



November 2016

SMALL BUSINESS ADMINISTRATION

Agency Has Controls
to Comply with
Paperwork Reduction
Act but Could Improve
Accessibility and
Consistency of
Disaster Loan
Information

GAO Highlights

Highlights of [GAO-17-67](#), a report to congressional committees

Why GAO Did This Study

According to SBA, the agency received more than 40,000 disaster business loan applications from fiscal years 2010 through 2014, and estimates that applicants spent on average a total of more than 25,000 hours per year filling out disaster loan application forms. PRA requires agencies to minimize paperwork burden on individuals and small businesses. The Recovery Improvements for Small Entities After Disaster Act of 2015 includes a provision for GAO to evaluate SBA's compliance with PRA. This report examines (1) controls in SBA's process for complying with PRA form renewal requirements in administering its disaster business loans, and (2) SBA's recent and planned actions to reduce burden for business loan applicants.

GAO analyzed applicable laws and guidance, including PRA and OMB and SBA guidance and policies, relevant reports, and loan applicants' responses to SBA and other surveys. GAO also interviewed SBA officials and a nongeneralizable sample of eight SBA resource partners (Small Business Development Centers) that provided disaster-related assistance to businesses, based on county-level loan approvals for 2012 through April 1, 2016.

What GAO Recommends

SBA should (1) better integrate disaster-loan-related information on its web portal; (2) improve consistency of information, including the loan process, required documents, and estimated time frames, in paper and electronic resources; and (3) define financial terminology on disaster business loan application forms. SBA agreed with GAO's recommendations.

View [GAO-17-67](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov

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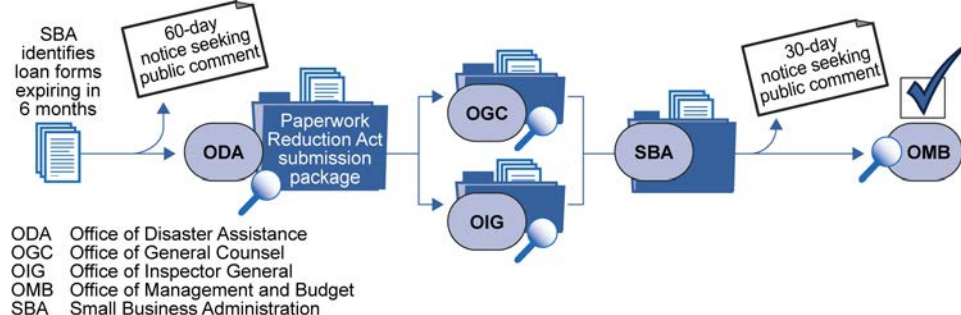
SMALL BUSINESS ADMINISTRATION

Agency Has Controls to Comply with Paperwork Reduction Act but Could Improve Accessibility and Consistency of Disaster Loan Information

What GAO Found

The Small Business Administration (SBA) process for complying with the Paperwork Reduction Act (PRA) includes a number of controls to help disaster business loan forms comply with the act and Office of Management and Budget (OMB) requirements (see figure). For example, SBA has a standard operating procedure that documents its clearance process; a requirement to solicit public comments; and a requirement that offices of Disaster Assistance, General Counsel, and Inspector General review submission packages for PRA clearance. SBA surveys business loan applicants to solicit suggestions for improving the loan process. The disaster business loan forms also include a valid OMB control number, as required by PRA.

Small Business Administration's Paperwork Reduction Act Clearance Process



Source: GAO analysis of SBA's Standard Operating Procedure 00 30 3. | GAO-17-67

SBA has implemented and planned actions to streamline the disaster business loan process, but the agency has not made loan-related information and requirements easily accessible or consistent, or defined key terms, contributing to applicants' burden. SBA's 2015 Performance Report set out the agency's recent and planned actions, including streamlining the loan process and enhancing online loan application capabilities. SBA has published written and electronic materials about the disaster loan process, but applicants cannot easily access these materials from SBA's dedicated disaster loan web portal, contrary to federal guidelines for improving digital services. Also, SBA's materials provide inconsistent information on the process, required documents, and estimated processing time frames. Business loan applicants reported that they found the documentation requirements confusing and the application time frames unclear. PRA and an OMB directive on open government generally state that agencies should explain the collection and use of information and promote transparency by providing the public with information about government activities. Similarly, some Small Business Development Centers told GAO that loan applicants have expressed confusion over undefined financial terminology in SBA's loan application, particularly terminology in the required personal financial statement. Federal law requires agencies' forms be written using plain language that is appropriate for the intended audience. Improved integration of electronic resources and consistency of information in SBA's materials would help business disaster victims better access resources and understand the disaster loan process and expected time frames. Further, providing definitions of loan terminology can help reduce victims' confusion.

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Abbreviations List

ACSI	American Customer Satisfaction Index
IRS	Internal Revenue Service
ODA	Office of Disaster Assistance
OGC	Office of General Counsel
OIG	Office of Inspector General
OIRA	Office of Information and Regulatory Affairs
OMB	Office of Management and Budget
SBA	Small Business Administration
SBDC	Small Business Development Center
SOP	standard operating procedure

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November 21, 2016

The Honorable David Vitter
Chairman
The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate

The Honorable Steve Chabot
Chairman
The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
House of Representatives

According to the Small Business Administration (SBA), the agency received more than 40,000 disaster business loan applications from fiscal years 2010 through 2014, and estimated that applicants spent on average a total of more than 25,000 hours per year filling out disaster business loan application forms.¹ SBA's Office of Disaster Assistance (ODA) administers the Disaster Loan Program, and its mission is to provide affordable, timely, and accessible low-interest disaster loans to businesses of all sizes and others to repair or replace real estate, personal property, machinery and equipment, and inventory and business assets that have been damaged or destroyed in a declared disaster. The Paperwork Reduction Act of 1995 requires agencies to minimize the paperwork burden on individuals and small businesses and maximize the utility of information collected by agencies.² We previously reported in 2014 that, following Hurricane Sandy, business owners found the disaster loan application documentation requirements to be time-consuming and onerous, and that SBA did not meet its timeliness goals for processing

¹For disaster business loan applications, SBA's annual average figure is based on the average number of loan applications for fiscal years 2010 through 2014. SBA excluded the high and low activity years (fiscal years 2013 and 2014, respectively) to arrive at this average.

²Pub. L. No. 104-13, 109 Stat. 163 (codified at 44 U.S.C. §§ 3501-3521).

disaster business loan applications, which resulted in delays in disaster victims' receipt of loan funds.³

The Recovery Improvements for Small Entities After Disaster Act of 2015 includes a provision for us to evaluate the steps that SBA has taken to comply with the Paperwork Reduction Act in administering its Disaster Loan Program.⁴ Specifically, this report examines (1) controls in SBA's process for complying with the form renewal requirements of the Paperwork Reduction Act in administering its Disaster Loan Program, and (2) SBA's recent and planned actions to reduce the burden of business loan applicants for the Disaster Loan Program.⁵ Although the processes we are evaluating apply to disaster loans for homeowners and businesses, this report focuses on disaster business loans for businesses.

To examine the first objective, we reviewed and analyzed applicable federal laws, regulations, and guidance, including SBA policies and procedures, to identify relevant Paperwork Reduction Act requirements and SBA's processes and controls for meeting the act's requirements. We assessed SBA's Paperwork Reduction Act compliance process and controls against internal control principles to determine the effectiveness of SBA's process and controls.⁶ We also interviewed SBA officials to understand SBA's compliance with the act's requirements and the effectiveness of SBA's controls.

To examine the second objective, we reviewed relevant federal guidance and reports to identify SBA's recent and planned actions as well as leading practices intended for burden reduction. We analyzed SBA and

³See GAO, *Small Business Administration: Additional Steps Needed to Help Ensure More Timely Disaster Assistance*, [GAO-14-760](#) (Washington, D.C.: Sept. 29, 2014).

⁴Pub. L. No. 114-88, § 2302, 129 Stat. 686, 696. The act is also known as the RISE After Disaster Act of 2015.

⁵According to SBA officials, although SBA does not differentiate among business loan applicants with respect to business size, the majority of business loan applicants are small businesses.

⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014). Throughout this report, discussions of internal controls refer to the principles as defined in [GAO-14-704G](#).

third-party customer satisfaction surveys to obtain business loan applicants' and business loan recipients' feedback about the extent to which SBA has reduced burdens or enhanced processes for loan applicants. We conducted semi-structured interviews with a nongeneralizable sample of eight Small Business Development Centers (SBDC)—SBA's resource partners that provide disaster assistance to businesses—to identify burdens encountered by business loan applicants and their suggestions for addressing challenges. We selected our sample of eight SBDCs based on county-level disaster loan approvals for 2012 to April 1, 2016.⁷ We also interviewed SBA representatives to obtain SBA's plans to and actions taken that further reduce burden or enhance processes for business loan applicants. We assessed SBA's actions against criteria for accessibility of and plain writing in government information as found in federal *Guidelines for Improving Digital Services*, an Office of Management and Budget directive, the Plain Writing Act, and the Paperwork Reduction Act. Appendix I contains a more extensive discussion of our scope and methodology.

We conducted our work from February 2016 to November 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

SBA Disaster Loan Program

According to SBA officials, when a disaster is declared in an area, a staff member from an SBA field operations center, located in Atlanta, Georgia, or Sacramento, California, contacts the area's SBDC network to identify a site for setting up a business recovery center, which may be the local

⁷We selected this time period to include SBDCs in different geographic regions with experiences in a variety of disasters. Among the eight SBDCs we interviewed, one experienced a disaster in 2012, two experienced a disaster in 2013, one experienced a disaster in 2014, one experienced a disaster in 2015, and three experienced a disaster in 2016.

SBDC office. Officials added that SBDC staff members co-locate in a business recovery center, when possible, so business loan applicants can access SBDC services at the center. Additionally, SBA officials said that SBDCs help SBA by doing the following:

- conducting local outreach to disaster victims,
- assisting declined business loan applicants or applicants who have withdrawn their loan applications with applications for reconsideration or re-acceptance,
- assisting declined applicants in remedying issues that initially precluded loan approvals, and
- providing business loan applicants with technical assistance, including helping businesses reconstruct business records, helping applicants better understand what is required to complete a loan application, compiling financial statements, and collecting required documents.

SBA offers two types of disaster loans for businesses: (1) Physical Disaster Loans, which help replace damaged property or restore property to pre-disaster condition, and (2) Economic Injury Disaster Loans, which provide working capital to help small businesses survive until normal operations resume after a disaster. See table 1 for additional details of both types of disaster business loans.

Table 1: Characteristics of Disaster Business Loans, as of 2016

Loan characteristics	Physical Disaster Loan	Economic Injury Disaster Loan
Maximum loan amount is \$2 million (also applies if approved for both Physical and Economic Injury Disaster Loans)	✓	✓
Applicant generally may have up to 30 years to repay the loan	✓	✓
Annual interest rate will not exceed 8 percent if applicant has credit elsewhere ^a	✓	x
Annual interest rate will not exceed 4 percent if applicant cannot obtain credit elsewhere	✓	✓
Collateral generally not required for loans \$25,000 and under ^b	✓	✓

Loan characteristics	Physical Disaster Loan	Economic Injury Disaster Loan
Loan generally may be used on the following:	✓	x
<ul style="list-style-type: none"> Damaged real property Machinery Equipment Fixtures Inventory Leasehold improvements 		
Loan may be used on the following:	x	✓
<ul style="list-style-type: none"> Business obligations Business operating expenses 		
Loan cannot be used to upgrade or expand a business, unless required by local building codes	✓	x
Loan cannot be used to refinance debt incurred prior to the disaster, provide working capital needed before the disaster, or replace sales or lost profits	x	✓

Legend:

✓ = yes

x = not applicable

Source: Small Business Administration's website available at <https://www.sba.gov/loans-grants/see-what-sba-offers>. | GAO-17-67

^aEconomic Injury Disaster Loans are available only to small businesses when SBA determines that they are unable to obtain credit elsewhere. See 13 C.F.R. § 123.300(b).

