

Impact of Federal Government Coronavirus Response on Businesses



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Phases and Eligibility

COVID-1 – Coronavirus Preparedness and Response Supplemental Appropriations Act

- Economic Injury Disaster Loan program (EIDL)
 - Eligibility: Standard Small Business Administration (SBA) Provisions Apply
 - Businesses must have < 200 employees

COVID-2 – Families First Coronavirus Response Act

- Emergency Paid Sick and Emergency Family Medical Leave
 - Eligibility: Less than 500 employees as defined by current FMLA rules,
 - Including integrated employer concept
- 80 hours of Sick and 12 weeks of FMLA
- Some employees at \$511 per day maximum*, some at \$200 per day maximum
 - *Unclear if a “Stay At Home” order or “Non-Essential Business Designation” from the Governor is the same as a quarantine or isolation order
 - Employees may do better under unemployment when including the additional \$600 per week approved in COVID-3 (see below)

COVID-3 - Coronavirus Aid, Relief and Economic Security Act

- Paycheck Protection Program (PPP)
 - Eligibility: <500 employees with more than 500 employees in total in multiple locations
 - Forgivable SBA Loans
 - **BUSINESSES SHOULD APPLY, IF ELIGIBLE**
- Employee Retention Credit
 - Eligibility
 - Not eligible if PPP loan is received (Prefer PPP loan)
 - All others are eligible, but different rules apply for employers with over or under 100 employees as determined by standard IRS Attribution rules
- Many income tax related provisions for both individuals and corporations
 - For example, expanded Net Operating Loss deductions
 - Let's discuss
- Unemployment benefits – Additional \$600 per week per claimant

Loan Comparisons: EIDL (COVID-1) vs PPP (COVID-3)

- There does not appear to be a prohibition against having both
- EIDL may be eligible to be rolled into PPP
- EIDL: Maximum 30 year amortization; 3.75%; full underwriting; more cumbersome; originates with SBA; not forgivable
- PPP: **Forgivable**; maximum 10 year amortization; maximum 4% interest rate; minimal underwriting; originates with local bank

Recommended Action Plan for Employers

- If employees have already been furloughed, no action required
- If employees have not already been furloughed, consider furloughing if unproductive
 - Consider additional \$600 weekly unemployment payments that they will receive under COVID-3
 - Are they better off on unemployment?
 - Consider impact of Emergency Sick and FMLA beginning April 1 under COVID-2
- If eligible, evaluate options under new Sick Leave and FMLA provisions
 - Consider re-hiring any employees that are furloughed that you want to be eligible
 - Determine eligibility of existing employees*
 - Unclear if a “Stay At Home” order or “Non-Essential Business Designation” from the Governor the same as a quarantine or isolation order
 - Consider additional \$600 weekly unemployment payments that they will receive under COVID-3**
 - Are they better off on unemployment?
 - Due to lack of clarity regarding *eligibility and **increased unemployment payments, in most circumstances this provision is not as desirable as once thought
- If eligible, consider applying for Economic Injury Disaster Loan
 - Application attached (see Pages 6-11) and available here: <https://disasterloan.sba.gov/apply-for-disaster-loan/index.html>
- If eligible, continue preparations to apply for Paycheck Protection Program Loan (PPP)
 - Contact preferred bankers to see if they are participating and indicate your intention to apply
 - NOTE: SBA conference call scheduled with bankers on Monday
 - Gather information likely to be needed to apply for the loan when applications are available
 - Gather information needed to determine what actions will need to be taken to maximize loan forgiveness if loan is awarded
 - See Pages 3-4
- If PPP loan is not granted, understand Section 2301 of COVID-3 – Employee Retention Credit for Employers Subject to Closure Due to COVID-19. See Page 5.
- Review applicability, impact, and timing of income tax related provisions of COVID-3 with CPA

