09/09/2011

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

VERMONT Declaration #12784 & #12785

(Disaster: VT-00021)

Incident: Tropical Storm Irene

Occurring: August 27, 2011 and continuing through September 2, 2011

For the Counties of Addison, Bennington, Caledonia, Chittenden, Orange, Rutland, Washington, Windham and Windsor; *and for Economic Injury Only contiguous counties of* *Essex, Franklin, Grand Isle, Lamoille and Orleans in the* ***State of Vermont****; contiguous counties of Berkshire and Franklin in the* ***Commonwealth of Massachusetts;*** *contiguous counties of Cheshire, Grafton and Sullivan in the* ***State of New Hampshire****; and contiguous counties of Clinton, Essex, Rensselaer and Washington in the* ***State of New York.***

Application Filing Deadlines:

Physical Damage: October 31, 2011 Economic Injury: June 1, 2012

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:

	No Credit Available Elsewhere	Credit Available Elsewhere
Home Loans	2.500%	5.000%
Business Loans	4.000%	6.000%
Non-Profit Organization Loans	3.000%	3.250%
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-years 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 mitigating 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*