^bFollowing the passage of the Recovery Improvements for Small Entities After Disaster Act of 2015, the collateral threshold is now \$25,000 for all loans in all disasters. Unless extended by Congress, after November 25, 2018, the threshold will return to \$14,000 for Physical Disaster Loans in non-major disasters. See Pub. L. No. 114-88, § 2102, 129 Stat. 686, 690. SBA finalized regulations implementing this change on October 3. See Disaster Assistance Loan Program; Disaster Loan Mitigation, Contractor Malfeasance and Secured Threshold, 81 Fed. Reg. 67901 (Oct. 3, 2016).

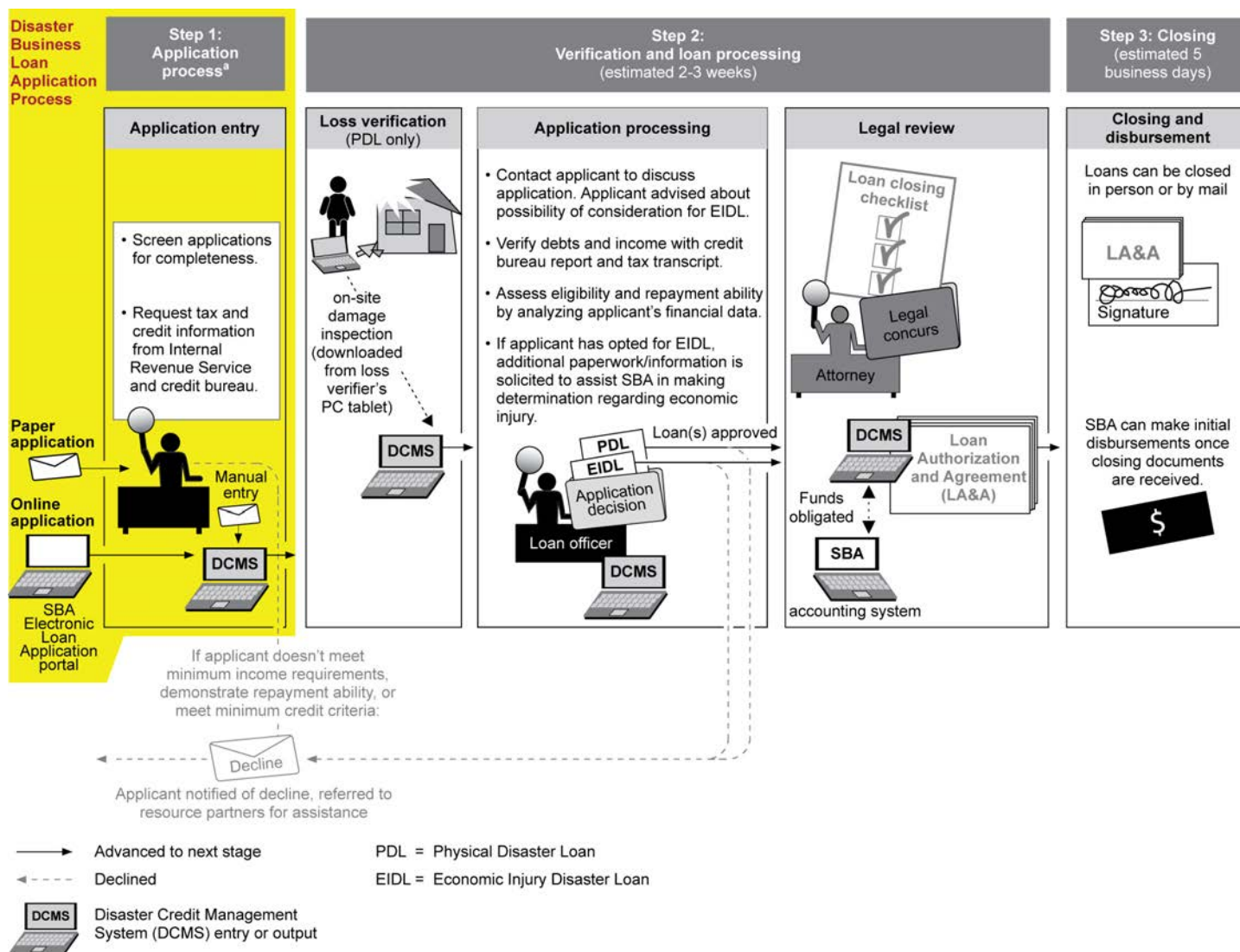
SBA has divided the disaster loan process into three steps: application, verification and loan processing, and closing, as shown in figure 1. This report focuses on step 1, the loan application process. Physical Disaster Loan applicants have 60 days and Economic Injury Disaster Loan applicants have 9 months from the date of disaster declaration to apply

for a loan.⁸ Disaster victims may apply for a disaster business loan through the Electronic Loan Application online portal or by paper submission.⁹ The information from online and paper applications is loaded into SBA's Disaster Credit Management System, which is the system SBA uses to process loan applications and make determinations for its disaster loan program.

⁸SBA publishes notices of disaster declarations in the *Federal Register*. The notices generally include the application deadline and the location for filing a loan application. 13 C.F.R. § 123.3(b). According to SBA officials, for major disasters, SBA adopts the same deadline for Physical Disaster Loans that the Federal Emergency Management Agency sets for disaster victims to register for disaster assistance. SBA officials said this deadline is generally 60 days after publication of the disaster declaration in the Federal Register, but may be longer. If the Federal Emergency Management Agency extends the registration period beyond 60 days, SBA grants the same extension for Physical Disaster Loans. For SBA-declared disasters, officials said that SBA sets its own application deadline for Physical Disaster Loans and Economic Injury Disaster Loans.

⁹SBA implemented the Electronic Loan Application online portal in August 2008. In 2008, 17 percent of loan applications were submitted electronically. In 2016, 90 percent of loan applications were submitted electronically.

Figure 1: SBA's Three-Step Disaster Business Loan Process, as of 2016



Source: GAO and Small Business Administration documentation. | GAO-17-67

^aPhysical Disaster Loan applications are due 60 days from the date of disaster declaration, and Economic Injury Loan applications are due 9 months from the date of disaster declaration.

Paperwork Reduction Act

The Paperwork Reduction Act seeks to “ensure the greatest possible public benefit from and maximize the utility of information created, collected, maintained, used, shared, and disseminated by or for the Federal Government.”¹⁰ A collection of information, such as forms, includes a request for information from 10 or more persons to be submitted to the federal government.¹¹ The act requires agencies to establish a process for evaluating and approving collections of information.¹² The act created the Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) to perform all Paperwork Reduction Act functions.¹³ As part of the review process for a collection of information, OMB’s director must determine whether or not an agency’s proposed collection of information should be approved for public use.¹⁴ The director may approve a collection of information for a maximum of 3 years.¹⁵ Agencies are required to renew information collection forms before expiration to maintain a valid OMB control number.

In addition to the process requirement, the act includes broader requirements, including that agencies reduce information collection burdens on the public, ensure that the public has timely and equitable access to public information, and improve information technology practices to reduce burden.¹⁶

¹⁰44 U.S.C. § 3501(2).

¹¹44 U.S.C. § 3502(3), 5 C.F.R. § 1320.3(c), and OIRA’s April 7, 2010, “Memorandum for the Heads of Executive Departments and Agencies, and Independent Regulatory Agencies: Information Collection under the Paperwork Reduction Act,” p. 2.

¹²44 U.S.C. § 3506(c)(1).

¹³44 U.S.C. § 3503. Under the Paperwork Reduction Act, OMB is required to issue an annual report to Congress on the paperwork burden imposed on the public by the Federal government. 44 U.S.C. § 3514(a). To satisfy this Paperwork Reduction Act requirement, on behalf of OMB, OIRA annually issues the Information Collection Budget, but has not yet released the budget for 2015.

¹⁴44 U.S.C. § 3504(c)(1).

¹⁵44 U.S.C. § 3507(g).

¹⁶See, e.g., 44 U.S.C. § 3506(b)(1), (d)(1), and (h)(4).

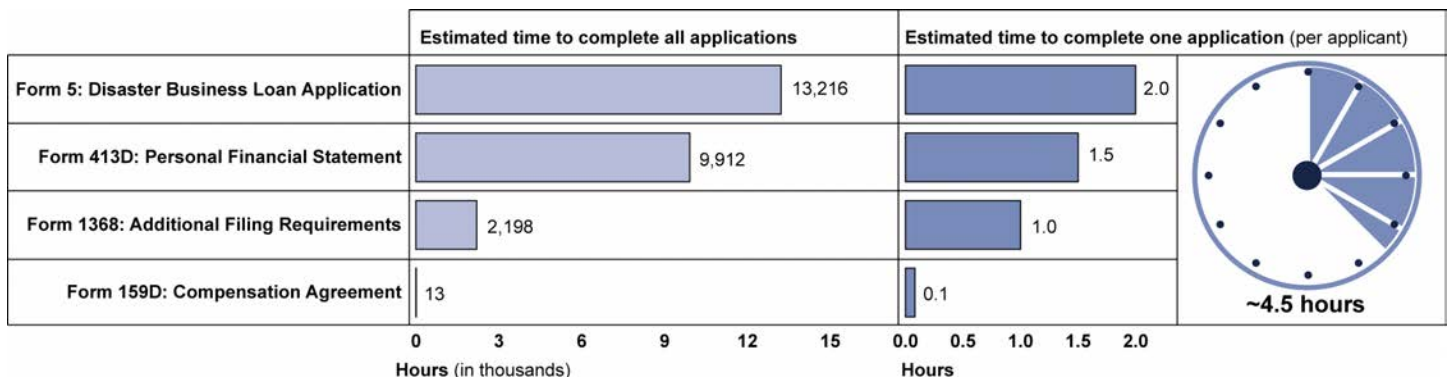
SBA Disaster Loan Application Forms

SBA's disaster business loan application forms are examples of a collection of information, so each form must be approved by OMB. SBA requires all disaster victims in need of a disaster business loan to submit the applicable loan application forms. To apply for a loan, a disaster victim must complete the required disaster business loan application forms (see app. II) and relevant additional forms:

- SBA Form 5 – Disaster Business Loan Application; OMB Control Number 3245-0017; expiring on January 31, 2018 (see app. II, fig. 5).
- SBA Form 413D – Personal Financial Statement; OMB Control Number 3245-0188; expiring on January 31, 2018 (see app. II, fig. 6).
- SBA Form 1368 – Additional Filing Requirements Economic Injury Disaster Loan and Military Reservist Economic Injury Disaster Loan; OMB Control Number 3245-0017; expiring on January 31, 2018 (see app. II, fig. 7).
- SBA Form 159D – Fee Disclosure Form and Compensation Agreement; OMB Control Number 3245-0201; expiring on October 31, 2017 (see app. II, fig. 8).
- Internal Revenue Service (IRS) Form 4506-T – Request for Transcript of Tax Return; OMB Control Number 1545-1872; expiring on December 31, 2016 (see app. II, fig. 9).