Recap of Section 1102 of COVID-3 Paycheck Protection Program

Applying for and Calculating Your Maximum Loan

- Loan facilitated by banks, not the SBA
 - Contact or re-contact banks to identify who will be participating and indicate your interest
- Maximum loan amount based on a formula tied to payroll costs
 - Generally, 2.5x average monthly payroll costs during the 1 year-period prior to origination of loan
 - Compensation limited to \$100,000 per employee
 - Loan NOT TO EXCEED \$10,000,000
- Special rules exist if you were not in business during the period February 15, 2019, through June 30, 2019
- Payroll costs DO include:
 - Salaries, wages, commissions, bonuses; cash tips; vacation, parental, family, medical, or sick leave; allowance for dismissal or separation; payments required for group health benefits including insurance premiums; retirement benefits; state or local tax assessments; and wage like payments to independent contractors (1099s)
- Payroll costs DO NOT include:
 - Compensation of employee or independent contractor to extent it exceeds \$100,000 on an annual basis pro-rated for the covered period; Federal taxes paid; individuals residing outside the United States; and qualified sick or FMLA leave for which credits are being applied for under FFCRA provisions
- Regulations and applications are not yet available, we encourage you to begin gathering data necessary to make the calculation above

Calculating Amount Eligible for Forgiveness

- Goal is to have as much forgiven as possible up to 100% of loan
 - Amount forgiven is tax-free
 - Certain documentation required to apply for forgiveness
 - Advanced planning should make this as effective and efficient as possible
- Regulations will be issued by the Treasury Department (supposedly within 30 days and we have heard rumors as early as next week) that will provide specific guidance on this process

Maximum Amount Eligible for Forgiveness

- Based on the information available today, to determine forgiveness amount, you will need the following for the 8 week period beginning with the origination date of the loan:
 - Payroll costs (as defined above)
 - Interest on eligible mortgages (in place before 02/15/2020)
 - Rent (on leases in place as of 02/15/2020)
 - Utilities (electricity, gas, water, transportation, telephone, or internet access in place prior to 02/15/2020)

Recap of Section 1102 of COVID-3 Paycheck Protection Program, (continued)

Reduction in Amounts Eligible for Forgiveness

- Amount of loan forgiven impacted by any decrease in full time equivalents (FTEs) and/or decrease in wages
 - Provisions in place to allow for re-hires no later than June 30, 2020
 - Includes furloughs completed before the enactment of COVID-3 in forgiveness calculation
- FTE test documentation
 - Average number of FTEs per month during 8 week period beginning with origination date of loan
 - Average number of FTEs is determined on a per pay period basis
 - Average number of FTEs per month from February 15, 2019, through June 30, 2019
 - Average number of FTEs per month from January 1, 2020, through February 29, 2020
- Wage test documentation
 - Total salary or wages per employee for 1st quarter of 2020
 - Determine which employees received annualized rate of pay in excess of \$100,000 for any pay period during 2019
- Documentation needed to apply for forgiveness
 - Proof of FTEs such as payroll tax filings with the IRS or the State
 - Proof of Payment for Interest, Rent, and Utilities such as cancelled checks, payment receipts, account transcripts, etc.

Recap of Section 2301 of COVID-3 Employee Retention Credit

All Employers

- Not available if employer receives a PPP loan under COVID-3
- 50% refundable tax credit up to \$10,000 in wages per employee
 - Includes group health insurance costs
- Refundable credit applied quarterly against federal employer social security taxes (6.2%)
 - Comes after any credits taken for Emergency Paid Sick Leave/FMLA
- Refundable if exceeds tax liability for quarter
- Eligible Employers
 - Carrying on a trade or business in 2020 **AND**
 - Operations of business were partially or totally suspended during quarter due to orders from an appropriate government authority due to COVID-19 **OR**
 - In a calendar quarter after December 31, 2019, gross receipts are less than 50% of gross receipts for same calendar quarter in prior year
 - Once eligible under this provision, you remain eligible until your gross receipts for a quarter exceed 80% of the gross receipts for the same quarter in the prior year.

Under 100 Employees (on an aggregated basis with affiliated companies)

- Qualified Wages – all wages paid during shutdown as well as entire quarter that had gross receipts drop referenced above for eligible employers

Over 100 Employees (on an aggregated basis with affiliated companies)

- Qualified Wages – all wages paid during the shutdown and cannot exceed what employee made in the 30 days immediately preceding the shutdown



U.S. Small Business Administration DISASTER BUSINESS LOAN APPLICATION

OMB No.: 3245-0017
Expiration: 08/31/2021

FOR SBA INTERNAL USE ONLY

Date Received _____ Location _____ By _____

Physical Declaration Number

Economic Injury Declaration Number

FEMA Registration Number

(if known)

Filing Deadline Date

Filing Deadline Date

SBA Application Number

1. ARE YOU APPLYING FOR:

- ☐ **Physical Damage** -- *Indicate type of damage*
- ☐ Real Property ☐ Business Contents
- ☐ **Economic Injury (EIDL)**

☐ **Military Reservist EIDL (MREIDL)**

(complete the following)

* Name of Essential Employee _____

* Employee's Social Security Number _____

PLEASE PROVIDE ALL INFORMATION OR DOCUMENTATION REQUESTED IN THE ATTACHED FILING REQUIREMENTS.

