



U.S. Small Business  
Administration

# DISASTER ASSISTANCE

Businesses ■ Homeowners ■ Renters ■ Nonprofits

KENTUCKY SEVERE STORMS, STRAIGHT-LINE WINDS, FLOODING, AND TORNADOES  
occurring: *December 10, 2021 & continuing*

January 4, 2022

# About Us

## U.S. Small Business Administration (SBA) Office of Disaster Assistance (ODA)

### Mission Statement

To provide low interest disaster loans to businesses of all sizes, private nonprofit organizations, homeowners and renters to repair or replace real estate, personal property, machinery & equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.



# SBA Kentucky Declaration – #17286/17287

Severe storms, straight-line winds, flooding, and tornadoes on Dec. 10, 2021

For SBA disaster assistance, you must be in a declared county.

*For physical damages and economic injury, the disaster declaration covers the Kentucky counties of: Barren, Caldwell, Christian, Fulton, Graves, Hart, Hickman, Hopkins, Logan, Lyon, Marion, Marshall, Muhlenberg, Ohio, Taylor, and Warren; for economic injury only in the contiguous Kentucky counties of: Adair, Allen, Barren, Breckinridge, Butler, Calloway, Carlisle, Casey, Crittenden, Daviess, Edmonson, Grayson, Green, Hancock, Hardin, Larue, Livingston, McCracken, McLean, Metcalfe, Monroe, Nelson, Simpson, Todd, Trigg, Washington and Webster; for economic injury only in the contiguous Missouri counties of: Mississippi, and New Madrid; and for economic injury only in the contiguous Tennessee counties of: Henry, Lake, Montgomery, Obion, Robertson, Stewart, and Weakley.*

In a FEMA Presidential Declaration for Individual Assistance:

- FEMA Grants (for homeowners and renters) and SBA disaster loans for physical damages (for businesses of all sizes, homeowners, renters and nonprofits are available only in the primary counties.
- SBA Economic Injury Disaster Loans are available in all the declared counties.

# SBA's Disaster Loan Programs

- **Business and Home Loans for Property Damages**

Low-interest direct loans to businesses of all sizes, nonprofits, homeowners and renters not covered by insurance or other recovery funds to repair or replace disaster-damaged or destroyed real estate, personal property, machinery and equipment, inventory, and other business assets.

- **Economic Injury Loans for Working Capital Needs**

Low-interest direct loans to small businesses and most private nonprofit organizations . Economic Injury Disaster Loans to help meet working capital needs caused by the disaster. Economic Injury Disaster Loan assistance is available regardless of whether the business suffered any physical property.



# Requirements for Loan Approvals



- **Eligibility**

Damaged property must be in a declared county.

NOTE: Secondary homes or vacation properties, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes (e.g., *qualified rental properties*).

- **Credit History**

Applicants must have a credit history acceptable to SBA.

- **Repayment**

Applicants must show the ability to repay the SBA loan.



The Kentucky declaration extends to neighboring states because contiguous counties are included to provide Economic Injury Disaster Loans, because SBA realizes that business does not stop at the county line.



The Kentucky declaration includes *for economic injury only* in the contiguous **Missouri** counties of: *Mississippi, and New Madrid*; and for economic injury only in the contiguous **Tennessee** counties of: *Henry, Lake, Montgomery, Obion, Robertson, Stewart, and Weakley*.

# Types of SBA Disaster Loans, Loan Limits and Loan Terms

Types of Loans	Borrowers	Purpose	Max. Amount	For KY 17863
Business Loans	Businesses and private nonprofits	Repair or replace real estate, inventory, equipment, etc.	\$2 million *	<p>Interest rates are <b>as low as:</b> 2.830 percent for businesses, 1.875 percent for nonprofit organizations, and 1.438 percent for homeowners and renters, with terms up to 30 years.</p> <p>The first loan payment is due <b>18 months</b> from the <b>date on the SBA Promissory Note.</b></p> <p>The filing deadline to submit an application is: <b><u>Feb. 10, 2022</u></b>, for physical property damage, and <b><u>Sept. 12, 2022</u></b>, for economic injury applications.</p>
Economic Injury Loans	Small businesses and private nonprofits	Working capital loans	\$2 million *	
Home Loans	Homeowners	Repair or replace primary residence	\$200,000	
Home Loans	Homeowners and renters	Repair or replace personal property	\$40,000	
Mitigation	Businesses, private nonprofits and homeowners.	Mitigate / prevent future loss of the same type	20% of verified physical damage. Homeowners limited to \$200,000.	

\* 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.