Figure 2 shows that, according to SBA, in fiscal year 2014 it took a disaster business loan applicant approximately 4.5 hours to complete all the relevant forms, including gathering required documentation such as the most recent tax return.

Figure 2: SBA Estimated Hours to Complete SBA's Disaster Business Loan Application Forms in Fiscal Year 2014



Source: Small Business Administration documentation. | GAO-17-67

SBA Generally Meets Paperwork Reduction Act Form Renewal Requirements through Its Clearance Process and Internal Controls

SBA's Form Renewal Process Generally Meets Paperwork Reduction Act Requirements

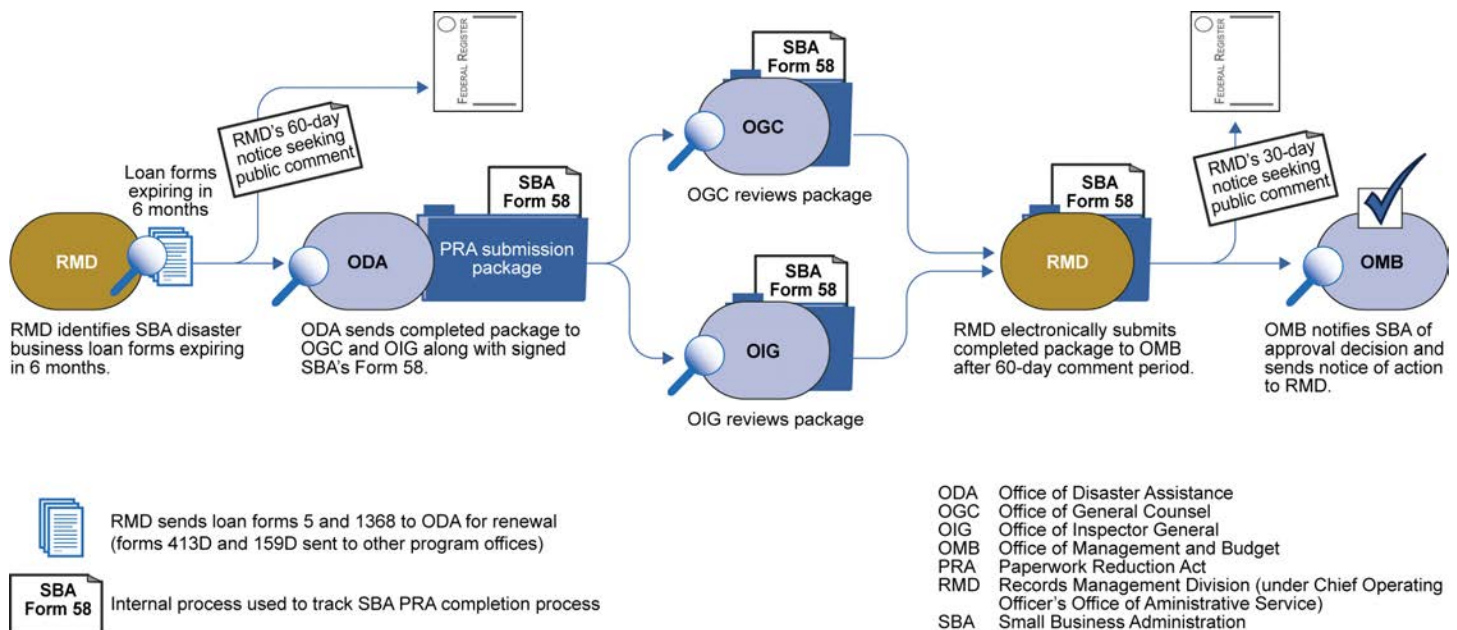
Consistent with the Paperwork Reduction Act's requirement that agencies establish a review process, SBA's Records Management Division oversees SBA's Paperwork Reduction Act Clearance Process, which is documented in a standard operating procedure (SOP). The Paperwork Reduction Act requires an agency to establish a process to evaluate an information collection. SBA's 2006 Forms Management Program, SOP 00 30 3, provides written operating procedures for the agency's Paperwork Reduction Act clearance process.¹⁷ Figure 3 shows the overall process. First, Records Management Division officials identify which SBA forms will expire in 6 months, determine the program office responsible for each form, and issue an expiration memorandum to the program office with a timeline to complete the Paperwork Reduction Act clearance process. The Records Management Division uses the Regulatory Information Service Center and Office of Information and Regulatory Affairs Consolidated Information System, OMB's electronic system, to identify which collections of information, such as loan application forms, will expire in 6 months. Next, Records Management Division officials said they solicit public comments and coordinate with the relevant program offices as well as Office of General Counsel (OGC) and Office of Inspector General (OIG) to evaluate the information collection. After the internal reviews are completed, the Records Management Division submits the Paperwork Reduction Act submission package to OMB electronically and concurrently posts a 30-day Federal Register notice seeking public comment on the proposed collection of information.¹⁸

¹⁷Small Business Administration, *The Forms Management Program*, SOP 00 30 3 (Washington, D.C.: Dec. 27, 2006).

¹⁸5 C.F.R. § 1320.10(a).

Following this comment period, OMB notifies SBA whether it has approved SBA's Paperwork Reduction Act submission package and, if approved, provides the OMB control number and expiration date for the approved forms.¹⁹

Figure 3: Small Business Administration's Paperwork Reduction Act Clearance Process, as of 2016



SBA's requirement that program offices complete and sign routing forms aligns with Paperwork Reduction Act requirements that the head of an agency certify that the information collection is necessary for the proper performance of the agency's functions.²⁰ The Records Management Division coordinates the program office reviews. For example, ODA oversees the renewal of Forms 5 and 1368. Two forms, OMB Form 83-I and SBA's Form 58, document that program offices involved in the

¹⁹See 44 U.S.C. § 3507. OMB notifies SBA within 60 days of receipt of the Paperwork Reduction Act submission package or the publication of the *Federal Register* notice, whichever is later. 44 U.S.C. § 3507(c)(2).

²⁰44 U.S.C. § 3506(c)(3)(A).

collection of information have reviewed and approved the Paperwork Reduction Act submission package. The first form is OMB Form 83-I, which is OMB's Paperwork Reduction Act submission form that an agency uses to certify that it is in compliance with the Paperwork Reduction Act requirements by identifying the type and purpose of the collection information being submitted to OMB. Form 83-I also includes a supporting statement, which justifies the necessity of a collection of information and use of statistical methods to reduce burden, if applicable. The second form is SBA's Form 58, which is SBA's Record of Clearance and Approval that tracks the completion of SBA's Paperwork Reduction Act Clearance Process. SBA program offices responsible for the renewal of the collection of information, such as ODA, complete these forms and document approval by the necessary SBA stakeholders.

SBA's requirement that OGC review and provide feedback on each Paperwork Reduction Act submission package before it is sent to OMB conforms to the act's requirements for independent review of the information collection.²¹ The Paperwork Reduction Act requires an agency to establish an independent process that evaluates whether or not the Paperwork Reduction Act submission package meets the act's requirements.²² SBA Form 58 allows the involved program offices and OGC to review the Paperwork Reduction Act submission package and verify its compliance with the act's requirements. OGC officials stated that they review OMB Form 83-I, supporting statements, and applicable information collection instruments to ensure compliance with Paperwork Reduction Act requirements. OGC also determines whether recent statutory, regulatory, or other changes are reflected in the collection of information and described in the supporting statement document.

OIG also reviews and comments on each Paperwork Reduction Act submission package before it is sent to OMB. According to OIG officials, their comments are intended to make the program stronger and address difficulties encountered in criminal, civil, or administrative matters that changes to the form could help avoid in the future. OIG officials said they also review for clarity and check for issues and deficiencies that OIG has identified in prior audits. OIG officials stated that they do not sign the SBA

²¹SOP 00 30 3, Chapter 2, paragraph 5(b).

²²44 U.S.C. § 3506(c)(1).

Form 58 to preserve their independence and not create a perception that the OIG endorses a program office's document. According to SBA, the agency's policy to have both OGC and OIG review and have OGC sign-off on a Paperwork Reduction Act submission package helps the agency not only to achieve its goal of getting OMB to approve the package prior to the expiration of a disaster business loan form, but also to identify and address risks or areas of noncompliance.

SBA Has Internal Controls to Monitor Compliance with Form Renewal Process

Consistent with applicable federal internal controls, SBA has a monitoring system to identify and remedy deficiencies in the Paperwork Reduction Act clearance process. Federal internal control standards state that management should establish and operate activities to monitor controls and that management should also remediate identified internal control deficiencies on a timely basis.²³ According to SBA officials, as part of its monitoring system, if a program office is nonresponsive or fails to meet the timelines outlined in its expiration memorandum, then the Records Management Division may elevate the issue to the Chief Operating Officer, who would contact the program office's Associate or Assistant Administrator to address the matter. Records Management Division officials also said that they may obtain from OMB an extension of an expiration date so that a collection of information is not out of compliance with the Paperwork Reduction Act.

We found that SBA's disaster business loan application forms generally include the required elements, such as having an OMB control number, valid expiration date, an estimate of how long it will take to complete the form, and a statement notifying applicants that they are not required to respond to the request for information if the form does not display a valid OMB control number.²⁴ We also observed from a demonstration that the Electronic Loan Application disaster business loan application forms include the OMB control number, expiration date, and a disclaimer that if the OMB control number is missing, an applicant is not required to complete the forms.

²³ [GAO-14-704G](#).

²⁴ 44 U.S.C. §§ 3506(c)(1)(B).

Although SBA's disaster business loan forms generally are in compliance with these Paperwork Reduction Act requirements, we identified three instances of noncompliance.²⁵ Consistent with OMB's finding in its 2014 Information Collection Budget Report, we found an instance of noncompliance when SBA's Form 159D – Fee Disclosure and Compensation Agreement was not submitted for OMB's review prior to its expiration date.²⁶ SBA was aware of this violation, and to address it, Records Management Division officials said that the program office responsible for Form 159D instituted personnel and operational changes, including weekly reviews of pending expirations, progress reports for renewals in progress, and designation of individuals accountable for Paperwork Reduction Act compliance. In addition, we found that SBA Form 159D – Fee Disclosure and Compensation Agreement did not have an expiration date and SBA Form 413D – Personal Financial Statement did not include a statement informing applicants that they do not have to complete a form that does not display a valid OMB control number. SBA officials corrected these forms in October 2016.

SBA's Records Management Division officials told us that it documents any deficiencies in a memorandum to the appropriate program office and directs that office to remedy the issue in consultation with other program offices, if necessary. Records Management Division officials also said that the program office resubmits the collection of information to the division. Records Management Division officials added that no standard time frames have been set for remediation because timing depends on when the deficiency is identified and the nature and complexity of the issue.

In addition to the Paperwork Reduction Act clearance process and the related monitoring system, SBA has feedback mechanisms in place. The federal internal control standards state that management should use quality information to achieve its objectives. SBA uses two survey

²⁵We reviewed the following paper application forms: (a) OMB Form 83-I, (b) OMB Form 83-I supporting statement, and (c) SBA Form 58 related to: SBA Forms 5 and 1368 for years 2008, 2011, and 2014; SBA Form 159D for years 2009, 2013, and 2014; and SBA Form 413D for years 2008, 2011, and 2014. See appendix I for more information.