* For information about these questions, see the attached Statements Required by Laws and Executive Orders.

Apply online at <https://disasterloan.sba.gov/ela/> OR send completed applications to:

U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, Texas 76155

2. ORGANIZATION TYPE ***Sole Proprietors should complete form 5C**

- ☐ Partnership ☐ Limited Partnership ☐ Limited Liability Entity
- ☐ Corporation ☐ Nonprofit Organization ☐ Trust ☐ Other: _____

3. APPLICANT'S LEGAL NAME

4. FEDERAL E.I.N. (if applicable)

5. TRADE NAME (if different from legal name)

6. BUSINESS PHONE NUMBER (including area code)

7. MAILING ADDRESS

☐ Business ☐ Home ☐ Temp ☐ Other _____

Number, Street, and/or Post Office Box

City

County

State

Zip

8. DAMAGED PROPERTY ADDRESS(ES)

(If you need more space, attach additional sheets.)

☐ Same as mailing address

BUSINESS PROPERTY IS:

☐ Owned ☐ Leased

Number and Street Name

City

County

State

Zip

9. PROVIDE THE NAME(S) OF THE INDIVIDUAL(S) TO CONTACT FOR:

Loss Verification Inspection

Information necessary to process the Application

Name

Name

Telephone Number

Telephone Number

10. ALTERNATE WAY TO CONTACT YOU

- ☐ Cell Number ☐ E-mail
- ☐ Fax Number ☐ Other

11. BUSINESS ACTIVITY:

12. NUMBER OF EMPLOYEES (pre-disaster):

13. DATE BUSINESS ESTABLISHED:

14. CURRENT MANAGEMENT SINCE:

15. AMOUNT OF ESTIMATED LOSS:

If unknown, enter a question mark

☐ Real Estate

☐ Inventory

☐ Machinery & Equipment

☐ Leasehold Improvements

16. INSURANCE COVERAGE (IF ANY)

(If you need more space, attach additional sheets.)

Coverage Type:

