

Disaster Relief for Individuals and Small Businesses

The following New Jersey counties have been declared federal “disaster areas” following Hurricane Sandy:

Atlantic, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union.

If your home, apartment, or small business is located within any of these counties and has been damaged as a result of Hurricane Sandy, you may be eligible for federal or other disaster assistance. Below is a step-by-step guide detailing how to apply for and obtain disaster relief.

All affected individuals or business owners should do the following as soon as possible after the disaster:

1. Document all damage to your home, apartment, or business by taking pictures, making videos, and keeping notes.
2. File a claim with your insurance carrier as soon as possible.
3. Register with the Federal Emergency Management Agency (“FEMA”) by going to www.fema.gov or calling 1-800-621-3362.

Additional information on how to obtain disaster aid is set forth below in Section One (for individuals) and Section Two (for businesses).

Please be aware that, in addition to the programs listed here, additional programs and funding opportunities may become available in the coming days and weeks. We will do our best to keep you updated on any additional funding sources that become available.

SECTION ONE

Disaster Relief for Individuals

Step One: Document Your Damage and File a Claim

Take care notes of what has been damaged, as well as photos and videos if possible. Your eligibility for FEMA benefits will be contingent on whether or not you have filed a claim under your insurance policy, if available. In addition, the documentation of the damage will be useful for purposes of determining your eligibility for FEMA benefits.

Step Two: Register with FEMA.

This should be done as soon as possible following the disaster. Homeowners can register at www.FEMA.gov, by mobile device at m.fema.gov, or by calling 1-800-621-3362.

➤ **Information Needed to Register with FEMA.**

- a) Social Security Number
- b) Insurance information
- c) Financial information
- d) Contact information: Along with the address and phone number where the damages occurred, you will be asked for information on how FEMA can contact you. It is very important that you provide FEMA with your current mailing address and phone numbers where you can be contacted.
- e) Electronic Funds Transfer (EFT) Direct Deposit Information (optional): If you are determined to be eligible for assistance and would like funds to be transferred directly to an account, you will be asked for your banking information, which includes; the institution name, type of account, routing and account number.
- f) Declaration and Release Form: If you have applied for assistance and need to complete a Declaration and Release Form (OMB form 009-0-3), you may download the form at www.FEMA.gov and mail it to:

FEMA – Individuals & Households Program
National Processing Service Center
P.O. Box 10055
Hyattsville, MD 20782-8055

Or fax it to: 1-800-827-8112

➤ **Types of Assistance Provided by FEMA.**

FEMA administers the “Individuals and Households Program” (“IHP”). Two types of assistance are available through the IHP: (1) Housing Needs assistance and (2) Other than Housing Needs assistance.

To receive money or help for “Housing Needs” that are the result of a disaster, all of the following must be true:

- You have losses in an area that has been declared a federal disaster area.
- You have filed for insurance benefits and the damage to your property is not covered by your insurance or your insurance settlement is insufficient to meet your losses.
- You or someone who lives with you is a citizen of the United States, a non-citizen national, or a qualified alien.
- You have a valid Social Security Number.
- The home in the disaster area is where you usually live and where you were living at the time of the disaster.
- You are not able to live in your home now, you cannot get to your home due to the disaster, or your home requires repairs because of damage from the disaster.

You may not be eligible for “Housing Needs” assistance if:

- You have other, adequate rent-free housing that you can use (for example, rental property that is not occupied).
- Your home that was damaged is your secondary or vacation residence.
- Your expenses resulted only from leaving your home as a precaution and you were able to return to your home immediately after the incident.

- You have refused assistance from your insurance provider(s).
- Your only losses are business losses (including farm business other than the farmhouse and self-employment) or items not covered by this program.
- The damaged home where you live is located in a designated flood hazard area and your community is not participating in the National Flood Insurance Program. In this case, the flood damage to your home would not be covered, but you may qualify for rental assistance or items not covered by flood insurance, such as water wells, septic systems.

