

SBA FACT SHEET

How does SBA help businesses and homeowners recover? Three main ways:

- 1) Businesses and nonprofit organizations of any size can apply for a low-interest disaster loan of up to \$2 million to repair or replace damaged real estate or inventory.
- 2) Small businesses and nonprofit organizations of any size can apply for Economic Injury Disaster Loans, also up to \$2 million. With all of the power outages and evacuations, we know that many small businesses made it through the storm, but they've lost significant amounts of business. In many cases, these businesses will be eligible for EIDL loans to help cover their working capital needs, regardless of whether the business suffered property damage.
- 3) Finally, homeowners can apply for loans of up to \$200,000 to repair damaged real estate. Homeowners and renters can also apply to borrow up to \$40,000 to repair or replace personal property damaged by the flooding or winds. (In addition, we can sometimes increase a loan by up to 20 percent to make structural improvements that lessen the risk of property damage by future disasters of the same kind.)

Once the disaster declaration is made for your area, there are several ways to apply:

- Apply online at <https://disasterloan.sba.gov>
- Visit a Disaster Recovery Center in your area: <http://www.fema.gov/disaster-recovery-centers>
- For information about the disaster loan process, or to have an application mailed to you, you can either email disastercustomerservice@sba.gov or call 1-800-659-2955. Those who are deaf, hard-of-hearing or speech-impaired can call 1-800-877-8339.
- To download an application, go here: www.sba.gov/disaster

Already, we have disaster recovery personnel conducting damage assessments and many more disaster reservist staff who are ready to mobilize. Our commitment at SBA and throughout the Administration is that we will be there until we get the job done – and we will get it done right. For more about the government-wide response to Sandy, visit www.usa.gov/sandy.

Disaster Assistance for Businesses of All Sizes

If your business or private, non-profit organization has suffered physical damage or your small business has sustained economic injury after a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration (SBA). If your business – regardless of size – is located in a declared disaster area, you may apply for a long-term, low-interest loan to repair or replace your damaged property.

Even if your property was not damaged and you are a small business owner, you may apply for a working capital loan from SBA to relieve the economic injury caused by the disaster.

Physical Disaster Loans

Businesses of all sizes and private, non-profit organizations may apply for a Physical Disaster Loan up to \$2 million to repair or replace damaged or destroyed real estate, machinery & equipment, inventory and other business assets. These loans are for losses not fully covered by insurance or other recoveries. SBA also offers mitigation funds that provide additional assistance – up to 20 percent of the verified physical losses – to help make improvements to the property that protect, prevent or minimize the same type of disaster damage from occurring in the future. The interest rate on these loans is determined by law.

Applicants qualify for one of two interest rates: a lower interest rate not to exceed 4 percent, or a market rate not to exceed 8 percent. The rates are fixed for the term of the loan. Loan terms are determined on a case-by-case basis and can be up to 30 years depending on the applicant's repayment ability.

Economic Injury Disaster Loans (EIDL)

Small businesses, small agricultural cooperatives and most private, non-profit organizations suffering economic injury may be eligible for an Economic Injury Disaster Loan up to \$2 million to meet necessary financial obligations – expenses the business would have paid if the disaster had not occurred. EIDL assistance is only available to applicants who qualify for the lower interest rate. By law, the total amount of physical loans, EIDLs, and mitigation funds cannot exceed \$2 million.

Application Information

Businesses may apply directly to SBA for disaster assistance. SBA's Electronic Loan Application (ELA) is accessible via SBA's secure Web site <https://disasterloan.sba.gov/ela>. Information and application forms are also available from SBA's Customer Service Center by calling (800) 659-2955, e-mailing disastercustomerservice@sba.gov or visiting SBA's Web site at www.sba.gov/services/disasterassistance.

Hearing impaired individuals may call (800) 877-8339. Disaster victims may also apply in person at a Disaster Recovery Center or SBA Disaster Loan Outreach Center.

Frequently Asked Questions

How do I begin the application process?

Submit a completed loan application and a signed and dated IRS form 8821 giving permission for the IRS to provide SBA with your tax return information. To process your application we will also need current information such as a personal financial statement for each business owner, a current profit and loss statement, a balance sheet and a list of debts. Additional information may be required depending on individual circumstances.

Why must I submit a personal financial statement with my loan application?

