

## “It Takes a Team to Overcome a Disaster”

### Q&A for SBA Participating Lenders

**How do you send disaster applications if all mailing addresses are wiped out by say a massive hurricane?**

Disaster victims provide us with their new or alternate mailing address when they register with FEMA or contact SBA.

**Will we get a copy of these slides?**

A recording of the presentation will be posted on the SBA website.

**Is this correct?** Yes - We can also arrange to send the presentation individually, if requested.

**How does SBA control the use of loan proceeds used for construction?**

The loan funds for construction are disbursed incrementally after we receive contractor’s estimates, receipts for work completed, etc. We may also do an onsite inspection in some cases.

**What if all financial and tax information is destroyed by the disaster?**

SBA and its Resource Partners are available to assist disaster victims in reconstructing those financial documents. We obtain IRS tax records directly from the IRS.

**What if business owner has their own prepared PFS? Do they still need to complete the 413?**

The 413 is provided as a template. Businesses can use their own prepared personal financial statement.

**Does SBA require an assignment of proceeds from insurance policies?**

Yes, SBA will deduct any insurance received from the disaster loan eligibility that is a duplication of benefits. An assignment of insurance proceeds is used for pending insurance claims to avoid any duplication of benefits.

### **How do you protect taxpayer dollars against fraudulent applications?**

SBA loss verifiers inspect property damage. Loan officers carefully review credit, repayment ability and collateral on all approved disaster loans.

### **Are the loan funds supplied directly by the U.S. Small Business Administration and are the loans serviced by the SBA?**

SBA Disaster loans are direct Federal loans and are serviced by SBA.

### **Does SBA have a minimum debt service coverage ratio when underwriting a loan?**

SBA looks at the repayment ability of each business and its principals on a case by case basis.

### **Do the borrowers need to complete and be eligible per the Excess Personal Resource Test?**

SBA Disaster loan officers will perform a credit elsewhere test during the processing of the loan so applicants do not need to provide one.

### **Is there a requirement for number of years in operations?**

No. However, a new business would have to provide reasonable forecasts to document repayment ability.

### **Are the size standards based on current alternative size standards?**

We use the size standards published in the 13 CFR.

### **What is the lender's role in the SBA disaster loan?**

The lenders may assist their clients to prepare and complete the SBA disaster loan application.

### **We are in the Omaha, NE area of the Missouri River below Garrison Dam and flooding is expected to continue through the summer. When does the timeline begin and/or end for filing since the declaration was made on June 1<sup>st</sup>?**

Currently, there is no active declaration in NE for individual assistance. If a declaration is made applicants will have 60 days to submit a disaster loan application for physical damage and 9 months to apply for economic injury disaster loan assistance.