

4. The availability of free assistance in completing the forms at an assistance center or by calling the CSC.

B. During the Initial Interview:

1. Determine whether the applicant and the damaged property are generally eligible.
You cannot make final eligibility determinations at the initial interview stage. However, if it is obvious that the applicant or the property is not eligible (e.g., the applicant does not own the property or the property is not located in a declared area) you should inform the applicant of the potential decline action and give them the opportunity to refuse the application.
2. Explain the application process in simple terms: After thoroughly explaining the program, advise the applicant you can assist with completing the Electronic Loan Application (ELA) or in rare cases a paper loan application on-site at the field location. If the applicants cannot complete the electronic loan application on-site, instruct them to complete it and file by the filing deadline date.

NOTE: We cannot refuse to assist with an ELA or issue a paper application to a disaster survivor who has not registered with FEMA. If the disaster survivor has not done so, you should encourage them to register with FEMA and advise them of the potential assistance from programs other than SBA (when applicable).

3. Determine initial repayment ability (generally for home loan applications) A preliminary analysis will be performed to determine if the entire loan application should be completed by the applicant.
 - a. Using the SBA Form 700 questions contained in ELA to determine if applicants have household income(s) above the income test table threshold. For those applicants who have income above the threshold, a preliminary fixed debt method (FDM) will be performed to determine if they are likely to have repayment ability based on the stated income and stated debts from the application. If yes the remainder of the ELA application will then need to be completed.
 - b. If not, a summary decline will be issued. A summary decline is an SBA action usually resulting in immediate referral to FEMA's IHP or other organizations. This action is appropriate if repayment ability is not evident using the preliminary FDM approach during an individual interview or while screening a home loan application.
 - c. In Presidential declarations when a summary decline is warranted, the applicant must be notified in writing and referred to FEMA IHP. As appropriate, referrals to other organizations may be included.
 - d. In Agency Declarations, if other organizations (e.g. Mennonite Disaster Services, etc.) accept referrals from SBA, issue a summary decline with the appropriate referral.
 - e. Summary decline policies do not apply to Business or EIDL inquirers.
4. Disaster Home/Business Loan Inquiry Record (SBA Form 700): When assisting a

disaster survivor at a field location, you must document the interview and record essential information using SBA Form 700 information contained in ELA or in rare cases the paper version. All original paper SBA Form 700s and subsequent paper correspondence (summary decline notice, etc.) must be submitted to the PDC for retention.

NOTE: The information contained in SBA Form 700 must be completed regardless of whether the applicant has registered with FEMA in a Presidential declaration.

2.4. INTERVIEW TOPICS

- A. Home, Physical Business, and Economic Injury Disaster Loans (EIDL): Use the fact sheet associated with the declaration as a guide to discuss the purpose of the program with the inquirer. You cannot make eligibility determinations at the interview stage, however, you will discuss general eligibility issues, the methods by which an applicant can apply (including online at disasterloan.sba.gov), loan limits (see paragraph 7.5), filing deadlines, as well as the following:
1. Types of Disaster Loans Available
 - a. Home Disaster Loans: Loans are available to homeowners to repair or replace disaster-damaged real estate and personal property, including automobiles. Loans are available to renters to repair or replace disaster-damaged personal property, including automobiles.
 - b. Business Physical Disaster Loans: Loans are available to businesses to repair or replace disaster damaged property owned by the business, including real estate, leasehold improvements, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private non-profit (PNP) organizations such as charities, churches, private universities, etc. are also eligible.
 - c. Economic Injury Disaster Loans (EIDL): Working capital loans are available to assist small business concerns, small agricultural cooperatives, small businesses engaged in aquaculture, or most PNPs of all sizes in order to 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. (See paragraph 3.30 and 3.31 for further information on EIDL eligibility).
 2. Credit Requirements: Applicants must have a credit history acceptable to SBA. Generally, we review credit reports to determine if obligations, including any current or past Federal debts, have been or are being met.
 3. Repayment: Applicants must show the ability to repay all loans: Issuing a loan application or completing an ELA does not mean it will result in an SBA approved loan. Generally, we analyze Federal tax return/income information to substantiate repayment ability. We may require additional documentation of income, such as paystubs, or a W-2, or by contacting the employer when an applicant has new employment within the last two years or in order to support a level of income different from the Federal tax return reported income. In the case

of a business applicant, one of the filing requirements is a hard copy of the most recent Federal tax return (FTR) for the applicant business is required or an explanation as to why it cannot be provided.

4. Collateral: Collateral is required for physical disaster loans and all EIDL over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires the applicant to pledge the collateral SBA has determined is available.
5. Use of Internal Revenue Service (IRS) Tax Information Authorization Form/FTR. In areas that do not use FTRs, such as commonwealths, territories, or U.S. possessions, we require comparable documentation.
 - a. Home Loan Applicant: Applicants who submit only a home loan application are required to provide an IRS Tax Information Authorization form for themselves and are not required to provide a tax form for any affiliated business.
 - b. Business Loan Applicant(s):
 The owner may be either an individual or entity and one form is required for each proprietor, each limited partner, each member who owns 20 percent or more interest, each general partner, each stockholder owning 20 percent or more voting stock, and each affiliate (see Appendix 19 for definition of affiliate).
 - (1) You must obtain financial information from each owner and principal, as defined below. Generally, it is not necessary to obtain financial information from non-owner managers unless they have voting or management control. An owner or principal may be:
 - (a) For sole proprietorships, the sole proprietor;
 - (b) For general partnerships, each general partner;
 - (c) For limited partnerships, each general partner and each limited partner who owns 20 percent or more interest in the applicant business concern;
 - (d) For corporations, each stockholder who owns 20 percent or more of the applicant's voting stock; or
 - (e) For limited liability entities, each member who owns 20 percent or more interest.
 - (2) In some cases you must consider certain individuals or business concerns that exert control over the applicant to be principals even if anyone or all of them owns less than 20 percent.