²⁶As of October 2016, OIRA has not released its fiscal year 2015 Information Collection Budget Report. SBA requires Form 159D when an agent or representative receives payment to complete the disaster loan forms on behalf of a business owner.

instruments to solicit customer feedback from a sample of business loan applicants and recipients (see app. III). According to SBA officials, SBA uses the surveys, both administered by phone, to solicit input and suggestions for improvements. First, SBA contracts with a third-party group to administer the American Customer Satisfaction Index (ACSI) survey.²⁷ Second, SBA's Customer Service Center conducts its own customer satisfaction survey to solicit feedback from selected business loan applicants and recipients, including suggestions for improving the disaster loan process.²⁸ One question from the Customer Service Center questionnaire asks, "Based on your experience with the SBA, do you have any suggestions for making the process easier?" According to SBA officials, the collected suggestions undergo multiple levels of consideration within SBA's Continuous Improvement Process Board and ODA's Associate Administrator decides whether to implement a recommendation.²⁹ In addition to receiving suggestions from loan applicants, the Continuous Improvement Process Board receives suggestions from SBA employees.

²⁷The ACSI is a national indicator of customer evaluations of the quality of goods and services available in the United States. According to the annual report on ACSI survey results, the ACSI measures customer satisfaction among government programs. According to SBA officials, it provides a sample list of loan applicants and recipients for the ACSI, so not every loan applicant and recipient is administered the ACSI. For example, for fiscal year 2015, among the 33,743 loan applicants, SBA selected a sample size of about 17 percent of applicants who were contacted by a third party to take the ACSI. The final response rate was 12 percent.

²⁸SBA officials said that on occasion a disaster victim may call the Customer Service Center for information prior to applying for a loan. ODA would still consider this caller as a loan applicant for the Customer Service Center survey.

²⁹ODA created the Continuous Improvement Process Board in 2012 to "receive and evaluate process improvement suggestions." The board was created as a result of a prior GAO recommendation for creating a process to address identified problems in the disaster loan application process for future applicants. The board is composed of 17 members, including representatives from each ODA office (administrative, human resources department, Customer Service Center, and field operations teams). The board members are selected to serve 2-year terms by ODA's Associate Administrator. See GAO, *Small Business Administration: Additional Steps Should Be Taken to Address Reforms to the Disaster Loan Program and Improve the Application Process for Future Disasters*, [GAO-09-755](#) (Washington, D.C: July 29, 2009). SBA formed the board in March 2012, and GAO has closed the recommendation as implemented.

SBA Plans to Continue Streamlining the Process, but Could Do More to Integrate and Clarify Available Information Resources

SBA Has Implemented Some Actions and Has Planned Others Intended to Reduce Burdens on Loan Applicants

Recent and planned actions for the disaster loan program, described in SBA’s Fiscal Year 2015 Annual Performance Report, have focused on promoting disaster preparedness, streamlining the loan process, and enhancing online application capabilities (see table 2).³⁰ According to the report, SBA’s objectives with respect to disaster assistance are to deploy its resources quickly, effectively, and efficiently in a manner that preserves jobs and helps small businesses return to operation. The actions SBA has taken or plans to implement are intended to achieve these objectives.

Table 2: Small Business Administration (SBA) 2015 Performance Report: Implemented and Planned Actions to the Disaster Business Loan Program, Fiscal Years 2015 through 2017

SBA 2015 Performance Report Disaster Assistance Strategies	Highlights of SBA actions taken (fiscal year 2015)	Highlights of planned SBA actions (fiscal years 2016-2017)
Strategy 1: Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster.	Co-sponsored monthly disaster business preparedness webinars. Published a reference guide that summarizes the loan program and promotes disaster preparedness, assistance, and recovery. Tailored preparedness outreach by region and by disaster type.	Continue encouraging preparedness and continue the Technical Assistance Loan Approval Initiative (an effort implemented by the Small Business Development Centers).

³⁰Small Business Administration, *Fiscal Year 2017 Congressional Budget Justification and Fiscal Year 2015 Annual Performance Report*.

SBA 2015 Performance Report Disaster Assistance Strategies	Highlights of SBA actions taken (fiscal year 2015)	Highlights of planned SBA actions (fiscal years 2016-2017)
Strategy 2: Strengthening disaster operations to enhance effectiveness and efficiency.	Continually reviewed and implemented improvements. For example, the electronic loan application improves data integrity and speeds up loan processing. Established approximate loan processing time standards, with goals ranging from 2 weeks to more than 4 weeks. Streamlined operating procedures and removed redundancies. Created separate tracks for home and business loan processing and expedited processing for both loan types.	Modify loan-processing procedures to establish standard 15- and 30-year fixed loan terms. Release new web portal with more features, including general information and questions, loan notifications, upload documents, live chat and secure messaging, electronic signature, and mobile application.
Strategy 3: Utilize SBA's nationwide infrastructure for short- and long-term recovery.	Continued to promote SBA's "three-step process" to explain the loan process to disaster victims; the process is: victims apply, SBA verifies and processes applications, and the parties close on loans. SBA also shared the reference guide with resource partners.	Continue long-term outreach efforts with resource partners and continue expanding the Technical Assistance Loan Approval initiative outreach.

Source: SBA Fiscal Year 2015 Annual Performance Report. | GAO-17-67

Many of SBA's recent and planned changes to the disaster loan program described in its 2015 performance report incorporate various leading practices intended to reduce paperwork burdens. We reviewed and identified leading practices from the Hurricane Sandy Rebuilding Task Force Report (2013), an OMB memorandum to agency heads (June 2012), and the Small Business Paperwork Relief Task Force Reports (2003, 2004).³¹ These materials note the following leading practices, among others:

- *Separating application tracks for business and home disaster loans:* As we previously reported, SBA implemented separate tracks in October 2013.³²

³¹Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy: Stronger Communities, A Resilient Region* (August 2013); Office of Management and Budget, Memorandum for the Heads of Executive Departments and Agencies, *Reducing Reporting and Paperwork Burdens* (Washington, D.C.: June 22, 2012); Small Business Paperwork Relief Task Force, *Report of the Small Business Paperwork Relief Task Force* (June 28, 2004); and Small Business Paperwork Relief Task Force, *Final Report of the Small Business Paperwork Relief Task Force* (June 27, 2003).

³²See [GAO-14-760](#).

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- *Expediting approval of loan applications that meet minimum credit score and other requirements:* SBA revised its disaster loan program regulations in April 2014 so that SBA now may consider an applicant's credit rather than business cash flow in assessing the applicant's repayment ability.³³
 - *Using electronic communication and "fillable fileable" forms:* SBA introduced the online application capability in August 2008, where loan applicants can complete and submit forms online, and SBA is currently updating the system with more features.
 - *Using "smart" electronic forms to assure data submitted meets information system requirements:* SBA's online application portal includes system checks that ensure information entries meet formatting requirements. The portal also provides notices specifying formatting requirements.

Further, SBA has reported that increased use of electronic loan applications has reduced errors and loan-processing times. SBA has a dedicated web portal for disaster loan assistance (available at <https://disasterloan.sba.gov/ela/>, see app. IV, fig. 12) where disaster victims can apply for a loan online and check on the status of a loan application. According to SBA officials, recent enhancements to the web portal include a feature that allows a loan applicant to check the status of an application, including the application's relative place in the queue for loan processing. The web portal also includes a frequently asked questions page, phone and email contacts to SBA customer service, and links to other SBA information resources. An SBA official we interviewed explained that information from electronic applications is imported directly into the Disaster Credit Management System, instead of SBA staff manually entering information from paper applications into the system. As a result, SBA officials said, the agency has reduced the likelihood of errors in loan applications, reduced follow-up contacts with loan applicants, and expedited loan processing.

³³See Disaster Assistance Loan Program; Disaster Loan Credit and Collateral Requirements, 79 Fed. Reg. 22859 (Apr. 25, 2014) (amending 13 C.F.R. § 123.6).

SBA Could Better Integrate Consistent Information about the Disaster Business Loan Process into Its Web Portal and More Fully Define Loan Terminology

Disaster Loan-Related Information Is Not Easily Accessible

SBA has published several written and electronic resources about the disaster loan process, but much of this information is not easily accessible to loan applicants and SBA's resource partners from the disaster loan assistance web portal. Available resources include the following:

- The disaster business loan application form (Form 5, see app. II, fig. 1) lists documents required for a loan application along with additional information that may be necessary for a decision on the application.
- SBA's Fact Sheet for Businesses of All Sizes (see app. IV, fig. 13) provides information about disaster business loans, including estimated time frames, in a question-and-answer format. For example, the fact sheet answers questions concerning collateral requirements of disaster loans, information that must be submitted for a loan, and the amount of time an applicant might expect to wait before the application is approved or denied.
- The 2015 Reference Guide to the SBA Disaster Loan Program and three-step process flier (see app. IV, fig. 14 and 15) set out the three steps of the loan process, required documents, and estimated time frames.
- SBA's online Partner Training Portal provides disaster-loan-related information and resources for SBDCs (available at <https://www.sba.gov/ptp/disaster>; see app. IV, fig. 16). The training portal includes two videos—one explaining the disaster loan process and the other explaining the disaster assistance program—and three documents that provide information on disaster preparedness, types of disaster loans, and loan procedures.

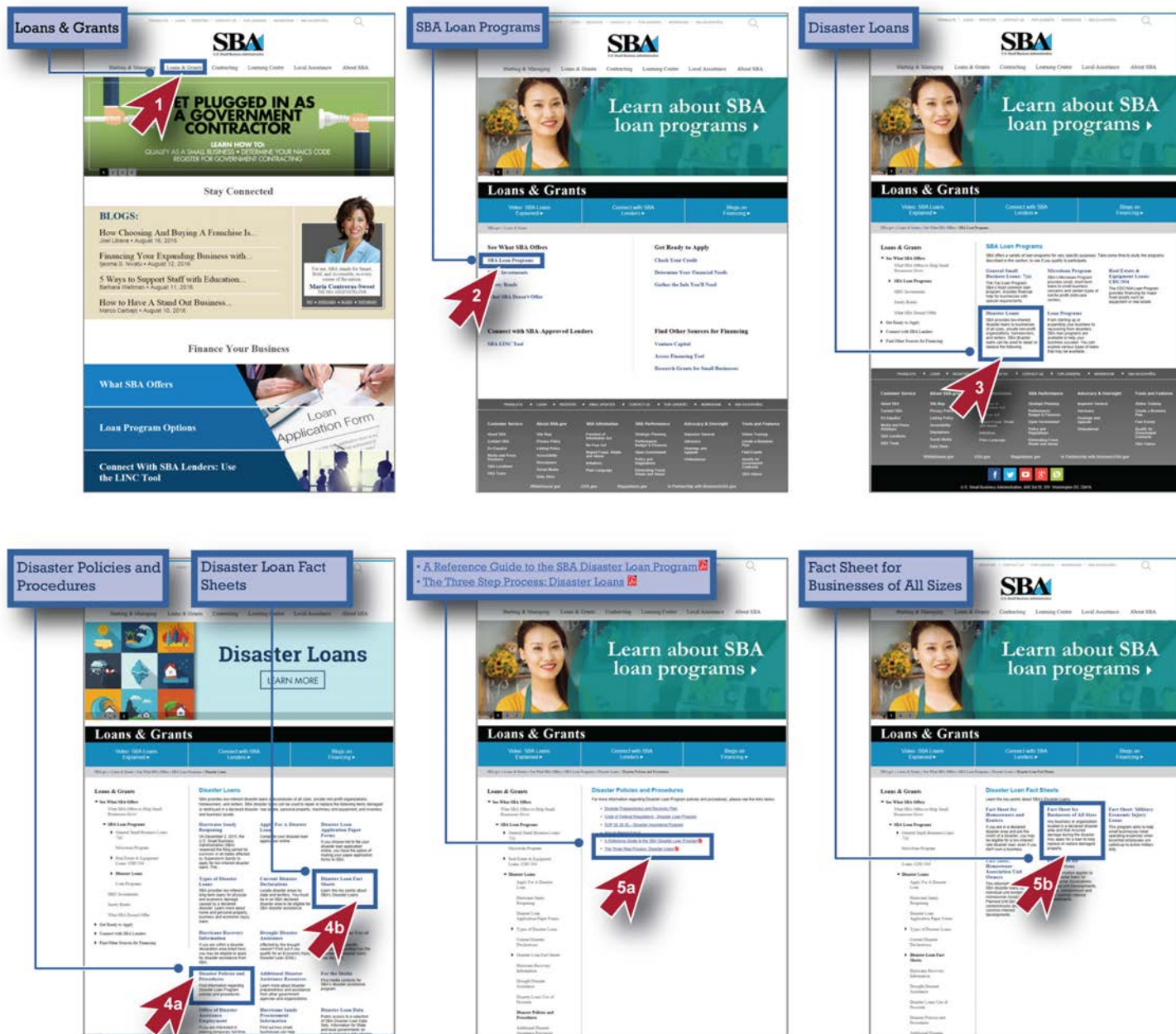
However, SBA has not effectively integrated these resources into its disaster loan assistance web portal, as much of this information is not easily accessible from the web portal's launch page. The federal *Guidelines for Improving Digital Services* state that an agency should (i) integrate its digital presence into its overall customer experience