SBA must review the financial statement for each owner, partner, officer, director or stockholder with 20 percent or more ownership. SBA requires the principals of the business to personally guarantee repayment of the loan, and in some instances to secure the loan by pledging additional collateral.

Can I use the disaster loan to expand or upgrade my business?

Funds cannot be used to expand a business. In some cases, funds may be used for upgrades if required by local building codes. The disaster loan is intended to help restore your property to pre-disaster condition, and under certain circumstances to protect the structure from future disasters.

I already have a mortgage on my business. Can SBA refinance my mortgage?

In some cases SBA can refinance all or part of a previous mortgage when the applicant has suffered uninsured damage (40% or more of the property value), qualifies for the lower interest rate and intends to repair the damage. SBA customer service representatives can provide additional details.

How soon will I know if SBA has approved my loan request?

SBA tries to make a decision on each application within 21 days. To avoid delays in processing, make sure the application is complete and include all documentation requested.

Is collateral required for these loans?

Physical disaster loans over \$14,000 and all economic injury disaster loans over \$5,000 must be secured to the extent possible. SBA will not decline a loan if you do not have enough collateral, but requires you to pledge whatever is available and may include real estate owned by the principals.

Should I wait for my insurance settlement before I file my loan application?

No. Do not miss the filing deadline by waiting for an insurance settlement. SBA can approve a loan for the total eligible losses within the program limits. Generally, SBA will then use any insurance funds or other recoveries received to reduce the balance of your disaster loan.

Can I apply for SBA assistance for farm damage?

Businesses primarily engaged in farming and ranching are not eligible for SBA disaster assistance.

Agricultural enterprises should contact the Farm Service Agency (FSA) at www.usda.gov about U.S. Department of Agriculture (USDA) assistance that may be available. You may, however, apply for an SBA disaster loan to cover the damages to your home and its contents.

How may I use an Economic Injury Disaster Loan?

The loan will provide working capital for your disaster-related needs until your business recovers. Loan funds may be used to pay fixed debts, payroll, accounts payable and other bills that can not be paid because of the disaster's impact. EIDL funds cannot be used to replace lost sales or profits, refinance long-term debts or provide working capital needed before the disaster.

Plan to Stay in Business

Continuity planning is essential to assuring your business is functioning as soon as possible after a natural or man-made disaster. Additional information may be found at www.sba.gov. Some initial steps include:

Review Insurance Coverage: Inadequate insurance coverage can lead to major financial loss if your business is damaged, destroyed or simply interrupted for a period of time. Take whatever steps you can to insure your business as much as possible. Regardless of your coverage, find out what records your insurance provider would like to see after a disaster occurs and store them in a safe place.

Prepare for Utility Disruptions: Examine which utilities are vital to your day-to-day operation. Identify back-up options such as portable generators to power the vital aspects of your business in an emergency.

Secure Facilities, Buildings and Plants: Identify what production machinery, computers, custom parts or other essential equipment is needed to keep your business open. Decide beforehand how to replace or repair vital equipment. Store extra supplies for use in an emergency. Plan what you will do if your building, plant or store is not usable.

Copy Important Records: It's a good idea to back up vital records and information saved on computer

hard drives and store them at a distant offsite location. Computer data should be backed up routinely. Copies of important documents and electronic records such as CDs, external hard drives and USB flash drives should be kept in fire-proof safe deposit boxes. For more information go to www.ready.gov or call 1-800-BE-READY to order or download free sample emergency plans, business preparedness checklists and templates for detailed business continuity and preparedness information.

Disaster Assistance for Homeowners and Renters

Rebuilding your home after a declared disaster could be easier with a long-term, low-interest loan from the U.S. Small Business Administration (SBA). If your home is damaged in a declared disaster area, you may be eligible for a loan from SBA. Homeowners and renters may apply for these loans for losses not covered by insurance or other recoveries. Renters and homeowners may borrow up to \$40,000 to repair or replace clothing, furniture, cars, appliances or other necessary personal items damaged or destroyed in the disaster. Homeowners may apply up to \$200,000 to repair or replace their primary residence to its pre-disaster condition. The loan funds may not be used to upgrade homes unless the upgrades are required by local building codes. Loans may be increased up to 20 percent of the verified physical losses, to a maximum of \$200,000, to make improvements to the property that protect, prevent or minimize the same type of disaster damage from occurring in the future. The interest rate on these loans is determined by law. Applicants qualify for one of two interest rates: a lower interest rate not to exceed 4 percent, or a market rate not to exceed 8 percent. The rates are fixed for the term of the loan. Loan terms are determined on a case-by-case basis and can be up to 30 years depending on the applicant's repayment ability. SBA is not permitted to duplicate benefits from other sources including insurance recoveries and federal, state and local grant programs.

