

Disaster Recovery: Small businesses/non-profits



Business Insurance:

Contact your insurance company as soon as possible to notify them of losses to your covered business property. Take pictures or video of the damages, as well as damage to your records, inventory, equipment, and any other loss.

Commercial Lease:

Notify the landlord as soon as possible in writing if your leased property is damaged and if your business was shut down because of a disaster. Review your lease to see if it terminates in case of a disaster or if there is a provision for rent reduction during a business interruption. If your lease doesn't provide for temporary rent reduction, try to negotiate one with your landlord. Remember to get in writing and have the landlord sign any changes or amendments to your lease.

Contractual Obligations:

As a small business owner, you may have ongoing business obligations to vendors, suppliers and customers while your operations are interrupted. Start by reviewing the contract to determine your obligations. The terms of the contract between you and those with whom you do business will determine whether your obligations may be terminated or suspended.

Federal Income Tax:

Business owners who suffer damage or loss to their property or business due to a natural disaster are eligible for special federal income tax provisions.

- These provisions fall into two categories: casualty loss deductions and deferral of casualty gains. The IRS has workbooks for businesses to help you compile a list of your business equipment and prove the market value of items for insurance and casualty loss claims.
- More IRS info: www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Disaster-Assistance-and-Emergency-Relief-for-Individuals-and-Businesses-1.

Employee pay and health benefits:

- If the business closes and an employee is involuntarily terminated or laid off, the employee must receive their last paycheck within 15 days of the termination or layoff.
- A business shutdown may trigger the cancellation of employee group health insurance coverage.
- Employers are obligated to send notices to former employees advising them of their right to health insurance coverage under a federal law known as "COBRA."

Federal Disaster Unemployment Assistance(DUA):

- DUA is a federal program that provides financial help to those who become unemployed as a direct result of a federally declared disaster.
- DUA covers the self-employed, including small business owners, owners of farms and ranches, and others not eligible for unemployment insurance.
- You must apply within 30 days of the date of the disaster declaration. DUA is available for up to 26 weeks. You have the right to appeal the denial of benefits.
- Apply with the Ohio Department of Job and Family Services. You must prove self-employment by providing:
 - Federal income tax form 1040,
 - Schedule C, F, or SE federal income tax returns for the most recent tax year, and
 - Proof of the existence of the existence of business.

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What if I currently have an SBA Loan?

- Existing SBA (Small Business Administration) loan payments are automatically put on hold for one year if the business is in a declared disaster zone.
- If you own a business in a disaster zone, you should get a notice directly from the lender. If your business is in a county next to a declared disaster zone, you can apply to put your SBA loan on hold for 9 months.

How can I get Federal Emergency Management Agency (FEMA) assistance?

- Following a federal disaster declaration, business owners, homeowners, and residents in the affected areas can begin the disaster application process by registering online with FEMA at www.fema.gov, or calling 800-621-FEMA (3362). Register with FEMA before applying with SBA. Short deadlines apply to both FEMA and SBA.

Disaster Assistance from the SBA:

- If you are affected by a federally-declared disaster, you may be eligible for disaster assistance from the SBA. For info and applications for SBA assistance, go to www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/disaster-loans.
- Farmers and ranchers with disaster-related losses may be eligible for assistance from the U.S. Department of Agriculture, www.fsa.usda.gov/programs-and-services/disaster-assistance-program/index.

Bankruptcy:

If your business is failing as a result of disaster, business bankruptcy is one alternative. Whether bankruptcy is the right choice depends on many factors, including whether you or others may also be personally liable for business debts. Visit the SBA at <https://www.sba.gov/business-guide/manage-your-business/close-or-sell-your-business#section-header-10>

What Small Business Administration (SBA) loans are available?

- SBA offers loans to small businesses, which include nonprofits, for damages resulting from declared disaster. Two types of SBA loans are available and an applicant may qualify for both:
 - Business Physical Disaster loans for the cost of replacing property or restoring property to its pre-disaster condition up to \$2,000,000.
 - Economic Injury Disaster loans (EIDL) to help meet ordinary operating expenses. If the business or nonprofit is unable to obtain credit from other sources, EIDL can provide additional funds for working capital.
 - The interest rate on both types of loans will not exceed 4% per year and the term of these loans will not exceed 30 years.
- Application – Apply online using SBA's secure website at <https://disasterloan.sba.gov/ela>; SBA's Customer Service Center, (800) 659-2955 or by email to disastercustomerservice@sba.gov.
- Deadlines – Both types of SBA loans carry deadlines that may be extended based on the specific disaster for which the loan is sought. Contact the SBA for specific information.

Are there any Public Assistance Grants available to nonprofits?

FEMA's Public Assistance (PA) Grant Program provides federal assistance to government organizations and certain private nonprofit (PNP) organizations following a Presidential disaster declaration. It can provide:

- Emergency assistance – Federal supplemental disaster grant assistance for debris removal and emergency protective measures.
- Permanent assistance – Repair, replacement, or restoration of disaster-damaged publicly-owned facilities and the facilities of certain PNP organizations. Who qualifies:
 - The nonprofit must be a public charity (with services open to the public) and have only nominal costs that are waived if someone can show an inability to pay.
 - Nonprofits providing critical services – Education, utility, emergency, and medical nonprofits – Apply directly to FEMA.
 - Nonprofits providing non-critical essential services – Museums, zoos, community centers – Must apply for SBA loan for permanent work; file Form 90-49 with FEMA; may apply for emergency work assistance.
 - How do I apply? Deadline to file FEMA Form 90-49, Request for Public Assistance (RPA), is 30 days from the date of disaster declaration.