# The Disaster Loan Process

## Three Steps to SBA Disaster Assistance Loans



### 1: Loan Application



Begin the application process for Presidentially declared disasters by first registering with FEMA at [www.DisasterAssistance.gov](http://www.DisasterAssistance.gov), or call 800-621-FEMA (3362) or 800-462-7585 (TTY).

Then apply online at [www.DisasterLoanAssistance.sba.gov/ela](http://www.DisasterLoanAssistance.sba.gov/ela). In person at any local disaster center or call our Customer Service Center at (800) 659-2955 or TTY (800) 887-8339 to request an application by mail.

Apply as soon as possible, even if you do not know how much money will be needed. There is no need to wait for insurance claims to settle, or to receive FEMA grants or contractor estimates.

Loans can be made while your insurance recovery is pending. You are under no obligation to accept the loan if you are approved.

Registration with FEMA is recommended but not required for business applicants. Businesses located in the contiguous counties listed in the declaration cannot register with FEMA.

# The Disaster Loan Process

## Three Steps to SBA Disaster Assistance Loans



### 2: Application Process



Your application package (including credit and income information) and required documents are reviewed for completeness. Eligible applications are then sent to SBA's loss verification team for review, and an initial determination of total physical damage is made.

If necessary, an SBA verifier will arrange for an in-person property inspection.

An SBA loan officer will take over your case and work with you to receive any additional information needed to make a loan determination. Insurance or other recoveries are reviewed, the loan officer will provide a recommended loan amount, and advise next steps.

We strive to make loan determinations within 2 - 3 weeks after receiving your complete application packages.

Economic Injury Disaster Loans are not sent to SBA's loss verification team because they do not involve physical damages. Instead, the file goes directly to a loan officer.

# The Disaster Loan Process

## Three Steps to SBA Disaster Assistance Loans



### 3: Loan Closure & Disbursement



Loan closing documents are prepared for your signature. Upon return of the signed documents, an initial disbursement will be made within 5 business days up to the following amounts: physical damage - \$25,000; economic injury (working capital) - \$25,000 which can be in addition to the physical damage disbursement for eligible businesses.

An assigned case manager will work with you to answer questions and help you meet all loan conditions. He/she will schedule the subsequent disbursements of any remaining loan amount. Your loan may be adjusted (up or down) after closing due to changing circumstances, such as unexpected repair costs or if you receive additional insurance proceeds for the same purposes.

# Features of SBA Disaster Loans

- **Loan Terms**: Up to 30 years based on ability to repay; fixed rate.
- **Relocation**: Funds may be used to relocate.
- **Refinancing**: Only for homeowners & businesses.



- **Administrative Loan Limit**: May be waived if business is determined to be a Major Source of Employment (MSE) in the declared disaster area.

# Collateral

- Physical loans of \$25,000 or less do not require collateral.
- Economic injury loans over \$25,000 require **collateral** (*Up to \$50,000 unsecured disaster business loans-combined physical and economic injury loan funds*).
- SBA will not decline a loan for lack of collateral but requires it if available.
- Borrowers whose damaged or collateral property is in a special flood hazard area will be required to purchase and maintain flood insurance.



# Insurance Requirements



To protect each borrower and the Agency, the SBA may require a borrower to obtain and maintain appropriate insurance.

By law, borrowers whose damaged or collateral property is located in a Special Flood Hazard Area (SFHA-Zone A) must purchase and maintain flood insurance, for the life of the loan.



# Common Reasons for SBA Disaster Loan Denials

- Insufficient Income
- Poor Credit History



SBA is required to make loans only to applicants who demonstrate reasonable assurance that the loan can and will be repaid.

SBA's correspondence will cite the reason(s) for the decline and provide up to six (6) months from the date of the letter in which to seek reconsideration by providing: (1) a written request, (2) additional information to help overcome the reason(s) for the decline, (3) requested information and (4) a current IRS Form 4506C.

Declined loan applications for homeowners and renters will be referred to FEMA

# How To Apply

1. **Register with FEMA** at [DisasterAssistance.gov](https://DisasterAssistance.gov), via the FEMA mobile app or by calling the FEMA toll-free helpline at 800-621-3362 (TTY 800-462-7585).
2. **Apply with SBA** at [SBA.gov/Disaster](https://SBA.gov/Disaster); information and loan applications may also be obtained at our Business Recovery Centers.

## **BOWLING GREEN BUSINESS RECOVERY CENTER (BRC)**

### **Warren County**

Western Kentucky University Center for Research and Development  
WKU Business Accelerator Center (the old mall)  
2413 Nashville Rd

**Hours: Monday - Friday, 8 a.m. – 5 p.m.**

- **SBA Phone:** 1-800-659-2955 (TTY 800-877-8339)  
Staffed 7 days/week, 8 a.m.-8 p.m.
- **SBA Email:** [DisasterCustomerService@sba.gov](mailto:DisasterCustomerService@sba.gov).

