



DISASTER NEWS

Economic Injury Loans for Small Businesses

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SBA Offers Disaster Assistance to Small Businesses Economically Impacted by Avalanche

Sacramento, CA – Steve Preston, Administrator of the U. S. Small Business Administration (SBA), announced that the SBA is making low-interest Economic Injury Disaster Loans available to small businesses economically impacted by the increased cost of electricity as a result of the avalanche that destroyed power lines and towers on April 16, 2008 in the City and Borough of Juneau.

The declaration covers the **City and Borough of Juneau, Haines Borough and Chatham REAA.**

SBA's disaster declaration immediately makes these low-interest loans available to help small businesses meet financial needs caused by the disaster. "We look forward to working with small business owners who were affected by the avalanche and destruction of the power lines to make SBA disaster loans available to their small businesses," said Administrator Preston.

Preston's action responded to a request received on May 15, 2008 from Governor Sarah Palin. Alfred E. Judd, Director of SBA's Disaster Field Operations Center - West, said SBA acted under its own authority to declare these areas a disaster area.

SBA is offering working capital loans of up to \$1.5 million at an interest rate of 4 percent with terms up to 30 years. "These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. These loans can provide vital economic assistance to small businesses affected by the avalanche to help overcome the temporary financial impacts they are experiencing," said Judd.

According to Karen N. Forsland, Director of SBA's Alaska District Office, beginning Tuesday, May 20, SBA customer service representatives will be on hand at the following location on the days and times indicated to issue loan applications, answer questions about SBA's Economic Injury Disaster Loan program, explain the application process and help each individual complete their application.

**Juneau Empire Building
3100 Channel Drive, Suite 315
Juneau, AK**

**Open Tuesday, May 20 through Thursday, May 29
Tuesday through Friday, 8 am to noon
Closed Memorial Day, Monday, May 26**

Individuals and business owners may obtain information by calling (800) 659-2955 or visiting SBA's website at www.sba.gov/services/disasterassistance. Hearing impaired individuals may contact SBA at (800) 877-8339. The deadline to apply for these loans is **February 16, 2009.**

*For more information visit SBA's website at www.sba.gov/services/disasterassistance
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SBA Field Operations Center - West, P.O. Box 419004, Sacramento, CA 95841



FACT SHEET ABOUT U. S. SMALL BUSINESS ADMINISTRATION ECONOMIC INJURY DISASTER LOANS

Incident: JUNEAU AVALANCHE POWER DISRUPTION

Disaster: AK-00013 Declaration: 11251

**occurring: April 16, 2008 & continuing
in the City and Borough of Juneau, Alaska
and the contiguous areas of: Chatham REAA & Haines Borough**

Filing deadline for applications for economic injury: February 16, 2009

Type of Disaster Loans:

- Economic Injury Disaster Loans (EIDL): Loans for working capital to small businesses and small agricultural cooperatives to assist them through the disaster recovery period. EIDL assistance is available only to applicants with no Credit Available Elsewhere - if the business and its owners cannot provide for their own recovery from non-government sources.
- An applicant does not have Credit Available Elsewhere when SBA determines that 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 that SBA determines can so provide for its own recovery has Credit Available Elsewhere.

Credit Requirements:

- Repayment: SBA's economic injury disaster assistance is in the form of loans. Applicants must show the ability to repay all loans.
- Collateral: Collateral is required for all EIDL loans over \$5,000. SBA takes real estate as collateral where it is available. Applicants do not need to have full collateral; SBA will take what is available to secure each loan.

Interest Rates:

- The interest rate is 4.000%.

Loan Term:

- The law authorizes loan terms up to a maximum of 30 years.
- SBA determines the term of each loan in accordance with the borrower's ability to repay. Based on the financial circumstances of each borrower, SBA determines an appropriate installment payment amount, which in turn determines the actual term.

Loan Amount Limit:

- Economic Injury Disaster Loan (EIDL) amounts are limited by law to \$1,500,000. The actual amount of each loan, up to this maximum, is limited to the actual economic injury as calculated by SBA, not compensated by business interruption insurance or otherwise, and beyond the ability of the business and/or its owners to provide.

Loan Eligibility Restrictions:

- Noncompliance: Applicants who have not complied with the terms of previous loans are not eligible. This includes prior borrowers who did not maintain required flood insurance.

Insurance Requirements:

- To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose 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.



DISASTER ASSISTANCE

Federal Disaster Loans for Small Businesses

The U. S. Small Business Administration (SBA) is offering low-interest disaster loans to small non-farm businesses who suffered economic injury caused by the Juneau Avalanche Power Disruption beginning April 16, 2008. Loans are available for:

Economic Injury: for *small* businesses suffering adverse financial impacts as a result of the disaster, up to \$1,500,000 for working capital to help pay obligations until normal operations resume.

An SBA customer service representative will be at the following location to meet with each disaster victim. SBA will answer specific questions about how a disaster loan may help each victim recover from the disaster damage, and will provide one-on-one assistance in completing applications for these loans.

