▶ SBA will defer all loan payments including principal & interest and fees for 6 months. If 504, lenders are automatically providing 6 month deferral payments as long as loan is in good standing (letter will be sent)
- ▶ This program is also available to new borrowers who take out loans within 6 months of the President signing the bill into law.
- ▶ NOTE: This is not automatic if existing SBA loan customer. Contact your bank to request.

Paycheck Protection Program (PPP) Overview

Part of CARES Act



What is the PPP?

- ▶ Also referenced as Payroll Protection and Payment Protection.
- ▶ The program would provide cash flow assistance through 100% federally Guaranteed loans to employers who maintain their payroll during the emergency.

What businesses are eligible?

- ▶ Eligible businesses in operation on February 15, 2020
- ▶ Private non profits except for 501© 6
- ▶ Sole proprietors, independent contractors, self-employed individuals
- ▶ Veterans organizations, Tribal business concern
- ▶ Less than 500 employees; SBA size standards
- ▶ Exceptions to employee rule-hospitality, restaurants with multiple locations

How is the loan size determined?

- ▶ Eligible business can borrow up to 2.5x (250%) of their average monthly payroll expenses up to a total of \$10 million.
- ▶ Seasonal business expenses will be measured using a 12-week period beginning 2/15/19 or 3/1/19 whichever the employer chooses. SBA has flexed on this timetable allowing for a 4 month variation.

What costs are eligible?

- ▶ Compensation (salary, wages, commission, cash tips, etc.)
- ▶ Payment for vacation, parental leave, family, medical or sick leave
- ▶ Dismissal or separation allowance
- ▶ Insurance premiums, group health care benefits
- ▶ Payment for retirement benefit

What costs are not eligible?

- ▶ Employee/owner compensation >\$100K
- ▶ Taxes imposed or withheld under chapters 21,22 & 24 of IRS code
- ▶ Compensation of employees whose principal residence outside of the U.S.
- ▶ Qualified sick and family leave, part of the Families First Coronavirus Response Act

What can funds be used for?

- ▶ Payroll costs
- ▶ Costs related to the continuation of group health care benefits during periods of paid sick, medical, family leave and insurance premiums
- ▶ Employee salaries, commissions or similar compensation covered previously
- ▶ Rent (including rent under a lease agreement)
- ▶ Utilities
- ▶ Interest on any other debt incurred before the covered period

Need to Know about PPP

- ▶ Must apply through a bank/lender
- ▶ Term: 2 Years
- ▶ Rate: .5%
- ▶ No loan fees
- ▶ No prepayment penalty
- ▶ No personal guaranty, no collateral requirement
- ▶ Depending on the lender, may charge an application fee, but SBA will cap fees
- ▶ NOTE: Most banks/lenders are not ready yet

Need to Know about PPP

- ▶ Only 1 PPP loan per entity per Taxpayer ID #
- ▶ At least 6 months of payment deferrals up to a year
- ▶ Able to apply if business affected by COVID-19 between 2/15/20 and 6/30/20.
- ▶ Deadline to apply is 6/30/2020
- ▶ Program would be retroactive to 2/15/20 in order to bring workers who were laid off back onto payroll.
- ▶ Update: Independent contractors and self employed individuals will not be able to apply until April 10, 2020, contingent upon banks being ready to accept applications.

Is this loan forgivable?

- ▶ Businesses receiving a loan through the Paycheck Protection Program are eligible for loan forgiveness. The amount of forgiveness cannot exceed the principal amount of the loan, but may equal up to a business's costs during the 8 weeks following the date of the loan funding for the following categories:
- ▶ Payroll costs;
- ▶ Interest on real or personal property mortgage obligations in existence before February 15, 2020 and incurred in the ordinary course;
- ▶ Rent under a lease agreement in force before February 15, 2020; and
- ▶ Utility payments, including electricity, gas, water, transportation, telephone or internet, for which service began before February 15, 2020.
- ▶ The amount of loan forgiveness is subject to reduction based on a business's decline in headcount or wages. Declines in headcount or wages between February 15, 2020 and April 26, 2020 will not trigger a reduction in loan forgiveness IF the business reverses the decline and returns to pre-decline levels by June 30, 2020. Loan forgiveness will not be included in a business's taxable income.
- ▶ If employer maintains their payroll the loan would be forgiven

Contact Info



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THANK
YOU



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