



# CA Rebuilding Fund TA Provider Training

**Second Session**  
**November 12, 2020**

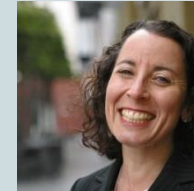
# Today's Presenters



Susan Brown  
--VP of Capacity Building and Training



Heidi Pickman  
--VP of Policy and Programs



Dan Moret  
--Connect2Capital Community Director



# First Session (Oct. 26) Recording Available



- CA Rebuilding Fund Overview
- Participating CDFIs and their service regions
- Eligibility Requirements
- Application Questions

# Today's Agenda

- Unmatched CARFund Applicants
- Live Application Demo
- Loan Product Overview
- Basic Assessment
- Business Income and Expenses



## Unmatched Applicant Referrals

- Borrowers are directed to resources on CALoanFund.org
- CAMEO might be receiving a list of unmatched borrowers. If you are interested in receiving leads in your area, let us know.



# Participating CDFIs



- 3Core
- Access + Capital
- Accion Serving Southern California
- CDC Small Business Finance
- ICA
- Main Street Launch
- MEDA / Fondo Adelante
- National Asian American Coalition
- Opportunity Fund
- PACE
- Pacific Community Ventures
- Working Solutions

# CA Rebuilding Fund Application Demo

URL: [CALoanfund.org](https://CALoanfund.org)

Pre-applications for the California Rebuilding Fund are not yet open. Check back soon for an announcement date.



[Overview](#)

[Loan Terms](#)

[Business Requirements](#)

[FAQs](#)

[Resources](#)

[Pre-Application](#)

## *A program to support California's Small Businesses to Promote Equity and Resiliency in Recovery*

The California Rebuilding Fund is an economic recovery loan program to support California's small businesses—especially those located in economically disadvantaged and historically under-banked areas of the state. Businesses who employed 50 or less full-time equivalent employees (FTEs) and had gross revenues of less than \$2.5 million or below in 2019 are eligible to apply. Full eligibility requirements are included in the Business Requirements tab.

The loans are flexible, transparent and are designed to help businesses access the capital and advisory services they need to get through these challenging economic times.





## Reminder on Who is Eligible

- Were profitable in 2019 (add back depreciation and amortization)
- 25% decline in revenues since January 2020
- 2020 revenues at least 30% of 2019
- No more than one 60+ day delinquency and no charge offs

**In other words, a business that was profitable before COVID-19; has been hurt by COVID but has maintained some sales and profitability in 2020; and has maintained almost all credit obligations.**





## Reaching out to CDFIs

- If you are working with clients who do not fit this profile, reach out to the CDFIs in your area about other products
- CAMEO members page – all CDFIs are listed  
<https://cameonetwork.org/members/>
- Meet the Lenders Northern California December 3
- Email Heidi if you are struggling to connect with CDFIs for your clients:  
hpickman@CAMEOnetwork.org

# CA Rebuilding Fund Loan Product

- Interest Rate: 4.25% fixed interest (based on WSJ Prime + 1.0%)

## Term

60 months:

- 0-12 months interest only
- 13-60 months of interest and principal amortized over 48 months

Or

36 months:

- 0-12 months interest only
- 13-36 months of interest and principal amortized over 24 months

## Prepayment

- No prepayment penalty

## Loan Amount

- Lesser of (a) \$100,000 or (b) up to 100% of average revenues for a three-month period prior to the COVID outbreak
- The three-month period can be any three-month period from 2019 or January-March 2020

## Loan Proceeds

- Working capital including payroll, operating and emergency maintenance, property taxes, utilities supplies, rent, etc.
- Refinancing of an existing community lender loan is not permitted, but refinancing high-cost debt is permitted



# Security



- A **UCC lien** filing is required. The lender has a lien on business assets (equipment and inventory) of the small business, which serves as collateral until the debt owed is discharged.
- **Personal guarantee** is required for individuals that own 20% or more. A personal guarantee is a legal promise made by an individual to repay credit issued to their business using their own personal assets if the business is unable to repay the debt.