To receive money for “Other than Housing Needs” that are the result of a disaster, all the following must be true:

- You have losses in an area that has been declared a federal disaster area.
- You have filed for insurance benefits and the damage to your property is not covered by your insurance or your insurance settlement is insufficient to meet your losses.
- You or someone who lives with you is a citizen of the United States, a non-citizen national, or a qualified alien.
- You have necessary expenses or serious needs because of the disaster.
- You have accepted assistance from all other sources for which you are eligible, such as insurance proceeds or Small Business Administration disaster loans.

Step Three: Apply for a Disaster Relief Loan Through the SBA.

After registering with FEMA, you may be directed to apply for a disaster relief loan through the U.S. Small Business Administration, even if you don't own a business. As a homeowner, renter and/or personal-property owner, you may apply to the SBA for a loan to help you recover from a disaster.

Renters and homeowners may borrow up to **\$40,000 to repair or replace clothing, furniture, cars, appliances, etc.** that have been damaged or destroyed in a disaster. In addition, homeowners may apply for **up to \$200,000 to repair or replace their primary residence** to its pre-disaster condition. Any proceeds from insurance coverage on your property or home will be deducted from the total damage to the property to determine the loan amount you are eligible for. The SBA is not permitted to duplicate any benefits.

Secondary homes or vacation properties are not eligible for these loans. However, qualified rental properties may be eligible for assistance under the SBA's business loan program (see additional information below). SBA disaster relief loans may not be used to upgrade homes or make additions unless as required by local building authority/code.

For applicants unable to obtain credit elsewhere the interest rate will not exceed 4%. For those who can obtain credit elsewhere, the interest rate will not exceed 8%. The SBA determines whether an applicant has credit available elsewhere. The SBA offers loans with long-term repayments, in many cases up to 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

To apply to the SBA, visit www.sba.gov, call 1-800-659-2955 (TTY: 1-800-877-8339), or e-mail disastercustomerservice@sba.gov.

For additional information on assistance programs available to individuals, please review FEMA's "Help After a Disaster" pamphlet at http://www.fema.gov/pdf/assistance/process/help_after_disaster_english.pdf

SECTION TWO

Disaster Relief for Small Businesses

Step One: Document Your Damage and File a Claim

Take care notes of what has been damaged, as well as photos and videos if possible. Your eligibility for FEMA benefits will be contingent on whether or not you have filed a claim under your insurance policy, if available. In addition, the documentation of the damage will be useful for purposes of determining your eligibility for FEMA benefits.

Step Two: Register with FEMA.

The first step to obtaining disaster relief is to register with FEMA. *This should be done as soon as possible.* Business owners can register online at www.FEMA.gov or by calling 1-800-621-3362.

While FEMA provides disaster relief to individuals, not businesses, in the form of grants, every affected small business owner should *first register with FEMA* for two reasons:

- (1) Registering with FEMA is the first step in the process of obtaining disaster relief from the U.S. Small Business Administration (“SBA”), the primary source of federal disaster assistance to small businesses.
- (2) Registration with FEMA will ensure eligibility for any state and/or federal disaster relief programs that become available. According to the SBA, if the state and/or federal government make disaster grants available to small businesses, it is likely that those programs will be administered by or in conjunction with FEMA.

➤ **Information Needed to Register with FEMA.**

- a) Social Security Number: If you are registering for a business, you will need the social security number of the responsible party for the business, the social security number will be used for an identifier only.
- b) Insurance information
- c) Financial information

- d) Contact information: Along with the address and phone number where the damages occurred, you will be asked for information on how FEMA can contact you. It is very important that you provide FEMA with your current mailing address and phone numbers where you can be contacted.
- e) Electronic Funds Transfer (EFT) Direct Deposit Information (optional): If you are determined to be eligible for assistance and would prefer that funds be transferred directly to an account, you will be asked for your banking information, which includes; the institution name, type of account, routing and account number.
- f) Declaration and Release Form: If you have applied for assistance and need to complete a Declaration and Release Form (OMB form 009-0-3), you may download the form at www.FEMA.gov and mail it to:

FEMA – Individuals & Households Program
National Processing Service Center
P.O. Box 10055
Hyattsville, MD 20782-8055

Or fax it to: 1-800-827-8112

Step Three: Apply for a Disaster Relief Loan Through the SBA.