JUNEAU

SBA Disaster Office
Juneau Empire Building
3100 Channel Drive, Suite 315
Juneau, AK

Tuesday through Friday, 8 am to noon

Open Tuesday, May 20 through Thursday, May 29

Closed Memorial Day, Monday, May 26

For more information, please call the SBA toll-free number: (800) 659-2955



BASIC FACTS ABOUT SBA DISASTER LOAN PROGRAMS

In the wake of hurricanes, floods, earthquakes, wildfires, tornadoes and other physical disasters, the U.S. Small Business Administration (SBA) plays a major role. SBA's disaster loans are the primary form of federal assistance for nonfarm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. Disaster loans from SBA help homeowners, renters, businesses of all sizes and nonprofit organizations fund rebuilding. SBA's disaster loans are a critical source of economic stimulation in disaster ravaged communities, helping to spur employment and stabilize tax bases.

By providing disaster assistance in the form of loans, which are repaid to the Treasury, the SBA disaster loan program helps reduce federal disaster costs compared to other forms of assistance, such as grants. When disaster victims need to borrow to repair uninsured damages, the low-interest rates and long-terms available from SBA make recovery affordable. Because SBA tailors the repayment of each disaster loan to the borrower's financial capability, unnecessary interest subsidies paid by the taxpayers are avoided. Moreover, providing disaster assistance in the form of a loan rather than a grant, avoids creating an incentive for property owners to underinsure against risk. Disaster loans require borrowers to maintain appropriate hazard and flood insurance coverage, thereby reducing the need for future disaster assistance.

The need for SBA disaster loans is as unpredictable as the weather. In the aftermath of the Gulf Coast 2005 hurricanes SBA approved 169,983 loans for \$11.2 billion in FY 2006. In FY 2007, SBA approved 14,014 new loans for \$819.7 million. Since the inception of the program in 1953, SBA has approved over 1.8 million disaster loans for more than \$46 billion.

The SBA is authorized by the Small Business Act to make two types of disaster loans:

Physical disaster loans are a primary source of funding for permanent rebuilding and replacement of uninsured or underinsured disaster damages to privately-owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes and nonprofit organizations.

Economic injury disaster loans provide necessary working capital until normal operations resume after a physical disaster. The law restricts economic injury disaster loans to small businesses only.

The disaster program is SBA's largest direct loan program, and the only SBA program for entities other than small businesses. By law, neither governmental units nor agricultural enterprises are eligible; agricultural producers may seek disaster assistance from specialized programs at the U.S. Department of Agriculture.

Disaster victims must repay SBA disaster loans. SBA can only approve loans to applicants with a reasonable ability to repay the loan and other obligations from earnings. The terms of each loan are established in accordance with each borrower's ability to repay. The law gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA's determination of whether each applicant does or does not have credit available elsewhere (the ability to borrow or use their own resources to overcome the disaster).

SBA delivers disaster assistance through our four specialized centers: Customer Service Center - Buffalo, NY; Field Operations Center East - Atlanta, GA; Field Operations Center West - Sacramento, CA and the Loan Processing and Disbursement Center - Fort Worth, TX.

For more information, visit SBA's website at www.sba.gov, call our Customer Service Center at 1-800-659-2955, or by email at disastercustomerservice@sba.gov.



U. S. Small Business Administration

Disaster Preparedness Plan for Businesses

PREVENTION

- Carefully assess the risks (e.g., flood, fire, earthquake, etc.) for each specific business location, and plan accordingly.
- Maintain basic safety equipment, such as fire alarms, heat and smoke detectors, fire extinguishers, sprinkler systems, etc. Also, keep first aid kits handy.
- Develop and practice an evacuation plan. Don't obstruct evacuation routes.
- Buy a portable radio with spare batteries in case of power failure. Get a portable early-warning system such as a weather radio.

INSURANCE

- Be sure to have adequate insurance to cover all the specific risks at the business site. SBA recommends that each business have an annual insurance "check-up" to be sure coverage is kept up to date. Most hazard insurance policies do not cover flood or earthquake losses, and separate flood and earthquake coverage may be necessary. Be sure both the building and contents are covered. In addition, businesses should obtain business interruption insurance.

RECORDS

- Preserving important business records is vital. Be sure to keep current copies of financial data, accounting records, personnel information, marketing strategies, insurance records, inventory information, etc., *safely stored at an off-site location*. Also, back up computerized records on diskette or tape *daily*, and store the back-ups off-site.

RECOVERY COMMUNICATIONS

- Maintain a list of telephone and fax numbers of employees, customers, vendors, bankers, attorneys, insurance agents, professional recovery services, equipment rentals, and appropriate emergency agencies. Keep a copy of this information at an off-site location. Update this list regularly.
- Establish a means of contacting employees who may have been displaced from their homes by the disaster. Also be sure employees have an alternate method of contacting the business if it is forced from its normal location.



