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FEMA AND SBA DEADLINE FEBRUARY 27, 2013

As a result of Hurricane Sandy, many nonprofit organizations have had to incur significant unexpected costs. These costs may be as a result of actual physical damage to work sites, clean-up efforts, or services provided to the public. These expenses resulting from Hurricane Sandy may be eligible for reimbursement through the federal FEMA Public Grant Program. To be eligible, organizations must meet the eligibility requirements detailed below and submit a request for public assistance by **February 27, 2013 for all 13 counties in New York.**

There are two types of low interest loans available at the city and state level via New York City Business Solutions and Empire State Development. Both loan funds are offering emergency loans of up to \$25,000 to eligible private, nonprofit organizations at a 1percent interest rate. At the federal level, the Small Business Administration (“SBA”) offers disaster loans of up to \$2 million to private, nonprofit organizations suffering physical or economic damage as a result of the declared disaster. Additionally, there is an interest free loan program offered by the Fund for the City of New York. These loans will be made in amounts of \$5,000 to \$100,000.

To date, organizations have delayed applying for FEMA grants because they are required to apply for SBA loans at the same time and are reluctant to take out loans that may be difficult to repay. **It is imperative that organizations apply for FEMA grants and SBA loans by February 27, 2013, or the possibility of receiving a public assistance grant could be lost.** If the organization is offered a SBA loan it cannot repay, the loan can be declined. For a complete discussion of the FEMA public assistance grants see: <http://tinyurl.com/ato2qck>

FEMA Application Process

To obtain a grant, the eligible nonprofit must submit a Request for Public Assistance (“RPA”) before **February 27, 2013.** The RPA is available at <http://www.dhSES.ny.gov/oem/recovery/> in the PNP Checklist/Forms link. You must complete all of the PNP forms. The forms include questionnaires regarding the use of and damage to the facility, your DUNS number (Dun and Bradstreet number), and a Substitute Form W-9, which requests your Federal Tax Identification Number. If you are unsure of where to find your DUNS number, contact the person in charge of bookkeeping for your organization. Along with the PNP forms, you must submit supporting documents including your certificate of incorporation and tax-exempt determination letter from the IRS, organizational charter or by-laws; material describing the organization and its services and a description of membership policies or fee structures. If you need help locating any of these documents, please contact Lawyers Alliance for New York for assistance.

After an applicant submits a RPA, the nonprofit will be assigned to a Public Assistance Coordinator (“PAC”). The PAC holds a kickoff meeting with the applicant where the extent of the recovery effort is assessed. The PAC then helps the applicant fill out project worksheets,

which documents the necessary work for recovery. The project worksheets are then approved after being validated. The funds are made available to the state. The state makes the funds available to the applicant.

For additional information please visit <http://www.dhSES.ny.gov/oem/recovery/> or call New York State Office of Emergency Management: 518-485-1159.

How to submit the Request for Public Assistance:

- By fax to: (518) 322-4984
- By mail: State Office of Emergency Management
1220 Washington Avenue, Suite 101, Building 22
Albany, NY 12226-2251
- By e-mail to: John Grubsick at jgrubsick3@dhSES.ny.gov.

SBA LOANS

SBA is offering loans to small businesses, which includes private, nonprofit organizations, for damage resulting from a declared disaster. There are two types of SBA disaster loans available to nonprofit organizations. Business Physical Disaster (“BPD”) loans are available to businesses located within the declared disaster area that have sustained physical damage from the storm. These loans are available for the cost of replacing property or restoring property to the condition it was in before the disaster. The SBA will not require collateral to secure the loan, but may require a pledge for available collateral. The application deadline for BPD loans is **February 28, 2013**.

Additionally, there are Economic Injury Disaster (“EID”) loans available to private, nonprofit organizations that have sustained substantial economic injury, regardless of any physical injury, due to a declared disaster. Substantial economic injury is the inability of the organization to meet its obligations as they become due and to meet ordinary operating expenses. EID loans are intended to allow the organization to maintain a reasonable working capital condition during the period after the disaster. As with a BPD loan, the SBA will not decline an EID loan for lack of collateral, but may require you to pledge available collateral. The application deadline for an EID loan is **July 31, 2013**.

As mentioned in the FEMA Public Assistance Grant section above, grant applicants categorized as essential, rather than critical organizations must apply for a SBA loan for permanent work. If the SBA denies a loan, or the loan does not cover the entire amount of the work required, the applicant may be eligible for a FEMA public assistance grant for the permanent work.

If eligible for a BPD or EID loan, private, nonprofit organizations may obtain a loan of up to \$2 million. The SBA may increase a loan up to 20 percent of the total amount of disaster damage to real estate and/or leasehold improvements, to make improvements that lessen the risk of property damage by future disasters of the same kind. EID loans are only available to organizations unable to obtain credit from other sources. The interest rate on EID loans will not exceed 4percent. For BPD loans, the interest rate is determined by the ability of the nonprofit organization to obtain credit from other sources. If the organization is unable to obtain credit

from other sources, the interest rate will not exceed 4percent. If the organization is able to obtain credit from other sources, the interest rate will not exceed 8percent. The repayment period for both types of loans is 30 years. For more information on SBA loans and for application forms, visit <http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/disaster-loans>.

This alert is meant to provide general information only, not legal advice. If you have questions about this alert, please contact Linda Manley at (212) 219-1800 ext. 239 or visit our website at www.lawyersalliance.org for further information.

Lawyers Alliance for New York is the leading provider of business and transactional legal services for nonprofit organizations that are improving the quality of life in New York City neighborhoods. Our network of pro bono lawyers from law firms and corporations and staff of experienced attorneys collaborate to deliver expert corporate, tax, real estate, employment, intellectual property, and other legal services to community organizations. By connecting lawyers, nonprofits, and communities, we help nonprofits to develop affordable housing, stimulate economic development, promote community arts, and operate and advocate for vital programs for children and young people, the elderly, and other low-income New Yorkers.