



NEWS

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FOR IMMEDIATE RELEASE: April 4, 2014

SBA To Make Loans Available To Small Businesses and Non-Profits That Sustained Losses in February Storms

Norristown, PA (April 4, 2014) – Small businesses and most non-profit organizations in Montgomery County can apply for federal economic injury disaster loans to recover from damages and losses sustained as a result of the severe winter storms that occurred between February 3 and February 28, 2014.

The U.S. Small Business Administration announced today that the loans are available as a result of the disaster declaration by the Commonwealth of Pennsylvania in response to the storms.

In addition to Montgomery County, the disaster declaration includes Chester County and the contiguous counties of Berks, Bucks, Delaware, Lancaster, Lehigh, and Philadelphia.

“This is good news for our businesses and non-profits who were hit hard during the storms,” said Josh Shapiro, chair of the Montgomery County Board of Commissioners. “We were disappointed when Pennsylvania failed to meet the federal damage threshold for disaster relief funding, but this loan program will help to relieve some of that disappointment.”

The loan amount can be up to \$2 million with interest rates of up to 4 percent and terms up to 30 years. The SBA determines eligibility. The amount of the loan is based on economic injury, less insurance, and the availability of other funding.

Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>.

Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.

Please see the attached fact sheet for additional information.



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

PENNSYLVANIA Declaration # 13920
(Disaster: PA-00066)

Incident: Severe Winter Storms

Occurring: February 3 - 28, 2014

For Chester and Montgomery counties; and the contiguous counties of Berks, Bucks, Delaware, Lancaster, Lehigh and Philadelphia in the commonwealth of Pennsylvania; New Castle in the state of Delaware; and Cecil in the state of Maryland.

Application Filing Deadline: January 2, 2015

Type of Disaster Loan:

- 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).

Credit Requirements:

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay the loan.
- Collateral – Collateral is required for all EIDLs over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

Interest Rates:

- The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 4 percent.

Loan Terms:

- The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

Loan Amount Limit:

- 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. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

Loan Eligibility Restrictions:

- Noncompliance – Applicants who have not complied with the terms of previous SBA loans are not eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA or Federally insured loans.

Refinancing:

- Economic injury disaster loans cannot be used to refinance long term debts.

Insurance Requirements:

- To protect each borrower and the Agency, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (over \$5,000) must purchase and maintain hazard insurance for the life of the loan on the collateral property. By law, borrowers whose collateral property is located in a special flood hazard area must also 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>.