## Fees

- Minimal third-party fees can be capitalized into the loan up to \$250
- These include: UCC filing fee, application fees, credit report costs
- State Loan Guarantee fees are covered by the CARFund program

## Basic Screening

- Were profitable in 2019 (add back depreciation and amortization)
- 25% decline in revenues since January 2020
- 2020 revenues at least 30% of 2019
- No more than one 60+ day delinquency and no charge offs
- Monthly business debt service / revenues  $< 25\%$  where debt service includes existing and new debt (after interest-only periods) and revenues are average monthly sales from 2019 or a comparable 2019 month
- Loan amount fits the project need of the business

## Knowledge and Skills Needed

Ability to:

- Read business tax returns
- Read a Profit and Loss Statement
- Ascertain if a P&L is accurate
- Determine currently monthly debt service from a Credit Report
- Determine bankruptcies, collections, slow pays from a Credit Report
- Sort through financial situation of a business that hasn't fully separated business and personal income, expenses and debt
- Estimate if the eligible loan amount will suffice for project success



## Don't Need to Be the Underwriter

- Very basic screening is all you need to do
- Or you can tell the client the criteria and let the client determine his/her eligibility
- Each coaching organizations needs to assess its policies and capacity around loan preparation and referrals
- You can go into the weeds or refer without basic assessment depending on your staff capacity, resources and mission

# Finding 2019 Profits and Revenues



For 2019 revenue, expenses and profits: One option is tax returns

- Sole proprietors: Form 1040 and Schedule C
- LLCs with one member: Form 1040 and Schedule C
- LLCs & Partnerships: Form 1065
- LLCs & Corporations: Form 1120 or Form 1120S

## 2019/2020 Revenue and Expenses

Other options include:

- Bookkeeping system, e.t. QuickBooks, Xero, FreshBooks, Wave, etc.
- Print out 2019 and 2020 YTD Profit and Loss Statement
- Must ascertain if the quality is good enough to be reliable

Bank Statements

- Go through each month to add up income and expenses
- Make sure to separate business from personal
- Most time-consuming method

## Questions about finding this data:

- Were profitable in 2019 (add back depreciation and amortization)
- 25% decline in revenues since January 2020
- 2020 revenues at least 30% of 2019
- No more than one 60+ day delinquency and no charge offs.

*Please write your questions or comments in chat*

## Next Training



We will cover how to assess these criteria:

- No more than one 60+ day delinquency and no charge offs
- Monthly business debt service / business revenues < 25% where debt service includes existing and new debt (after interest-only periods) and revenues are average monthly sales from 2019 or a comparable 2019 month.
- Loan amount fits the project need of the business

## Upcoming CAMEO events

- **For Coaching Organizations:** Third CA Rebuilding Fund Training: December 4 at 11:30am  
<https://us02web.zoom.us/meeting/register/tZlvuuqpzkiGtazy0m3g3qSHxpglUevPXii>
- **Northern California Member Meeting:** December 3 at 3:00  
<https://us02web.zoom.us/meeting/register/tZMkceigrz0tEtRypNAv-6K2lfjQW9AExS3t>
- **Sacramento Member Meeting:** December 8 at 3:00  
<https://us02web.zoom.us/meeting/register/tZIkfuihqjkqHNSIfNc-TMd1XcO2Ia8jMuQe>



## Read Through the Website



[www.CALoanFund.org](http://www.CALoanFund.org)

Send your training request  
questions to Susan Brown at  
[sbrown@CAMEOnetwork.org](mailto:sbrown@CAMEOnetwork.org)

A large, stylized graphic with the words 'Thank You' in a bold, white, sans-serif font. The text is set against a background of vibrant, multi-colored paint splashes in shades of red, yellow, green, and blue. The entire graphic is enclosed within a thin orange border.

Thank You