After registering with FEMA, business owners will be directed to apply for a low-interest loan through the SBA. The SBA can provide loan assistance up to \$2 million. Businesses can apply for a loan to cover damages to real estate, inventory, and/or economic loss. The policy rationale for providing low-interest loans versus grants to small businesses is that loans provide the necessary assistance to help small businesses recover from disasters, while at the same time keeping costs low for taxpayers.

There are two types of SBA disaster loans:

A. Economic Injury Disaster Loans

If a business is located in a declared disaster area and has suffered *economic injury, regardless of physical damage*, because of a disaster, it may be eligible for an Economic Injury Disaster Loan (“EIDL”). Substantial economic injury is the inability of a business to meet its obligations as they mature and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

The SBA can provide up to \$2 million to help meet financial obligations and operating expenses which could have been met had the disaster not occurred. The loan amount will be based on

actual economic injury and the company's financial needs, regardless of whether the business suffered any property damage.

Interest rates on EIDLs cannot exceed 4% per year. The term of these loans cannot exceed 30 years. Your term will be determined by your ability to repay the loan.

B. Business Physical Disaster Loans

Small businesses located in a declared disaster area that have incurred damage during the disaster may apply for a loan to help replace damaged property or restore it to the condition it was in before the disaster. SBA makes physical disaster loans of up to \$2 million to qualified businesses or private, nonprofit organizations.

Physical Disaster Loan ("PDL") proceeds may be used for the repair or replacement of the following:

- a) Real property
- b) Machinery
- c) Equipment
- d) Fixtures
- e) Inventory
- f) Leasehold improvements

PDLs cover uninsured and under-insured physical damage. If you are required to apply insurance proceeds to an outstanding mortgage on the damaged property, you can include that amount in your disaster loan application.

PDL interest rates are determined based on the business's ability to obtain credit elsewhere (from non-federal sources). The interest rate on both these loans will not exceed 4% if you do not have credit available elsewhere. Repayment can be up to 30 years, depending on the business's ability to repay the loan. For businesses and nonprofit organizations with credit available elsewhere, the interest rate will not exceed 8%. The SBA determines whether the applicant has credit available elsewhere.

Step Four: Special Tax Considerations

The IRS is in the process of providing tax relief to victims of Hurricane Sandy. Relief for taxpayers in various locations will be listed at <http://www.irs.gov/uac/Tax-Relief-in-Disaster-Situations> as it is announced. Businesses should monitor this page for updates.

As a general rule, taxpayers who have sustained a casualty loss from a declared disaster may deduct that loss on the federal income tax return for the year in which the casualty actually occurred, or elect to deduct the loss on the tax return for the preceding tax year. In order to deduct a casualty loss, the amount of the loss must exceed 10 percent of the adjusted gross

income for the tax year by at least \$100. If the loss was sustained from a federally declared disaster, the taxpayer may choose which of those two tax years provides the better tax advantage.

The Internal Revenue Service (IRS) can expedite refunds due to taxpayers in a federally declared disaster area. An expedited refund can be a relatively quick source of cash, does not need to be repaid, and does not need an Individual Assistance declaration. It is available to any taxpayer (including businesses) in federally declared disaster areas.

Step Five: Alternative Financial Assistance Programs

a) N.J.E.D.A. Main Street Disaster Relief Program

The Main Street Disaster Relief Program will make available guarantees (provided by the NJ Economic Development Authority) of up to \$500,000 for commercial lines of credit to businesses that need access to cash to improve their damaged property while awaiting insurance proceeds.

EDA's Premier Lender banking partners will be able to extend either a new credit line, a carve out provision to an existing credit line, or an increase to an existing credit line of which the new proceeds will be used to fund damage repair costs.

The program is designed to offer an expedited approval, and a decision will be made within five business days from the time a complete underwriting package is received. A commitment letter is issued within two business days after approval.

Applications are available at www.njeda.com.

b) Sovereign Bank Grant Program

Sovereign Bank has announced a small business loan program to assist businesses with repairs and cleanup. Under this program, businesses can find grants of up to \$25,000 at low interest rates. For the first three months, there will be no principal payments and no origination fees. To apply, businesses can visit any Sovereign Bank branch or by calling 1-877-768-2265.