



U.S. Small Business Administration

DISASTER NEWS

Economic Injury Loans for Small Businesses

SBA Disaster Assistance – Field Operations Center- East – 101 Marietta Street, NW, Suite 700, Atlanta, GA 30303

Release Date: July 18, 2012
Release Number: 12-642 IN 13125

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SBA Economic Injury Disaster Loans Available in Indiana Following Secretary of Agriculture Disaster Declaration for Drought

ATLANTA - The U.S. Small Business Administration announced today that federal economic injury disaster loans are available to small businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private non-profit organizations of all sizes located in the counties in **Indiana** as a result of drought that began June 19, 2012.

The SBA's disaster declaration includes the following counties: Adams, Allen, Blackford, Carroll, Cass, Clay, Clinton, Crawford, Davies, DeKalb, Delaware, Dubois, Elkhart, Fulton, Gibson, Grant, Greene, Harrison, Howard, Huntington, Jackson, Jasper, Jay, Knox, Kosciusko, LaGrange, La Porte, Lawrence, Madison, Marshall, Martin, Miami, Monroe, Noble, Orange, Owen, Perry, Pike, Posey, Pulaski, Spencer, St. Joseph, Starke, Steuben, Sullivan, Tippecanoe, Tipton, Vanderburgh, Vigo, Wabash, Washington, Warrick, Wells, White and Whitley in Indiana.

“When the Secretary of Agriculture issues a disaster declaration to help farmers recover from damages and losses to crops, the Small Business Administration issues a declaration to eligible entities affected by the same disaster,” said Frank Skaggs, director of SBA's Field Operations Center East in Atlanta.

Under this declaration, the SBA's Economic Injury Disaster Loan program is available to eligible farm-related and nonfarm-related entities that suffered financial losses as a direct result of this disaster. With the exception of aquacultural enterprises, SBA cannot provide disaster loans to agricultural producers, farmers or ranchers. Nurseries are eligible to apply for economic injury disaster loans for losses caused by drought conditions.

The loan amount can be up to \$2 million with interest rates of 3 percent for private non-profit organizations of all sizes and 4 percent for small businesses, with terms up to 30 years. The SBA determines eligibility based on the size of the applicant, type of activity and its financial resources. Loan amounts and terms are set by the SBA and are based on each applicant's financial condition. These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits.

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. Loan applications can be downloaded from www.sba.gov. Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

Completed loan applications must be returned to SBA no later than March 12, 2013.

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For more information about the SBA's Disaster Loan Program, visit our website at www.sba.gov.



U.S. SMALL BUSINESS ADMINISTRATION

FACT SHEET FOR ECONOMIC INJURY DISASTER LOANS

(SBA DISASTER DECLARATION DUE TO DESIGNATION BY THE SECRETARY OF AGRICULTURE)

INDIANA Declaration: 13125 (S3275) Disaster: IN-00043

Incident: Drought

Incident Period: June 19, 2012 and continuing

Application Filing Deadline: March 12, 2013

INDIANA Primary Counties of Allen, Carroll, Cass, Crawford, Davies, DeKalb, Dubois, Elkhart, Fulton, Gibson, Grant, Greene, Howard, Huntington, Knox, Kosciusko, LaGrange, Lawrence, Marshall, Martin, Miami, Noble, Orange, Perry, Pike, Posey, Pulaski, Spencer, St Joseph, Steuben, Sullivan, Vanderburgh, Wabash, Warrick, Wells and Whitley; and **contiguous counties of Adams, Blackford, Clay, Clinton, Delaware, Harrison, Jackson, Jasper, Jay, La Porte, Madison, Monroe, Owen, Starke, Tippecanoe, Tipton, Vigo, Washington and White;**

Contiguous States:

Illinois Contiguous Counties: Clark, Crawford, Gallatin, Lawrence, Wabash and White;

Kentucky Contiguous Counties: Breckinridge, Daviess, Hancock, Henderson, Meade and Union;

Michigan Contiguous Counties: Berrien, Branch, Cass, Hillsdale and Saint Joseph;

Ohio Contiguous Counties: Defiance, Paulding, Van Wert and Williams.

Disaster Loan Assistance Available:

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 – SBA economic injury assistance is in the form of loans. 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:

The law limits EIDLs 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:

- The applicant business must be located in the declared disaster area.
- Only uninsured or otherwise uncompensated disaster losses are eligible.
- The economic injury must have been the direct result of the declared disaster.
- Nurseries are only eligible for economic injury caused by declared drought disasters.
- Small businesses engaged in aquaculture are eligible.
- By law, agricultural enterprises such as farmers and ranchers are not eligible for any type of SBA assistance.
- 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.
- Loan assistance is available only to the extent the business and its owners cannot meet necessary financial obligations due to the disaster. This determination is made by SBA.

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.

Completing the SBA Loan Application:

The application asks for the same information about the business and its principal owners that are generally required for a bank loan. If you need help, SBA personnel will explain the forms and give you assistance at no charge. You may use the services of accountants, attorneys, or other representatives at your own expense, if you wish. Use of a representative and the fees they charged must be listed on your loan application.

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>.