NOTE: For further information about affiliation, refer to Appendix 19. If you are unclear as to whether affiliation exists, consult your supervisor.

6. Interest Rates and Loan Terms: The interest rates depend on whether the applicant(s) has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other

resources, or the ability to borrow from non-government sources at reasonable terms, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan. Generally the loan terms are 15 or a maximum of 30 years. However, businesses with credit available elsewhere are restricted to a maximum 7 year term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.

7. Rental Properties/Extended Family: If the disaster damaged property is not the applicant's primary residence, you should explore potential eligibility under rental property or extended family guidelines (see paragraph 3.1 O and P).
8. Secondary Home Ineligibility: A secondary home and its contents are not eligible for home loan consideration.
9. Condominium, HOA Units: If you are made aware that a home loan inquirer has damaged real property that is part of a condominium or homeowner's association, you must follow the guidance provided in paragraphs 3.23 and 3.24.
10. Mitigation: Approved loans can be increased up to 20% of the verified physical loss for mitigation measures (not to exceed \$200,000 for Home and the Legislative Limit for Businesses). Mitigation funds are to cover the cost of improvements designed to protect property and occupants against future damage. Examples of improvements include retaining walls, seawalls, sump pumps, safe room, etc. (See paragraph 3.29)
11. Refinancing: Refinancing of previous mortgages may be available only in certain cases where there has been substantial physical damage based on the uncompensated loss. Interested inquirers should discuss refinancing eligibility with their Loan Officer (see paragraph 3.27).
12. Relocation: Generally, SBA loan funds may be used to relocate. However, by regulation SBA disaster loan funds may not be used to relocate voluntarily outside the business area where the disaster occurred. Interested inquirers should discuss the relocation eligibility with their Loan Officer (see paragraph 3.28).
13. Verification of Damage: An SBA Loss Verifier will estimate the cost to repair or replace the disaster damaged real property (including manufactured homes) and contents. Prior to either the interview or inspection an applicant may dispose of damaged property or debris for health and safety reasons or avail themselves of free or low cost disposal services. If practical, suggest (but do not require) pictures, written lists, or receipts for property prior to removal.

NOTE: There is no verification of damages when the loan application is only for an EIDL.

14. Insurance Coverage and Proceeds: SBA is prohibited from providing assistance to applicants whose losses are covered by insurance or other compensation. You should ask if any insurance coverage was in force on the damaged property and if a settlement was received or is expected. If so, you should advise the applicant against voluntarily applying any insurance proceeds to reduce the existing mortgage(s). Explain that if the

proceeds can be used to repair or replace eligible damage or losses, we will deduct them from eligibility.

15. Insurance Requirements on Approved Loans: If a loan is approved, SBA may require the borrower to purchase and maintain flood insurance and/or hazard insurance.
16. Information Required: You must advise the inquirer of the filing requirements and advise them to comply with the filing requirements to prevent delays (See Appendix 6). Advise the inquirer that if a loan is approved, additional information, such as proof of ownership, may be required.
17. Approved Loan Amount: Advise the inquirer that the loan amount is determined at the time of processing and that reductions to the eligibility are made when grants, insurance, and other funds are received and considered a duplication of benefits (DOB).

2.5. DISASTER LOAN APPLICATION PACKAGES

A listing of the forms contained in both the ELA and paper application packets for a home/sole proprietorship, business, and military reservist EIDL is in Appendix 5.

2.6. PRE-APPLICATION INTAKE

The DCMS Pre-Application Intake function captures data about the applicant to provide tracking from the moment of first contact. A Pre-Application record also allows SBA to provide a follow-up with registrants if SBA has not received an application.

- A. On Presidential declarations, the Pre-Application record is generated through the download of FEMA registration information.
- B. On Agency declarations, the Pre-Application record is generated by direct contact through the FOCs or CSC, resulting in direct entry to DCMS by the contacted office, or through the submission of an inquiry record (SBA Form 700 in ELA or in rare cases paper applications to the PDC from the field).

2.7. FILING AN APPLICATION

Both ELAs and paper applications can be filed in person at a field location where SBA is located. Applicants can also complete and submit ELAs independently or mail paper applications directly to the PDC.

When completing an ELA at a field location, the applicant(s) has the option to complete the application themselves, or the CSR can assist in completing the application with information provided by the applicant(s).

2.8. FILING PERIOD

- A. The deadline for returning completed loan applications (unless extended) is:
 1. For physical loan, 60 days beginning the day after the date of declaration.
 2. For economic injury disaster loan (EIDL), 9 months beginning the day after the date of