strategies, and (ii) publish information in ways that make it easy to find, access, share, distribute, and repurpose.³⁴ Additionally, the Paperwork Reduction Act has a broad requirement that an agency disseminate information in a manner that is efficient, effective, and economical.³⁵ SBA's web portal appears to serve as a one-stop shop where disaster victims can apply for and access more information about loans, among other things. However, when a user clicks on the "General Loan Information" link in the web portal, it routes the user back to SBA's main website, and the web page featuring loan-related information contains a menu of additional links. In particular, and as shown in figure 4, to access the fact sheet, the reference guide, and the three-step process flier, a site user may click on three successive links and then select from a menu of 15 additional links. Among the latter group of 15 links, the link for Disaster Loan Fact Sheets contains further links to five separate fact sheets for various types of loans. Similarly, to access the reference guide or the three-step flier, the user must click on the Disaster Policies and Procedures link, which is 1 of 15 available link selections.

³⁴The guidelines apply to all digital services, including websites and online forms, and were developed by the federal Digital Services Advisory Group and the Federal Web Managers Council. The guidelines are available at <http://www.digitalgov.gov/resources/guidelines-for-improving-digital-services/>, last accessed on October 6, 2016.

³⁵44 U.S.C. § 3506(d)(1)(C).

Figure 4: Navigation of Small Business Administration's Website to Access Disaster-Loan-Related Information and Resources, as of August 2016



Source: Small Business Administration website. | GAO-17-67

In addition, key disaster loan information resources are not integrated into SBA's Partner Training Portal and SBDCs were unaware of key resources. As mentioned earlier, SBA's performance reporting indicates that the agency shared the reference guide with resource partners. Most SBDCs we interviewed were aware that SBA was promoting online applications through the web portal and had assisted disaster victims in completing online applications. However, at least half of the SBDCs we interviewed were not aware of additional information resources. Among the eight SBDCs we interviewed, four SBDCs were not aware of SBA's three-step process flier and five SBDCs were not aware of the Partner Training Portal. Additionally, the Partner Training Portal does not include the fact sheet, the reference guide, or the loan process flier. SBA officials said that SBDCs that have not experienced a declared disaster in recent years may not be aware of more recently developed information resources because those SBDCs would not have encountered the need for them. However, two of the four SBDCs we interviewed that were not aware of the three-step process flier experienced a disaster during or after 2014—which, according to SBA, was when the flier was created.

Although SBA has created and posted key disaster loan information online, these efforts are not effectively integrated in a way that helps users efficiently find needed information following a disaster. According to SBA officials, SBA plans to incorporate updated information from the three-step process flier on the Electronic Loan Application, but it does not have a time frame for specific improvements. SBA officials also said that disaster-loan information and resources are not prominently located on SBA's website because of the website's layout and space constraints arising from the agency's other programs and priorities. However, officials said that the website's launch page includes a banner section that prominently features recent news, including information related to major disasters. But, SBA officials added that any information displayed on the banner is temporary. Absent better integration of disaster business loan-related resources into SBA's web portal and streamlined access to business loan-related resources on SBA's website and its Partner Training Portal, loan applicants—and SBDCs assisting disaster victims—may not be aware of key information for completing disaster business loan applications.

Disaster-Related Resources Do Not Consistently Feature Key Information

The contents of SBA's disaster-loan-related resources do not consistently feature key information about (1) the three-step loan process, (2) documentation requirements and reasons for requiring such information, and (3) estimated time frames for the loan process. Each resource includes some of the information; however, none of the resources provide

all of the information and none include reasons or explanations for documentation requirements (see table 3).

Table 3: Key Information Featured in Small Business Administration (SBA) Disaster-Related Resources, as of 2016

	Key information about disaster loans			
	Three-step loan process	Required and additional loan documentation	Reasons for required documents	Estimated loan time frames
Disaster Business Loan Application Form (Form 5)	X	✓	X	X
Fact Sheet for Businesses of All Sizes	X	X	X	✓
2015 Reference Guide to the SBA Disaster Loan Program	✓	✓	X	✓
Three Step Process Flier	✓	✓	X	✓
Partner Training Portal: Disaster Loans Vignette Video	X	X	X	X
Partner Training Portal: Disaster Tips Document	X	X	X	✓
Partner Training Portal: SBA Disaster Loans Document	X	X	X	X
Partner Training Portal: Disaster Loan Procedure Document	X	✓	X	X
Partner Training Portal: Disaster Assistance Program Video	✓	X	X	✓
Electronic Loan Application	X	✓	X	X

Legend:
 ✓ = yes
 X = no

Source: SBA Disaster-Related Information Resources. | GAO-17-67

We found that business loan applicants reported confusion to SBDCs about the overall loan process, required documentation, and time frames, and inconsistent information from SBA may have contributed to these issues. For example, according to SBDCs we interviewed as well as responses to SBA and the ACSI surveys, some business loan applicants found the loan process and required documentation confusing for the following reasons:

- **Inconsistent information about loan application process.**
 According to the SBA 2015 Performance Report, SBA uses a “three-

step process” communications strategy to provide a consistent message to the public in promoting the disaster loan application process. However, as previously mentioned, not all SBA disaster-related resources include information about the three-step process and the consistency of information varies among information resources (see table 3). Moreover, three SBDCs told us that business loan applicants felt SBA did not clearly communicate parts of the process involved in applying for disaster business loans. For example, according to two of the three SBDCs, there were instances when applicants who applied to SBA for a disaster business loan were told to first register with the Federal Emergency Management Agency to obtain a disaster number. The SBDCs stated that the applicants were confused by directions from SBA indicating that such registration was required. Based on our follow-up with SBA officials, SBA encourages business loan applicants to also register with the Federal Emergency Management Agency, but it is not required.³⁶ However, the Partner Training Portal’s Disaster Assistance Video conveys an inconsistent message and seems to suggest that a disaster victim must first register with the Federal Emergency Management Agency before applying for a disaster loan.

- **Unexpected requests for additional documentation.** One of the three SBDCs told us of instances where applicants thought they had provided all the required documentation, but received subsequent requests from SBA for additional documentation. In a 2014 report on disaster assistance, we found in interviews with SBDCs and local business organizations that SBA’s follow-up requests for additional documentation prolonged the application process and loan decision.³⁷ Furthermore, we observed that although the paper application form includes a list of additional information that may be requested, the Electronic Loan Application does not include a list of other information an applicant may have to provide SBA in addition to the required forms. Also, as of August 2016, the Electronic Loan Application did not contain two disaster business loan forms: (1) SBA Form 159D – Fee Disclosure and Compensation, and (2) SBA Form 1368 – Additional Filing Requirements Economic Injury Disaster Loan, and

³⁶According to SBA officials, SBA encourages businesses to register with the Federal Emergency Management Agency because the agency serves as the central point of the federal national disaster recovery framework.

³⁷[GAO-14-760](#).

Military Reservist Economic Injury Disaster Loan. According to SBA officials, SBA includes links to these two forms in follow-up letters sent to disaster business loan applicants after they submit their loan applications.

- **Lack of information about the reasons for required documents.** According to responses from SBA's survey of loan applicants provided by SBA, one survey respondent said that the loan process required too much information from applicants when SBA could access the same information elsewhere. The applicant cited that she should not have to locate copies of her tax return when SBA can use her signed tax transcript form to obtain tax information from the IRS. Further, according to one SBDC we interviewed, applicants it assisted did not understand why SBA requires applicants to submit both a current tax return and complete an IRS tax transcript authorization form. SBA officials said that tax transcripts do not provide all the information contained in a tax return. Therefore, they need information from transcripts and returns to make loan decisions. However, the reasons why are unclear to applicants because none of the available resources provide this explanation.

Consistent with comments provided by SBDCs, the loan application process received the lowest satisfaction scores on the ACSI survey.³⁸ According to the ACSI survey results for 2012 through 2015, the loan application process received business loan applicants' and recipients' lowest satisfaction scores of any SBA disaster loan program processes. The SBA Disaster Loan Program processes surveyed in the ACSI are application process, decision process, Customer Service Center, loan closing, inspection process, SBA staff, and recovery center. In response to questions about the application process, survey respondents were least satisfied with the "amount of paperwork required to complete the loan application" and "ease of attaining the information required to fill out the application." Moreover, based on the survey results, ACSI recommended from 2012 to 2015 that SBA focus on improving the application process as a means of increasing business loan applicants' and recipients' satisfaction with the process.

In addition, SBDCs reported and surveys found that applicants' expectations about the time frames associated with the entire process

³⁸In 2015, the response rate to the ACSI was 12 percent.

were unmet and available resources do not consistently inform applicants about expected time frames.

- **Unmet expectations about time frame to apply for and receive loans.** Two SBDCs we interviewed told us that business applicants commonly complained about how long it took to go through the loan process and that it took too long to receive their loans. Two other SBDCs suggested that SBA could provide more information about the loan process to better manage applicants' expectations. Specifically, one SBDC suggested SBA could provide more information about estimated time frames. Another SBDC said some of the applicants the SBDC assisted expected a faster loan process, and many business owners may start a loan application but never complete the application because they cannot spare time away from their business to collect all the required documents and to complete the loan application forms. In addition, according to responses from SBA's survey of loan applicants provided by SBA, one survey respondent suggested that the business loan process should require fewer and shorter application forms. Another respondent said that the business loan process is too complicated and too time-consuming, and the respondent withdrew the loan application as a result.
- **Information about time frames not included in all resources.** The three-step process flier and the resource guide for businesses provide estimates of expected time frames for the processing and closing steps of the loan process. However, the Electronic Loan Application and some other resources do not provide an applicant with any estimated time frame of when the disaster business loan application will be processed. The Electronic Loan Application does provide the applicant with application status messages, such as "processing application." See appendix V for application status messages and descriptions. According to SBA officials, SBA has updated its disaster forecasting model and planning documents that enable SBA to better estimate loan processing time frames based on the severity of a disaster, the volume of expected loan applications, and other factors.

According to the ACSI survey results for 2012 through 2015, loan applicants and recipients surveyed consistently rated the loan decision process with the second-lowest satisfaction scores. In response to questions about the decision process, survey respondents were least satisfied with the "timeliness of the decision." Based on the survey results, ACSI recommended from 2012-2015 that SBA focus on improving the loan decision process as a means of increasing applicants' and recipients' satisfaction with the process.

