



Ask SCORE for Business Advice

Disaster Assistance

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This was a bad year for weather related disasters, and if your business is located in one of the many Wisconsin counties declared as federal disaster areas by FEMA, there are programs available to assist.

The U.S. Small Business Administration (SBA) issues a list of affected counties on their website. The list compiled in early July includes a number of area counties including Outagamie, Manitowoc, and Calumet. SCORE Chapters have been provided with details in order to assist businesses in these areas that have suffered economic injury or physical disaster. **Physical disaster loans** are for permanent rebuilding and replacement of uninsured or underinsured disaster damaged real estate, equipment, inventory, and fixtures. **Economic injury loans** provide necessary working capital until normal operations resume after a disaster. Economic injury loans are restricted by law to small businesses only.

The qualifications of the physical disaster loan program are broad. Any business that is located in a declared disaster area and has incurred damage during the disaster may apply for a loan to help repair or replace damaged property to its pre-disaster condition. The maximum limit of physical damage is \$1.5 million. The rate of the loan and repayment plan will depend on the financial condition of the business and ability to repay. The loan is intended to help restore the property, and under certain conditions, to protect the structure from future disasters. Funds may not be used to upgrade or expand a business unless required by local building codes.

The economic injury loan may be requested for the amount of economic injury but not in excess of what the business could have paid if the disaster had not occurred. The loans cannot refinance long-term debts or provide working capital needed before the disaster. To obtain a loan, the business must submit balance sheets and operating statements for similar periods of time so that the SBA can compare your prior and after disaster financials results. Applications for both loans are available on-line at www.sba.gov.

Businesses should keep in mind that these are loans not grants. Although in some instances, a new SBA loan may be written to incorporate a previous loan, it is typically an additional loan. That will mean additional debt against the business that will need to be repaid. The major advantage of the program is that the interest rates of these loans will not exceed 4 percent if a business does not have credit available elsewhere. The

repayment period is longer than a typical business loan, and may extend as far out as 30 years. Otherwise, standard requirements such as personal guarantees from owners and the need for collateral are the same.

If you'd like further information on obtaining a disaster assistance loan or other business concerns, contact the Green Bay Chapter of SCORE "Counselors to America's Small Business." Visit www.greenbayscore.org or call Cindy Gokey at 920-496-8930 for information.

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