DISASTER ASSISTANCE

Federal Disaster Loans for
Homeowners, Renters and Businesses of All Sizes

GETTING DISASTER HELP FROM SBA

WHAT YOU NEED TO KNOW

- ◆ If you are a **homeowner** or **renter**, FEMA may refer you to SBA. SBA disaster loans are the primary source of money to pay for repair or replacement costs not fully covered by insurance or other compensation.
- ◆ SBA offers low-interest disaster loans to **homeowners, renters, businesses of all sizes and private non-profit organizations**.
- ◆ Homeowners may borrow **up to \$200,000** to repair or replace their primary residence.
- ◆ Homeowners and renters may borrow **up to \$40,000** to replace personal property.
- ◆ Businesses may borrow **up to \$1.5 million** for any combination of property damage or economic injury.
- ◆ SBA offers low-interest working capital loans (called **Economic Injury Disaster Loans**) to small businesses having difficulty meeting obligations as a result of the disaster.

WHAT YOU NEED TO DO

- ◆ Homeowners and renters must begin by registering with FEMA. If you haven't already done so, call (800) 621-3362.
- ◆ **Homeowners and renters who receive a disaster loan application should complete and return it to SBA, even if they are not sure if they will need or want a loan. If SBA cannot approve your application, in most cases they refer you to FEMA's Other Needs Assistance (ONA) program for possible additional assistance.**
- ◆ All businesses should register with FEMA.

CONTACT SBA

- ◆ SBA representatives will be at all federal/state Disaster Recovery Centers (DRC). Call the SBA at **(800) 659-2955** for information on DRC openings, hours of operation and locations.
- ◆ Submit your completed application by visiting the SBA desk at any local Disaster Recovery Center (DRC), or by mailing it to: **SBA, 14925 Kingsport Rd., Ft. Worth, TX 76155**.
- ◆ For additional information visit our website at www.sba.gov/services/disasterassistance.



U. S. Small Business Administration

DISASTER ASSISTANCE

Federal Disaster Loans for Homeowners, Renters and Businesses of All Sizes

Field Operations Center - West, P.O. Box 419004, Sacramento, CA 95841-9004 (800) 659-2955

SBA's Disaster Recovery Role

After floods, earthquakes, hurricanes, wildfires and other disasters, SBA disaster loans are the primary form of Federal disaster assistance for the owners of private property. For disaster losses not fully covered by insurance, the basic Federal financial assistance is a disaster loan from SBA.

Not Just for Small Businesses

SBA disaster loans are available to the entire, non-farm private sector, including homeowners, renters, businesses of all sizes, and private, non-profit organizations.

Affordable Disaster Loans Help Recovery

When disaster victims need to borrow to repair damage, the low interest rates and long terms available from SBA make recovery affordable. A disaster loss is unexpected. For most disaster victims, it is beyond their means to pay with their own resources without hardship. The law gives SBA several powerful tools to make disaster loans affordable: low interest rates (about 3%), long terms (up to 30 years), and refinancing of prior debts (in some cases).

Disaster Loans Stimulate Community Recovery

SBA's disaster loans are a critical source of economic stimulation in disaster ravaged communities, helping to spur employment and stabilize tax bases. From the taxpayers' standpoint, providing loans with favorable terms is the least expensive way of helping disaster victims.

Disaster Loans Discourage Repetitious Reliance on Federal Disaster Aid

SBA disaster loans require borrowers to maintain appropriate hazard and flood insurance coverage, thereby reducing the need for future disaster assistance. If loan recipients do not maintain the required insurance for the life of the loan, they will be ineligible for future disaster assistance.

Disaster Loans Reduce Overall Federal Disaster Costs

By providing disaster assistance in the form of loans that are repaid to the Treasury, the SBA disaster loan program helps reduce Federal disaster costs compared to other forms of assistance, such as grants. Because SBA tailors the repayment of each disaster loan to each borrower's financial capability, unnecessary interest subsidies paid by the taxpayers are avoided. Moreover, providing disaster assistance in the form of loans rather than grants avoids creating an incentive for property owners to underinsure against risk.

SBA Disaster Loans Complement Other Forms of Disaster Aid

Private property owners with disaster property damage should first look to insurance. To the extent the repair costs are not fully covered by insurance, property owners may seek a disaster loan from SBA. Federal Emergency Management Agency's (FEMA) temporary housing program is limited to meeting the immediate shelter needs of individuals and families. FEMA's Individual and Household Grant Program helps meet essential needs of individuals and families, is available in very limited amounts, and is generally restricted to those who cannot afford an SBA disaster loan.

SBA Disaster Loans are a Key Part of Federal Disaster Assistance

As the primary source of Federal disaster assistance for private sector losses, SBA disaster loans are generally one of the largest Federal disaster assistance programs.

Shifting the burden of paying the costs of disasters from Federal disaster assistance to insurance is in the interest of both property owners and taxpayers. By paying the cost of insurance premiums for appropriate coverage, property owners can avoid the need for an unplanned disaster loan debt.

For further information:

Additional information about the SBA disaster loan program may be obtained by contacting the U. S. Small Business Administration, Customer Service Center at **(800) 659-2955** or visit SBA's website at www.sba.gov/services/disasterassistance.