The Paperwork Reduction Act and OMB state that agencies should explain the collection and use of personal information and promote transparency with the public. In particular, the Paperwork Reduction Act has a broad requirement that an agency explains to the person receiving an information collection the reasons for collecting the information and the agency's use of the collected information.³⁹ Furthermore, according to OMB's directive on open government, transparency promotes accountability by providing the public with information about government activities.⁴⁰ However, SBA's paper and online resources do not provide consistent information about the three-step loan process, required documents and reasons for the requirements, and processing time frames, which could be contributing to applicants' confusion. According to SBA officials, SBA's customer service representatives working in disaster areas provide applicants information about the loan process, including explaining the three-step loan process and estimated time frames for completing the process. SBA officials also added that they refer business applicants to SBDCs for additional assistance in completing disaster loan applications. However, as previously mentioned, we found that SBDCs were not always well informed about information resources that explained the disaster loan process. Further, business applicants who apply without seeking assistance from SBA or SBDCs may see only SBA's fact sheet, reference guide, loan-process flier, or application forms. Absent more consistent disaster loan-related information in each of the agency-produced paper and online resources, loan applicants and SBDCs may not understand the disaster loan process, documentation requirements, and time frames and may continue to find the loan process confusing.

Some Business Loan Applicants Are Confused about Finance Terminology

Our SBDC interviews indicate that some business loan applicants are confused about the finance terminology and financial forms required in the application, particularly the requirement that they submit a personal financial statement. According to three SBDCs we interviewed, they mentioned instances where business applicants had difficulty understanding the parts of the loan application dealing with financial statements and finance terminology; for example, there were applicants who were not familiar with financial statements, did not know how to

³⁹44 U.S.C. § 3506(c)(1)(B)(iii).

⁴⁰Office of Management and Budget, *Open Government Directive*, OMB Memorandum M-10-06 (Washington, D.C.: Dec. 8, 2009).

access information contained in a financial statement, and did not know how to create a financial statement. Although the loan forms include instructions, the instructions do not define the financial terminology. According to SBA officials, when applicants do not know how to create a personal financial statement, the agency's customer service representatives direct applicants to SBDCs for help. Two of the three SBDCs said these difficulties arise among business owners who do not have formal education or training in finance or related disciplines—and who are attempting applications during high-stress periods following disasters.

Federal statute requires agencies to use clear and understandable terminology. Specifically, the Plain Writing Act of 2010 requires that federal agencies use plain writing in every document that they issue. Plain writing is defined as clear, well-organized writing that follows best practices appropriate for the intended audience.⁴¹ According to SBA officials, although the agency does not provide a glossary that defines finance terminology in loan application forms, the online application portal has a “contextual help” feature that incorporates information from application forms’ instructions to help applicants complete disaster loan forms. Additionally, as previously stated, SBA officials said that there are other resources, such as SBA customer service representatives and local SBDCs, available to assist business loan applicants and to explain the loan forms and key terms. As mentioned earlier, promoting disaster preparedness among businesses is one of the strategies in SBA’s 2015 performance report and actions SBA has taken include holding disaster preparedness webinars and conducting regional outreach. However, these efforts may not offer sufficient assistance or reach all applicants. Without explanations of finance terminology, loan applicants may not fully understand the disaster business loan application requirements, which may contribute to confusion in completing the financial forms.

Conclusions

Generally, lack of integration of resources into the disaster loan assistance web portal, inconsistent information in written and online resources, and undefined finance terminology on the loan application have contributed to the burden of businesses applying for disaster loans.

⁴¹Pub. L. No.111-274, § 4, 124 Stat. 2861, 2862 (codified at 5 U.S.C. § 301 note).

In particular, disaster business loan applicants and resource partners may not be aware of key information for completing disaster business loan applications because key resource materials such as SBA's fact sheet, reference guide, and three-step process flier are not easily accessible from the web portal. In addition, without consistent information about the loan process, explanation of documentation requirements, and expected time frames in SBA's resource materials, loan applicants and resource partners may continue to find the loan process confusing. Further, without defining financial terminology in loan forms some applicants may not fully understand the requirements of the application. A more integrated, consistent, and clear dissemination of information by SBA would help business disaster victims better access information about the disaster loan process, better understand the loan document requirements and expected time frames, and better understand the definition of loan terminology, thus helping to reduce victims' burdens in recovering from disasters.

Recommendations for Executive Action

We are recommending the following three actions:

To help business disaster victims and resource partners better access information about the disaster loan process, the Administrator of the Small Business Administration should integrate information resources such as the fact sheet, reference guide, and three-step process flier into its disaster loan assistance web portal and Partner Training Portal in a way that is more accessible to users.

To help reduce confusion about the disaster loan process and the time frames applicants may experience, the Administrator of the Small Business Administration should ensure the consistency of content across its disaster loan process resources by including in these written and online resources, as appropriate, the following: (1) the three-step process; (2) the types of documentation SBA may request and the general reasons why such information may be requested; and (3) estimates of loan processing time frames applicants might experience and external factors, such as the severity of a disaster, that may affect these time frames using, for example, estimates from its forecasting and related planning tools.

To further assist disaster business loan applicants, the Administrator of the Small Business Administration should define technical terminology related to financial statements and other finance terminology on the disaster business loan application forms, in both electronic and paper

format. For example, in the online application portal, SBA could incorporate a glossary in the “help” feature. Additionally, SBA could include a glossary in the paper application, so that business applicants who apply by mail can access the definitions as well as the general reasons why such information may be requested.

Agency Comments

We provided a draft of this report to SBA for review and comment. The SBA liaison—Program Manager, Office of Congressional and Legislative Affairs—stated in an e-mail that SBA’s Office of Disaster Assistance agreed with our recommendations. The SBA liaison also provided technical comments in an e-mail, which we incorporated where appropriate.

We are sending copies of this report to appropriate committees and the Administrator of SBA. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or shearw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



William B. Shear
Director, Financial Markets and
Community Investment

Appendix I: Objectives, Scope, and Methodology

The Recovery Improvements for Small Entities After Disaster Act of 2015 includes a provision for us to evaluate the steps that the Small Business Administration (SBA) has taken to comply with the Paperwork Reduction Act of 1995 in administering its Disaster Loan Program.¹ Specifically, this report examines (1) controls in SBA's process for complying with the form renewal requirements of the Paperwork Reduction Act in administering its Disaster Loan Program, and (2) SBA's recent and planned actions to reduce the burden of business loan applicants for the Disaster Loan Program.² Although the processes we are evaluating apply to disaster loans for homeowners and businesses, this report focuses on disaster business loans for businesses. Additionally, SBA has divided the disaster loan process into three steps: application, verification and loan processing, and closing (see fig. 1). This report focuses on step 1, the loan application process.

To examine the extent to which SBA has processes to implement and monitor compliance with the Paperwork Reduction Act's requirements in administering its Disaster Loan Program and the effectiveness of the processes and controls in ensuring the requirements are met, we reviewed the act and Office of Management and Budget (OMB) regulations to identify relevant requirements. We also reviewed SBA's policies and procedures, including the Forms Management Standard Operating Procedures, to identify its processes for meeting Paperwork Reduction Act requirements, and we assessed the processes against the act and applicable federal internal controls. We also interviewed SBA officials to understand SBA's compliance with the act's requirements and the effectiveness of SBA's controls.

Additionally, we reviewed each disaster business loan form to determine if SBA's disaster business loan application forms satisfied the Paperwork Reduction Act requirements of having an OMB control number; valid expiration date; an estimate of how long it will take to complete the form; and a statement notifying applicants that if a form does not display a valid OMB control number then applicants do not have to complete that form.

¹Pub. L. No. 114-88, § 2302, 129 Stat. 686, 696.

²Pub. L. No. 104-13, 109 Stat. 163 (codified at 44 U.S.C. §§ 3501-3521). The Paperwork Reduction Act requires agencies to minimize the paperwork burden on individuals and small businesses and maximize the utility of information collected by agencies.

Specifically, we reviewed SBA Form 5 – Disaster Business Loan Application; SBA Form 159D – Fee Disclosure Form and Compensation Agreement; SBA Form 1368 – Additional Filing Requirements Economic Injury Disaster Loan, and Military Reservist Economic Injury Disaster Loan; and SBA Form 413D – Personal Financial Statement. For each form, we also reviewed the form renewal package—OMB Form 83-I; OMB Form 83-I supporting statement; and SBA Form 58—for SBA Form 5, Form 1368, and Form 413D, for years 2008, 2011, and 2014; and for SBA Form 159D, for years 2009, 2013, and 2014. For information on how an applicant would navigate the Electronic Loan Application portal to submit a disaster business loan application, we received an in-person demonstration of the Electronic Loan Application portal at SBA's headquarters.

To examine the extent to which SBA has developed plans or implemented actions to further reduce the paperwork burden of disaster business loan applicants, we reviewed SBA's 2015 Performance Report and other SBA documentation that set out recent and planned actions intended to reduce burden or enhance loan processes for disaster business loan applicants.³ Moreover, we reviewed and identified leading practices intended to reduce paperwork burdens from the Hurricane Sandy Rebuilding Task Force Report (2013), an OMB memorandum to agency heads (June 2012), and the Small Business Paperwork Relief Task Force Reports (2003, 2004).⁴ We also interviewed Office of Disaster Assistance officials responsible for administering the Disaster Loan Program to discuss recent and planned actions to reduce the paperwork burden on disaster business loan applicants.

In addition, we conducted semi-structured interviews with Small Business Development Centers (SBDC) to identify burdens faced by disaster loan

³Small Business Administration, *Fiscal Year 2017 Congressional Budget Justification and Fiscal Year 2015 Annual Performance Report*.

⁴Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy: Stronger Communities, A Resilient Region* (August 2013); Office of Management and Budget, Memorandum for the Heads of Executive Departments and Agencies, *Reducing Reporting and Paperwork Burdens* (Washington, D.C.: June 22, 2012); Small Business Paperwork Relief Task Force, *Report of the Small Business Paperwork Relief Task Force* (June 28, 2004); and Small Business Paperwork Relief Task Force, *Final Report of the Small Business Paperwork Relief Task Force* (June 27, 2003).

applicants and suggestions to improve such issues. We selected a nongeneralizable sample of eight SBDCs to interview, based on which counties in each of the four Census regions had the highest number of approved disaster business loans for calendar years 2012 through April 1, 2016.⁵ Specifically, we associated each state within SBA's 10 regions with one of the four Census regions—Northeast, Midwest, South, and West—which allowed us to have geographic diversity in the SBDCs we interviewed. Within each Census region, we identified two counties with the highest number of approved disaster business loans. In cases where more than one county tied for the highest number of approved disaster business loans, the county with the highest loan amount disbursed was selected. In instances where a county had the two highest number of loan approvals, the county with the third highest number of approved disaster business loans was selected. To select the eight SBDCs to interview, we used the city and zip code of the counties with the highest number of approved disaster business loans to identify the SBDCs located either within or nearby these counties. If a county with the highest number of approved disaster business loans did not have an SBDC located within it, we then selected the SBDC closest to the zip code receiving the highest number of disaster business loan approvals. If a county had multiple SBDCs located within it, we then looked at the zip code affected by the disaster in the county and selected the SBDC closest to the zip code receiving the highest number of disaster business loan approvals. Our selections do not represent the views of other SBDCs that were not included.