# Why apply for an SBA Disaster Recovery Loan?

- Low interest rates
- Cash flow lender
- **No cost to apply**
- No closing costs
- No prepayment penalty
- **Funds available even if insurance has not settled**
- May be eligible for refinancing or relocation



- Flexible terms (up to 30 years)
- **First payment is 18 months from the date on the Promissory Note**
- May apply for mitigation funds
- Loan can be modified
- May be eligible for referral to grant program
- **No obligation to take the loan if approved**



# Business And Home Loans Can Be Increased For Mitigation Funds To Help Build Back Better, More Resilient

- After disaster strikes, many property owners may want to take steps in recovery to mitigate against future damages from a similar event.
- SBA can increase loans to cover added costs for new building codes/required upgrades; mitigation improvements against future damages or to increase the safety of property; and, to utilize modern and more resilient construction methods.
- Applicants may be eligible for a loan increase up to 20 percent of their physical damages, as verified by the SBA for mitigation purposes.
- Eligible mitigation improvements may include a safe room or storm shelter, sump pump, French drain or retaining wall, elevating structures and utilities to help protect property and occupants from future damage caused by a similar disaster.

# Don't Wait! Mitigate.

## *Protect Your Business From Future Disaster*

- Disaster mitigation is the effort to reduce loss of life and property by lessening the impact of disasters. Disasters can happen at any time and any place.
- The number of disasters each year is increasing, but only 50% of events trigger Federal assistance.
- Building back smarter and stronger **now** can be an effective recovery tool for future disasters.
- Strengthening your business doesn't need to cost a fortune. Projects such as maintaining gutters can be low-cost, while getting a backup generator requires greater financial investment.
- **\$1 spent on mitigation today defers an estimated \$6 in future damages.**

# SBA RESOURCE PARTNERS

SBA Regional & District Offices, Small Business Development Centers, Women Business Centers & SCORE

- Help reconstruct financial records, prepare financial statements and complete SBA Disaster Loan applications at no cost.
- Provide follow-up assistance to businesses whose disaster loan applications are either approved, declined or withdrawn.
- Provide management and counseling services to disaster business loan applicants (Long Term Recovery Process).



<https://www.sba.gov/local-assistance/find>

## Frequently Asked Questions

### Question

- Can businesses that received COVID-19 EIDL apply for a disaster loan under this declaration?

### Answer

- Yes, and the Administrative Loan Limit for this declaration is \$2 million for physical and/or working capital.

### Question

- Can a business use part of the COVID-19 loan proceeds for this declaration or other disasters?

### Answer

- No. By law, loan funds for one disaster should not be used for another disaster incident. If you are approved for COVID-19 EIDL and do not need all the money, you should return the remaining funds to the SBA, and submit application for the non-COVID-19 disaster declaration.

## Frequently Asked Questions

### Question

- What is the current loan deferment period?

### Answer

- All SBA disaster loans made in calendar year 2021, including COVID-19 EIDL, will have a first payment due date extended from 12-months to 18-months from the date of the Note. (If the declaration was approved in calendar year 2021, the same policy applies)

### Question

- How long do I have to apply?

### Answer

- Businesses of all sizes, homeowners, renters and nonprofit organizations have until February 10, 2022 to apply for SBA disaster loans for their physical damages. Small businesses and eligible nonprofit organizations have until September 12, 2022 to apply for an SBA economic injury disaster loan for their disaster-related working capital needs.

## Frequently Asked Questions

### Question

- Can SBA combine two separate disaster loans and re-amortize the debt for a lower monthly payment?

### Answer

- No, SBA is not authorized to refinance a federal obligation. Borrowers experiencing financial hardship should contact SBA Servicing Office for loan deferment or other measures to mitigate financial challenge.

### Question

- What happens if the application is declined?

### Answer

- Correspondence will state the reason(s) for the decline and provides up to six months to request reconsideration. Please read the correspondence carefully. Additionally, homeowners and renters are denied a loan are also referred to FEMA for grant consideration.

# SBA Office of Disaster Assistance Contacts for the Public

For More Information About  
SBA Disaster Assistance Programs, go to:  
[www.sba.gov/disaster](http://www.sba.gov/disaster)

Contact SBA's  
Customer Service Center at:  
1-800-659-2955 / 1-800-877-8339 (TTY)

Or by Email at:  
[disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

# Thank you.