Frequently Asked Questions (additional information is available at

www.sba.gov/services/disasterassistance)

How much can I borrow?

The amount SBA will lend depends on the cost of repairing or replacing your home and/or personal property, minus any insurance settlements or grants. SBA may send an inspector to estimate the cost of your damage once you complete and return your loan application.

Can I complete and submit a disaster loan application online?

Yes. Homeowners and renters may access SBA's electronic loan application through the secure Web site at <https://disasterloan.sba.gov/ela>. Additional information and assistance is also available from SBA's Customer Service Center by calling (800) 659-2955, emailing disastercustomerservice@sba.gov or visiting SBA's Web site at www.sba.gov/services/disasterassistance. Hearing impaired individuals may call (800) 877-8339. In a Presidential declaration, begin by registering with the Federal Emergency Management Agency (FEMA) at www.disasterassistance.gov or (800) 621-3362. Disaster victims may also apply in person at a Disaster Recovery Center or SBA Disaster Loan Outreach Center.

Are losses to secondary homes eligible?

Generally, secondary homes or vacation properties are not eligible for disaster assistance. However, qualified rental properties may be eligible for assistance under SBA's business disaster loan program. In some cases, properties occupied by others on a "rent-free" basis are also eligible. SBA customer service representatives can provide additional details.

Can SBA refinance my mortgage?

In some cases SBA can refinance all or part of a previous mortgage when the applicant has suffered uninsured damage (40% or more of the property value), qualifies for the lower interest rate and intends to repair the damage. SBA customer service representatives can provide additional details.

How soon will I know if SBA has approved my loan request?

SBA tries to make a loan decision on each application within 21 days. Make sure your application forms are complete; omissions cause delays. To start processing your application, SBA must receive a completed loan application and a signed and dated IRS form 8821, which gives the IRS permission to provide SBA with your tax return information.

Is collateral required for these loans?

Loans over \$14,000 must be secured to the extent possible. SBA will not decline a loan if you do not have enough collateral, but will require you to pledge whatever collateral is available.

Should I wait for my insurance settlement before I file my loan application?

No. Do not miss the filing deadline by waiting for an insurance settlement. SBA can approve a loan for the total eligible losses within the program limits. Generally, SBA will then use any insurance funds or other recoveries received to reduce the balance of your disaster loan.

Can I use my insurance proceeds to pay down my mortgage?

Any insurance proceeds that are required by your lender to be applied against your outstanding mortgages are not available to fund disaster repairs and do not reduce your loan eligibility. You must obtain written verification from the lender. You should use caution when voluntarily using your insurance money to pay your mortgage because it may reduce your loan eligibility.

I'm a farmer, and my barns, fence and some of my crops were damaged, as well as my home. Can I apply to SBA for assistance?

You may only apply for an SBA disaster loan to cover the damages to your home and its contents.

Businesses primarily engaged in farming and ranching are not eligible for SBA disaster assistance.

Agricultural enterprises should contact the Farm Service Agency (FSA) at www.usda.gov about U.S.

Department of Agriculture (USDA) assistance that may be available.

For additional information on other federal disaster recovery programs, visit

<http://www.disasterassistance.gov>.



U. S. SMALL BUSINESS ADMINISTRATION FACT SHEET - DISASTER LOANS

NEW JERSEY Declaration #13367 & #13368

(Disaster: NJ-00033)

Incident: Hurricane Sandy

Occurring: October 26, 2012 and continuing

For the Counties of Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, Somerset and Union; and for Economic Injury Only the contiguous counties of Burlington, Camden, Cumberland, Gloucester, Hunterdon, Mercer, Morris and Passaic in the State of New Jersey; contiguous counties of Bronx, New York, Rockland and Westchester in the State of New York.

Application Filing Deadlines:

Physical Damage: December 31, 2012

Economic Injury: July 31, 2013

Whether you rent or own your own home, own your own business, or own a small agricultural cooperative located in a declared disaster area, and are the victim of a disaster, you may be eligible for financial assistance from the U. S. Small Business Administration (SBA).