We also reviewed both SBA's and the American Customer Satisfaction Index's (ACSI) customer satisfaction survey results. For analysis of SBA's customer satisfaction survey results, we obtained survey suggestions submitted by disaster business loan applicants from June 2012 to March 2015. We selected this time period to be consistent with the time period used in the selection of SBDCs. The results comprised a list of 19 survey suggestions submitted by disaster business loan applicants and referred to the Continuous Improvement Process Board for review. For analysis of


⁵We selected this time period to include SBDCs in different geographic regions with experiences in a variety of disasters. Among the eight SBDCs we interviewed, one experienced a disaster in 2012, two experienced a disaster in 2013, one experienced a disaster in 2014, one experienced a disaster in 2015, and three experienced a disaster in 2016.

ACSI's customer satisfaction survey results, we looked at ACSI's 2012 through 2015 reports and identified the loan process areas that negatively and positively affected survey respondent's satisfaction with SBA's disaster business loan program and ACSI's identified recommendations for improvements. We determined that these data were sufficiently reliable for the purpose of describing applicants' experiences with the disaster business loan application process.

We conducted this performance audit from February 2016 to November 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Small Business Administration Disaster Business Loan Application Forms

Figure 5: SBA Form 5 – Disaster Business Loan Application

 U. S. Small Business Administration DISASTER BUSINESS LOAN APPLICATION		OMB No. - 3245-0017 Expiration: 01/31/2018						
FOR SBA INTERNAL USE ONLY		Date Received _____ Location _____ By _____						
Physical Declaration Number	_____	Filing Deadline Date						
Economic Injury Declaration Number	_____	Filing Deadline Date						
FEMA Registration Number (if known)	_____	SBA Application Number						
1. ARE YOU APPLYING FOR: <input type="checkbox"/> Physical Damage -- <i>Indicate type of damage</i> <input type="checkbox"/> Real Property <input type="checkbox"/> Business Contents <input type="checkbox"/> Economic Injury (EIDL) <input type="checkbox"/> Military Reservist EIDL (MREIDL) <i>(complete the following)</i> * 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 <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Entity <input type="checkbox"/> Corporation <input type="checkbox"/> Nonprofit Organization <input type="checkbox"/> Trust <input type="checkbox"/> 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 <input type="checkbox"/> Business <input type="checkbox"/> Home <input type="checkbox"/> Temp <input type="checkbox"/> 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.) <input type="checkbox"/> Same as mailing address Number and Street Name City County State Zip		BUSINESS PROPERTY IS: <input type="checkbox"/> Owned <input type="checkbox"/> Leased						
9. PROVIDE THE NAME(S) OF THE INDIVIDUAL(S) TO CONTACT FOR: <table border="1"> <thead> <tr> <th>Loss Verification Inspection</th> <th>Information necessary to process the Application</th> </tr> </thead> <tbody> <tr> <td>Name</td> <td>Name</td> </tr> <tr> <td>Telephone Number</td> <td>Telephone Number</td> </tr> </tbody> </table>			Loss Verification Inspection	Information necessary to process the Application	Name	Name	Telephone Number	Telephone Number
Loss Verification Inspection	Information necessary to process the Application							
Name	Name							
Telephone Number	Telephone Number							
10. ALTERNATE WAY TO CONTACT YOU <input type="checkbox"/> Cell Number <input type="checkbox"/> E-mail <input type="checkbox"/> Fax Number <input type="checkbox"/> 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 <input type="checkbox"/> Real Estate <input type="checkbox"/> Inventory <input type="checkbox"/> Machinery & Equipment <input type="checkbox"/> 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						

Source: Small Business Administration. | GAO-17-67

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Appendix II: Small Business Administration
Disaster Business Loan Application Forms

17. OWNERS (Individuals and businesses.) 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. (If you need more space attach additional sheets.)									
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				EIN	Type of Business	% Ownership			
Name				City	State	Zip Code			
Mailing Address				Phone					
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)? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, Name: _____									
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: Submitting false information to the Government can lead to criminal penalties and/or civil and administrative remedies against you. If you are prosecuted for submitting false information, you may be imprisoned for up to 30 years and/or fined up to \$250,000 under 18 U.S.C. § 1040 and other Federal statutes. The Government may also pursue a civil fraud case against you for three times the amount of your loan, and may exclude you from participating in Federal programs and contracts for submitting false information in-- or with -- your application or if you do not use the proceeds of the loan for the purpose(s) stated in your application and SBA's loan authorization.									
SIGNATURE		TITLE			DATE				
Sign in ink									

Source: Small Business Administration. | GAO-17-67

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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 THE FOLLOWING ITEMS MUST BE SUBMITTED.

- This application (SBA Form 5), completed and signed
- Tax Information Authorization (IRS Form 8821/4506-T), 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 a 50 percent or more 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 (if a sole proprietorship), 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)

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

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
- 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

Appendix II: Small Business Administration Disaster Business Loan Application Forms

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.

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 doing pre-notification, required by Executive Order 12600, or information that would cause competitive harm or constitute a clearly unwarranted invasion of personal privacy.

Send a request under this Act to the SBA office maintaining the records requested and identify it as a Freedom of Information Act (FOIA) request. The request 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.

Source: Small Business Administration. | GAO-17-67

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Appendix II: Small Business Administration Disaster Business Loan Application Forms

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.

Source: Small Business Administration. | GAO-17-67

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Figure 6: SBA Form 413D – Personal Financial Statement

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Appendix II: Small Business Administration
Disaster Business Loan Application Forms

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)					
Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)					
Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)			
	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)	

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)	

Section 7. Other Liabilities. (Describe in detail.)	

SBA Form 413D (09-14) Previous Editions Obsolete Page 2

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Appendix II: Small Business Administration Disaster Business Loan Application Forms

PLEASE READ, DETACH, AND RETAIN FOR YOUR RECORDS

STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDER

SBA is required to withhold or limit financial assistance, to impose special conditions on approved loans, to provide special notices to applicants or borrowers and to require special reports and data from borrowers in order to comply with legislation passed by the Congress and Executive Orders issued by the President and by the provisions of various inter-agency agreements. SBA has issued regulations and procedures that implement these laws and executive orders. These are contained in Parts 112, 113, and 117 of Title 13 of the Code of Federal Regulations and in Standard Operating Procedures.

Privacy Act (5 U.S.C. 552a)

Any person can request to see or get copies of any personal information that SBA has in his or her file when that file is retrieved by individual identifiers such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. Disclosures of name and other personal identifiers are, however, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a), respectively. For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use is the disclosure of information maintained in SBA's investigative files system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information 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 is disclosure to other Federal agencies conducting background checks; only to the extent the information is relevant to the requesting agencies' function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) -- This is notice to you as required by the Right to Financial Privacy Act of 1978, of SBA's access rights to financial records held by financial institutions that are or have been doing business with you or your business, including any financial institutions participating in a loan or loan guaranty. The law provides that SBA shall have a right of access to your financial records in connection with its consideration or administration of assistance to you in the form of a Government guaranteed loan. SBA is required to provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records, after which no further certification is required for subsequent accesses. The law also provides that SBA's access rights continue for the term of any approved loan guaranty agreement. No further notice to you of SBA's access rights is required during the term of any such agreement. The law also authorizes SBA to transfer to another Government authority any financial records included in a application for a loan, or concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552)

This law provides, with some exceptions, that SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Executive Order 12549, Debarment and Suspension (2 CFR 2700)

1. The prospective borrower certifies, by submission of its loan application, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the borrower is unable to certify to any of the statements in this certification, such shall attach an explanation to the application.

SBA Form 413D (09-14) Previous Editions Obsolete

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Appendix II: Small Business Administration
Disaster Business Loan Application Forms

It can be helpful to provide a financial forecast to illustrate what the income and expenses for the business will be during the period affected by the disaster until normal operations resume. This is not required. This optional format is provided for your convenience.

Period covered by this forecast. From


To

Net sales (receipts)	
Less cost of goods sold	
Gross profit	
Less expenses	
Officers salaries	
Employee wages	
Advertising	
Rent	
Utilities	
Interest	
Taxes	
Insurance	
Other expenses	
Total expenses	
Net profit <Loss> before income taxes	

PLEASE SUBMIT ANY ADDITIONAL NARRATIVE OR FINANCIAL INFORMATION
YOU FEEL WILL HELP ESTABLISH YOUR ECONOMIC LOSS

Please note: The estimated burden for completing this form is 1 hour. You are not required to respond to any collection of information unless it displays a current valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration; Chief, AIB; 409 3rd St., SW, Washington, DC 20416 and Desk Officer for the Small Business Administration; Office of Management and Budget, New Executive Office Building, Room 10202, Washington, DC 20503. OMB Approval (3245-0017). **Please do not send forms to OMB.**

Figure 8: SBA Form 159D – Fee Disclosure Form and Compensation Agreement



OMB Control No: 3245-0201

FEE DISCLOSURE FORM AND COMPENSATION AGREEMENT
For Agent Services In Connection With an SBA Disaster Assistance Loan

POLICIES AND REGULATIONS CONCERNING REPRESENTATIVES AND THEIR FEES

Purpose of this form: Section 13 of the Small Business Act requires that an SBA disaster loan applicant ("Applicant") identify the names of persons engaged by or on behalf of the Applicant for the purpose of expediting the application and the fees paid or to be paid to any such person. 13 C.F.R., Part 103.5 requires any agent or packager to execute and provide to SBA a compensation agreement ("Agreement"). SOP 50-30, Appendix 14 defines how the reasonableness of fees may be determined. Each Agreement governs the compensation charged for services rendered or to be rendered to the Applicant in any matter involving SBA assistance. "Agent" includes a loan packager, accountant, attorney, consultant, engineer, architect, appraiser, or any other party that receives compensation from representing an Applicant for an SBA disaster loan.

SBA does not require an Applicant to engage the services of any Agent to file an application or close a loan. No fees or compensation will be reimbursed or paid by SBA to any Agent. If an Applicant chooses to employ an Agent, the compensation an Agent charges to and that is paid by the Applicant must bear a necessary and reasonable relationship to the services actually performed and must be comparable to those charged by other Agents in the geographical area. Compensation cannot be contingent on loan approval. In addition, compensation must not include any expenses which are deemed by SBA to be unreasonable for services actually performed or expenses actually incurred. Compensation must not include charges prohibited in 13 CFR 103 or SOP 50-30, Appendix 14. If the compensation is determined by SBA to be unreasonable, the Agent must cancel the compensation, or refund to the Applicant any portion the Applicant already paid. In cases where SBA deems the amount of compensation unreasonable, the Agent must reduce the compensation to an amount SBA deems reasonable, refund to the Applicant any sum in excess of the amount SBA deems reasonable, and refrain from charging or collecting directly or indirectly from the Applicant an amount in excess of the amount SBA deems reasonable. Violation by an Agent of any of these rules may result in SBA's suspension or revocation of the Agent's privilege of conducting business with SBA.

The following are not considered Agents for purposes of this Agreement and, therefore, are not required to complete this Agreement: 1) Applicant's accountant for the preparation of financial statements or tax returns required by the Applicant in the normal course of business and not related to the loan application; 2) Any professional retained by Applicant for services required by the Applicant in the normal course of business and not related to the application or loan closing. Direct costs associated with document preparation in connection with the loan closing do not need to be reported in this Agreement.

Instructions on completion of this form: This form must be completed in connection with a loan application if the Applicant has paid (or will be paying) compensation to an Agent in excess of the following amounts:
\$500 for a disaster home loan
\$2500 for a disaster business loan

If the compensation exceeds these amounts, the Agent must provide an itemization and justification of the services performed.