Name of Insurance Company and Agent

Phone Number of Insurance Agent

Policy Number

17. OWNERS (Individuals and businesses.) (If you need more space attach additional sheets.)		Complete for each: 1) proprietor, or 2) limited partner who owns 20% or more interest and each general partner, or 3) stockholder or entity owning 20% or more voting stock.			
Legal Name		Title/Office	% Owned	E-mail Address	
SSN/EIN*	Marital Status	Date of Birth*	Place of Birth*	Telephone Number (area code)	US Citizen <input type="checkbox"/> Yes <input type="checkbox"/> No
Mailing Address		City	State	Zip	
Legal Name		Title/Office	% Owned	E-mail Address	
SSN/EIN*	Marital Status	Date of Birth*	Place of Birth*	Telephone Number (area code)	US Citizen <input type="checkbox"/> Yes <input type="checkbox"/> No
Mailing Address		City	State	Zip	
* For information about these questions, see the attached Statements Required by Laws and Executive Orders.					
Business Entity Owner Name		EIN	Type of Business	% Ownership	
Mailing Address		City	State	Zip Code	
E-mail Address			Phone		
18. For the applicant business and each owner listed in item 17, please respond to the following questions, providing dates and details on any question answered YES (Attach an additional sheet for detailed responses).					
a. Has the business or a listed owner ever been involved in a bankruptcy or insolvency proceeding?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Does the business or a listed owner have any outstanding judgments, tax liens, or pending lawsuits against them?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Has the business or a listed owner ever had or guaranteed a Federal loan or a Federally guaranteed loan?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Is the business or a listed owner delinquent on any Federal taxes, direct or guaranteed Federal loans (SBA, FHA, VA, student, etc.), Federal contracts, Federal grants, or any child support payments?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Does any owner, owner's spouse, or household member work for SBA or serve as a member of SBA's SCORE, ACE, or Advisory Council?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?				<input type="checkbox"/> Yes	<input type="checkbox"/> No
19. Regarding you or any joint applicant listed in Item 17:					
a) are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; b) have you been arrested in the past six months for any criminal offense; c) for any criminal offense - other than a minor vehicle violation - have you ever: 1) been convicted, 2) plead guilty, 3) plead nolo contendere, 4) been placed on pretrial diversion, or 5) been placed on any form of parole or probation (including probation before judgement)? <div style="text-align: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No If yes, Name: _____</div>					
20. PHYSICAL DAMAGE LOANS ONLY. If your application is approved, you may be eligible for additional funds to cover the cost of mitigating measures (real property improvements or devices to minimize or protect against future damage from the same type of disaster event). It is not necessary for you to submit the description and cost estimates with the application. SBA must approve the mitigating measures before any loan increase. By checking this box, I am interested in having SBA consider this increase. <input type="checkbox"/>					
21. If anyone assisted you in completing this application, whether you pay a fee for this service or not, that person must print and sign their name in the space below.					
Name and Address of Representative (please include the individual name and their company)					
_____ (Signature of Individual)		_____ (Print Individual Name)			
_____ (Name of Company)		_____ Phone Number (include Area Code)			
_____ Street Address, City, State, Zip		_____ Fee Charged or Agreed Upon			
Unless the NO box is checked, I give permission for SBA to discuss any portion of this application with the representative listed above. NO <input type="checkbox"/>					
AGREEMENTS AND CERTIFICATIONS					
On behalf of the undersigned individually and for the applicant business:					
I/We authorize my/our insurance company, bank, financial institution, or other creditors to release to SBA all records and information necessary to process this application.					
If my/our loan is approved, additional information may be required prior to loan closing. I/We will be advised in writing what information will be required to obtain my/our loan funds.					
I/We hereby authorize the SBA to verify my/our past and present employment information and salary history as needed to process and service a disaster loan.					
I/We authorize SBA, as required by the Privacy Act, to release any information collected in connection with this application to Federal, state, local, tribal or nonprofit organizations (e.g. Red Cross Salvation Army, Mennonite Disaster Services, SBA Resource Partners) for the purpose of assisting me with my/our SBA application, evaluating eligibility for additional assistance, or notifying me of the availability of such assistance.					
I/We will not exclude from participating in or deny the benefits of, or otherwise subject to discrimination under any program or activity for which I/we receive Federal financial assistance from SBA, any person on grounds of age, color, handicap, marital status, national origin, race, religion, or sex.					
I/We will report to the SBA Office of the Inspector General, Washington, DC 20416, any Federal employee who offers, in return for compensation of any kind, to help get this loan approved. I/We have not paid anyone connected with the Federal government for help in getting this loan.					
CERTIFICATION AS TO TRUTHFUL INFORMATION: By signing this application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.					
WARNING: Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 636(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment, or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.					
SIGNATURE		TITLE		DATE	
<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="text-align: center; font-size: small;">Sign in Ink</div>		<div style="border: 1px solid black; height: 20px; width: 100%;"></div>		<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	

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U. S. Small Business Administration DISASTER BUSINESS LOAN APPLICATION

If you have questions about this application or problems providing the required information, please contact our Customer Service Center at 1-800-659-2955 or disastercustomerservice@sba.gov
If more space is needed for any section of this application, please attach additional sheets.
SBA will contact you by phone or E-mail to discuss your loan request.

Filing Requirements

FOR ALL APPLICATIONS, EXCLUDING NON-PROFIT ORGANIZATION, THE FOLLOWING ITEMS MUST BE SUBMITTED.

- This application (SBA Form 5), completed and signed
- Tax Information Authorization (IRS Form 4506T), completed and signed by each applicant, each principal owning 20 percent or more of the applicant business, each general partner or managing member; and, for any owner who has greater than 50 percent ownership in an affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available
- Personal Financial Statement (SBA Form 413) completed, signed, and dated by the applicant, each principal owning 20 percent or more of the applicant business, and each general partner or managing member
- Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used)

NON-PROFIT ORGANIZATION (including Houses of Worship, Association, etc), THE FOLLOWING ITEMS MUST BE SUBMITTED:

- This application (SBA Form 5), completed and signed
- A complete copy of the organization's most recent tax return **OR** a copy of the organizations's IRS tax-exempt certification and complete copies of the organization's three most recent years' "Statement of Activities"
- Schedule of Liabilities.
- Tax Information Authorization (IRS Form 4506-T), completed and signed for each applicant and for any affiliated entity. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.