What Types of Disaster Loans are Available?

- **Home Disaster Loans** – Loans to homeowners or renters to repair or replace disaster-damaged real estate or personal property owned by the victim. Renters are eligible for their personal property losses, including automobiles.
- **Business Physical Disaster Loans** – Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.
- **Economic Injury Disaster Loans (EIDLs)** – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.
- EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration (SBA).

What are the Credit Requirements?

- **Credit History** – Applicants must have a credit history acceptable to SBA.
- **Repayment** – Applicants must show the ability to repay all loans.
- **Collateral** – Collateral is required for physical loss loans over \$14,000 and all EIDL loans over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires you to pledge what is available.

What are the Interest Rates?

By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other resources, or the ability to borrow from non-government sources, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan. The interest rates applicable for this disaster are:

	<u>No Credit Available Elsewhere</u>	<u>Credit Available Elsewhere</u>
Home Loans	1.688%	3.375%
Business Loans	4.000%	6.000%
Non-Profit Organization Loans	3.000%	3.125%
Economic Injury Loans		
Businesses and Small Agricultural Cooperatives	4.000%	N/A
Non-Profit Organizations	3.000%	N/A

What are Loan Terms?

The law authorizes loan terms up to a maximum of 30 years. However, the law restricts businesses with credit available elsewhere to a maximum 3-year term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.

What are the Loan Amount Limits?

- **Home Loans** – SBA regulations limit home loans to \$200,000 for the repair or replacement of real estate and \$40,000 to repair or replace personal property. Subject to these maximums, loan amounts cannot exceed the verified uninsured disaster loss.
- **Business Loans** – The law limits business loans to \$2,000,000 for the repair or replacement of real estate, inventories, machinery, equipment and all other physical losses. Subject to this maximum, loan amounts cannot exceed the verified uninsured disaster loss.
- **Economic Injury Disaster Loans (EIDL)** – The law limits EIDL(s) to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates.
- **Business Loan Ceiling** – The \$2,000,000 statutory limit for business loans applies to the combination of physical, economic injury, mitigation and refinancing, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

What Restrictions are there on Loan Eligibility?

- **Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.
- **Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes. Property such as antiques and collections are eligible only to the extent of their functional value. Amounts for landscaping, swimming pools, etc., are limited.
- **Noncompliance** – Applicants who have not complied with the terms of previous SBA loans are not eligible. This includes borrowers who did not maintain flood and/or hazard insurance on previous SBA or Federally insured loans.

Is There Help with Funding Mitigation Improvements?

If your loan application is approved, you may be eligible for additional funds to cover the cost of improvements that will protect your property against future damage. Examples of improvements include retaining walls, seawalls, sump pumps, etc. Mitigation loan money would be in addition to the amount of the approved loan, but may not exceed 20 percent of total amount of disaster damage to real estate and/or leasehold improvements, as verified by SBA to a maximum of \$200,000 for home loans. It is not necessary for the description of improvements and cost estimates to be submitted with the application. SBA approval of the mitigation measures will be required before any loan increase.

Is There Help Available for Refinancing?

- SBA can refinance all or part of prior mortgages that are evidenced by a recorded lien, when the applicant (1) does not have credit available elsewhere, (2) has suffered substantial uncompensated disaster damage (40 percent or more of the value of the property), and (3) intends to repair the damage.
- Homes – Homeowners may be eligible for the refinancing of existing liens or mortgages on homes, in some cases up to the amount of the loan for real estate repair or replacement.
- Businesses – Business owners may be eligible for the refinancing of existing mortgages or liens on real estate, machinery and equipment, in some cases up to the amount of the loan for the repair or replacement of real estate, machinery, and equipment.

What if I Decide to Relocate?

You may use your SBA disaster loan to relocate. The amount of the relocation loan depends on whether you relocate voluntarily or involuntarily. If you are interested in relocation, an SBA representative can provide you with more details on your specific situation.

Are There Insurance Requirements for Loans?

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

For more information, contact SBA's Disaster Assistance Customer Service Center by calling (800) 659-2955, emailing disastercustomerservice@sba.gov, or visiting SBA's Web site at www.sba.gov. Deaf and hard-of-hearing individuals may call (800) 877-8339. Applicants may also apply online using the Electronic Loan Application (ELA) via SBA's secure Web site at <https://disasterloan.sba.gov/ela>.