ADDITIONAL REQUIREMENTS FOR MILITARY RESERVIST ECONOMIC INJURY (MREIDL):

- A copy of the essential employee's notice of expected call-up to active duty, or official call-up orders, or release/discharge from active duty
- A written explanation and financial estimate of how the call-up of the essential employee has or will result in economic injury to your business, and the steps your business is taking to alleviate the economic injury
- MREIDL Certification Form P-0002, which includes:
 - Your statement that the reservist is essential to the successful day-to-day operations of the business
 - Your certification that the essential employee will be offered the same or a similar job upon the employee's return from active duty
 - The essential employee's concurrence with your statements

ADDITIONAL INFORMATION MAY BE NECESSARY TO PROCESS YOUR APPLICATION. IF REQUESTED, PLEASE PROVIDE WITHIN 7 DAYS OF THE INFORMATION REQUEST;

- Complete copy, including all schedules, of the most recent Federal income tax return for each principal owning 20 percent or more, each general partner or managing member, and each affiliate when any owner has more than 50 percent ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management
- If the most recent Federal income tax return has not been filed, a year-end profit-and-loss statement and balance sheet for that tax year
- A current year-to-date profit-and-loss statement
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures for will generally be required when requesting an increase in the amount of economic injury.

NOTE: PLEASE READ, DETACH AND KEEP FOR YOUR RECORDS
STATEMENTS REQUIRED BY LAWS AND EXECUTIVE ORDERS

To comply with legislation passed by the Congress and Executive Orders issued by the President, Federal executive agencies, including the Small Business Administration (SBA), must notify you of certain information. You can find the regulations and policies implementing these laws and Executive Orders in Title 13, Code of Federal Regulations (CFR), Chapter 1, or our Standard Operating Procedures (SOPs). In order to provide the required notices, the following is a brief summary of the various laws and Executive Orders that affect SBA's Disaster Loan Programs. A glossary of terms can be found at Disasterloan.sba.gov.

FREEDOM OF INFORMATION ACT (5 U.S.C. § 552)

This law provides, with some exceptions, that we must make records or portions of records contained in our files available to persons requesting them. This generally includes aggregate statistical information on our disaster loan programs and other information such as names of borrowers (and their officers, directors, stockholders or partners), loan amounts at maturity, the collateral pledged, and the general purpose of loans. We do not routinely make available to third parties your proprietary data without first notifying you, required by Executive Order 12600, or information that would cause competitive harm or constitute a clearly unwarranted invasion of personal privacy.

Freedom of Information Act (FOIA) requests must describe the specific records you want. For information about the FOIA, contact the Chief, FOI/PA Office, 409 3rd Street, SW, Suite 5900, Washington, DC 20416, or by e-mail at foia@sba.gov.

PRIVACY ACT (5 U.S.C. § 552a)

Anyone can request to see or get copies of any personal information that we have in your file. Any personal information in your file that is retrieved by individual identifiers, such as name or social security number is protected by the Privacy Act, which means requests for information about you may be denied unless we have your written permission to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Agreements and Certifications section of this form contains written permission for us to disclose the information resulting from this collection to state, local or private disaster relief services.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use for SBA's loan system of records is that when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use of personal information is to assist in obtaining credit bureau reports, on the Disaster Loan Applicants and guarantors for purposes of originating, servicing, and liquidating Disaster loans. See, 69 F.R. 58598, 58617 (and as amended from time to time) for additional background and other routine uses.

Under the provisions of the Privacy Act, you are not required to provide social security numbers. (But see the information under Debt Collection Act below) We use social security numbers to distinguish between people with a similar or the same name for credit decisions and for debt collection purposes. Failure to provide this number may not affect any right, benefit or privilege to which you are entitled by law, but having the number makes it easier for us to more accurately identify to whom adverse credit information applies and to keep accurate loan records.

Note: Any person concerned with the collection, use and disclosure of information, under the Privacy Act may contact the Chief, FOI/PA Office, 409 3rd Street, SW, Suite 5900, Washington, DC 20416 or by e-mail at foia@sba.gov for information about the Agency's procedures relating to the Privacy Act and the Freedom of Information Act.

DEBT COLLECTION ACT OF 1982; DEFICIT REDUCTION ACT OF 1984; DEBT COLLECTION IMPROVEMENT ACT OF 1996 & other titles (31 U.S.C. 3701 et seq.)

These laws require us to aggressively collect any delinquent loan payments and to require you to give your taxpayer identification number to us when you apply for a loan. If you receive a loan and do not make payments when they become due, we may take one or more of the following actions (this list may not be exhaustive):

- *Report the delinquency to credit reporting bureaus.
- *Offset your income tax refunds or other amounts due to you from the Federal Government.
- *Refer the account to a private collection agency or other agency operating a debt collection center.
- *Suspend or debar you from doing business with the Federal Government.
- *Refer your loan to the Department of Justice.
- *Foreclose on collateral or take other actions permitted in the loan instruments.
- *Garnish wages.
- *Sell the debt.
- *Litigate or foreclose.

RIGHT TO FINANCIAL PRIVACY ACT OF 1978 (12 U.S.C. § 3401 et seq.)

This notifies you, as required by the Right to Financial Privacy Act of 1978 (Act), of our right to access financial records held by financial institutions that were or are doing business with you or your business. This includes financial institutions participating in loans or loan guarantees.

The law provides that we may access your financial records when considering or administering Government loan or loan guaranty assistance to you. We must give a financial institution a certificate of our compliance with the Act when we first request access to your financial records. No other certification is required for later access. Our access rights continue for the term of any approved loan or loan guaranty. We do not have to give you any additional notice of our access rights during the term of the loan or loan guaranty.

We may transfer to another Government authority any financial records included in a loan application or about an approved loan or loan guaranty as necessary to process, service, liquidate, or foreclose a loan or loan guaranty. We will not permit any transfer of your financial records to another Government authority except as required or permitted by law.

Paperwork Reduction Act (44 U.S.C. Chapter 35)

We are collecting the information on this form in order to make disaster loans available to qualified small businesses. The form is designed to collect the information necessary for us to make eligibility and credit decisions in order to fund or deny loan requests. We will also use the information collected on this form to produce summary reports for program and management analysis, as required by law.

PLEASE NOTE: The estimated burden for completing this form is 2 hours. Your responses to the requested information are required in order to obtain a benefit under SBA's Disaster Business Loan Programs. However, you are not required to respond to any collection of information unless it displays a currently valid OMB approval number. If you have any questions or comments concerning any aspects of this information collection, please contact the U.S. Small Business Administration Information Branch, 409 3rd St., SW, Washington, DC 20416 and Desk Officer for SBA, Office of Management and Budget, Office of Information and Regulatory Affairs, 725 17th St., NW, Washington, DC 20503. (3245-0017) **PLEASE DO NOT SEND FORMS TO OMB.**

Policy Concerning Representatives and Their Fees

When you apply for an SBA loan, you may use an attorney, accountant, engineer, appraiser or other representative to help prepare and present the application to us. You are not required to have representation. If an application is approved, you may need an attorney to help prepare closing documents.

There are no "authorized representatives" of SBA, other than our regular salaried employees. Payment of a fee or gratuity to our employees is illegal and will subject those involved to prosecution.

SBA Regulations prohibit representatives from proposing or charging any fee for services performed in connection with your loan unless we consider the services necessary and the amount reasonable. The Regulations also prohibit charging you any commitment, bonus, broker, commission, referral or similar fee. We will not approve the payment of any bonus, brokerage fee or commission. Also, we will not approve placement or finder's fees for using or trying to use influence in the SBA loan application process.

Fees to representatives must be reasonable for services provided in connection with the application or the closing and based upon the time and effort required, the qualifications of the representative, and the nature and extent of work performed. Representatives must execute a compensation agreement.

In the appropriate section of the application, you must state the names of everyone employed by you or on your behalf. You must also notify the SBA disaster office in writing of the names and fees of any representative you employ after you file your application.

If you have any questions concerning payment of fees or reasonableness of fees, contact the Field Office where you filed or will file your application.

Occupational Safety and Health Act (29 U.S.C. 3651 et seq.)

This legislation authorizes the Occupational Safety and Health Administration (OSHA) in the Department of Labor to require businesses to modify facilities and procedures to protect employees when appropriate. If your business does not do so, you may be penalized, forced to close or prevented from starting operations in a new facility. Because of this, we may require information from you to determine whether your business complies with OSHA regulations and may continue operating after the loan is approved or disbursed. You must certify to us that OSHA requirements applying to your business have been determined and that you are, to the best of your knowledge, in compliance.