There must be a completed Agreement for each Agent compensated by the Applicant. If the certifications are made by a legal entity other than an individual (e.g., corporation, limited liability company), execution of the certification must be in the legal entity's name by a duly authorized officer or other representative of the entity; if by a partnership, execution of the certification must be in the partnership's name by a general partner.

PLEASE NOTE: The estimated burden for completion of this Form 159D is 5 minutes per response. You are not required to respond to this information collection unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, Administrative Information Branch, Washington, D.C. 20416, and Desk Officer for SBA, Office of Management and Budget, New Exec. Office Building, Room 10202, Washington, D.C. 20503. (3245-0201). PLEASE DO NOT SEND FORMS TO OMB.

SBA Form 159D (7-05) Ref SOP 50 30 Previous edition of SBA 159 obsolete

Source: Small Business Administration. | GAO-17-67

Part 1 of 2

Appendix II: Small Business Administration
Disaster Business Loan Application Forms

<u>FEE DISCLOSURE FORM AND COMPENSATION AGREEMENT</u> For Agent Services In Connection With an SBA Disaster Assistance Loan											
Loan applicant name: _____											
Business Name (if different from Loan Applicant): _____											
<p><u>Agent's Agreement:</u> By signing this Agreement, the undersigned Agent agrees that it has not nor will not directly or indirectly charge or receive any payment in connection with the application for or making of the SBA loan except for services actually performed on behalf of Applicant and identified in this Agreement. The undersigned Agent certifies that the information provided in this Agreement accurately describes the type of services it has provided to the Applicant and that the compensation described in this Agreement is the only compensation that has been charged to or received from the Applicant or that will be charged to the Applicant as an Agent for services covered by this Agreement. False certifications can result in criminal prosecution under 18 U.S.C. § 1001 and other penalties provided under law.</p>											
Type of services Agent provided to applicant:											
<input type="checkbox"/> Loan packaging	<input type="checkbox"/> Financial statements or tax returns prepared specifically for the application	<input type="checkbox"/> Legal services performed specifically for loan closing	<input type="checkbox"/> Other (describe): _____								
Total compensation charged to applicant: \$ _____											
If the compensation exceeds \$500 for a disaster home loan or \$2500 for a disaster business loan, the Agent must attach a separate schedule itemizing 1) services performed, and 2) the <u>hourly rate</u> and the <u>number of hours</u> billed for that service.											
Agent Name and Signature: By _____ (Date) _____ _____ (Name of agent – please print) (Phone number of Agent) _____ (Business name of agent – please print) _____ (Business address of agent including zip code) _____ (Business address cont.)											
<p><u>Applicant's certification:</u> The undersigned Applicant certifies to SBA that the above representations and amounts are the only amounts paid by the Applicant in connection with the services covered by the Agreement and are satisfactory to the Applicant. False certifications can result in criminal prosecution under 18 U.S.C. § 1001 and other penalties provided under law.</p>											
<table style="width: 100%; border: none;"><tr><td style="width: 50%; border-bottom: 1px solid black; text-align: center;">(Applicant's name)</td><td style="width: 10%; text-align: center;">By:</td><td style="width: 30%; border-bottom: 1px solid black; text-align: center;">(Signature of authorized representative, if applicable)</td><td style="width: 10%; border-bottom: 1px solid black; text-align: center;">(Date)</td></tr><tr><td style="border-bottom: 1px solid black; text-align: center;">(Applicant's name -- please print)</td><td></td><td style="border-bottom: 1px solid black; text-align: center;">(Name of authorized representative -- please print)</td><td></td></tr></table>				(Applicant's name)	By:	(Signature of authorized representative, if applicable)	(Date)	(Applicant's name -- please print)		(Name of authorized representative -- please print)	
(Applicant's name)	By:	(Signature of authorized representative, if applicable)	(Date)								
(Applicant's name -- please print)		(Name of authorized representative -- please print)									
SBA Form 159D (7-05) Ref SOP 50 30 Previous edition of SBA 159 obsolete 2											

Source: Small Business Administration. | GAO-17-67

Part 2 of 2

Appendix II: Small Business Administration
Disaster Business Loan Application Forms

Figure 9: IRS Form 4506-T – Request for Transcript of Tax Return

Form **4506-T**
(Rev. September 2015)
Department of the Treasury
Internal Revenue Service

Disaster
Request for Transcript of Tax Return
▶ Do not sign this form unless all applicable lines have been completed.
▶ Request may be rejected if the form is incomplete or illegible.
▶ For more information about Form 4506-T, visit www.irs.gov/form4506t.

OMB No. 1545-1872

Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at irs.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return**. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
4 Previous address shown on the last return filed if different from line 3 (see instructions)	
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶

a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days. ☐

b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days. ☐

c Record of Account, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days. ☐

7 Verification of Nonfiling, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days. ☐

8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days. ☐

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. / / / / / / / /

Caution: Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note:** For transcripts being sent to a third party, this form must be received within 120 days of the signature date.

☐ **Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T. See instructions.** Phone number of taxpayer on line 1a or 2a

Sign Here ▶ **Signature** (see instructions) Date

▶ **Title** (if line 1a above is a corporation, partnership, estate, or trust)

▶ **Spouse's signature** Date

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 37667N Form **4506-T** (Rev. 9-2015)

Source: Small Business Administration. | GAO-17-67

Part 1 of 3

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GAO-17-67 SBA Disaster Business Loans

Appendix II: Small Business Administration Disaster Business Loan Application Forms

Form 4506-T (Rev. 9-2015)

Page **2**

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506-T and its instructions, go to www.irs.gov/form4506t. Information about any recent developments affecting Form 4506-T (such as legislation enacted after we released it) will be posted on that page.

General Instructions

Caution: Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506-T to request tax return information. You can also designate (on line 5) a third party to receive the information. Taxpayers using a tax year beginning in one calendar year and ending in the following year (fiscal tax year) must file Form 4506-T to request a return transcript.

Note: If you are unsure of which type of transcript you need, request the Record of Account, as it provides the most detailed information.

Tip. Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

Automated transcript request. You can quickly request transcripts by using our automated self-help service tools. Please visit us at irs.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual transcripts (Form 1040 series and Form W-2 and Form 1099)

If you filed an individual return and lived in:	Mail or fax to:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team Stop 6716 AISC Austin, TX 73301 512-460-2272
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Service RAIVS Team Stop 37106 Fresno, CA 93888 559-456-7227
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Internal Revenue Service RAIVS Team Stop 6705 P-6 Kansas City, MO 64999 816-292-6102

Chart for all other transcripts

If you lived in or your business was in:	Mail or fax to:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409 801-620-6922
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250 859-669-3592

Line 1b. Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, include it on this line.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note: If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address. For a business address, file Form 8822-B, Change of Address or Responsible Party — Business.

Line 6. Enter only one tax form number per request.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

CAUTION You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-T but must provide documentation to support the requester's right to receive the information.

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506-T for a taxpayer only if the taxpayer has specifically delegated this authority to the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to Form 4506-T.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 10 min.; **Preparing the form**, 12 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service Tax Forms
and Publications Division 1111
Constitution Ave. NW, IR-6526 Washington, DC
20224

Do not send the form to this address. Instead, see *Where to file* on this page.

SBA requires you to complete the IRS Form 4506-T as a part of your disaster loan application submission. The form authorizes the IRS to provide federal income tax information directly to SBA. Although the form is available online, it cannot be transmitted electronically.

The IRS Form 4506-T must be completed and submitted with each SBA disaster loan application, even if you are not required to file a federal income tax return.

A separate IRS Form 4506-T must be returned with the SBA disaster loan application for:

- (1) each disaster loan applicant (individuals filing joint returns may use a single IRS Form 4506-T),
- (2) each corporation or partnership in which the disaster loan applicant holds a 50% or greater interest,
- (3) each individual or entity which holds a 20% or greater interest in the disaster loan applicant,
- (4) each general partner, and
- (5) each affiliate business.

Where To Send Form 4506-T (Include your full name and your Application Reference # on all correspondence submitted to the SBA.)

Mail your completed document(s) to:

U.S. Small Business Administration
Processing & Disbursement Center
Attn: ELA Mail Department
P.O. Box 156119
Fort Worth, TX 76155

• Fill in section 1-4, 6, 6c, 9, Signature, Date and Title

- Enter the name of the individual taxpayer, or business (whichever is applicable) that was used to file the tax return in section 1a. If you file a joint tax return, include the name of the joint filer that was used to file the tax return on line 2a.
- Next, enter the taxpayer identification number, i.e. Social Security number (SSN) in section 1b. If you file a joint tax return, include the SSN for the second filer in section 2b.
- If the authorization is for a business, enter the Employer Identification Number (EIN) in section 1b.
- Enter your current address in section 3. If name is different now than on the transcript being requested, enter the current name as well.
- Enter your previous address in section 4 only if different than the current address in section 3.
- Enter the tax transcript you filed in section 6. If this request is for an individual, enter 1040. If this request is for a business, please enter the business tax return you filed for the year (not quarterly returns). Examples might be 1065, 1120, 990, 1041, etc.
- Check the box for 6c only.
- If the authorization is for an individual, include the 2 most recent years a tax return was filed. If the authorization is for a business, include the most recent 3 years a tax return was filed, including the end of the fiscal year of the business. Format is MM/DD/YYYY for all authorizations.
- Enter the telephone number of the first, or second filer in the signature area.
- If you filed a joint tax return, only one filer is required to sign.
- **Signer Title:** If the authorization is for a business, the signer must be authorized to request the tax transcript. Examples of authorized representatives of a business might be President, Secretary, Treasurer, Vice President, Chief Executive Officer, Chief Financial Officer, Owner, Managing Partner, General Partner, Limited Partner, Partner, Managing Member, or Trustee.

[illegible]

Appendix III: SBA and ACSI Customer Satisfaction Surveys

Figure 10: SBA Customer Service Center Survey Instrument

OMB Control No. 3245-0370
Expiration Date: 03/31/2019

**Customer Questionnaire
Customer Service Center (CSC & FOC)**

When the QA Monitor contacts the customer, he would use the following script:

Good morning/afternoon, my name is _____. I'm calling from the US Small Business Administration Disaster Assistance Customer Service Center. Our records show that you (or a member of your family) recently spoke with a representative of the SBA regarding disaster assistance. Would you (or that person) be available to participate in a short customer satisfaction survey regarding the service provided? Your responses are voluntary; however, your opinion would help us evaluate whether we are meeting the needs of the public. You also do not have to respond if this survey is not approved by the U.S. Office of Management and Budget (OMB). The OMB approval # for this survey is 3245-0370, and it expires on 03/31/2019.

If No:

Thank you anyway, and please don't hesitate to call us again if you have any questions or concerns. Goodbye. (Wait for the customer to hang up)

If Yes:

Thank you. We have just 8 questions, and will not take longer than 5 minutes... (Pause for a second and then ask the first question).


	Answer Weight	Answer Type
1. Was your call answered promptly? <i>(For FOC: Once you arrived at the SBA table, were you assisted promptly by an SBA representative?)</i>	1.0	Y/N
<i>Using a scale of 1 - 5, with 5 being the highest, please rate the agent in the following areas:</i>	1.0	1-5
2. Was the SBA Representative courteous and professional?		
3. Did the SBA Representative display concern and sympathy for your situation?	1.0	1-5
4. Was the SBA Representative able to answer your questions to your satisfaction?	1.0	1-5
5. Did the SBA Representative appear knowledgeable about the subject matter?	1.0	1-5
6. Based on your call, please rate your overall experience with the Customer Service Center. <i>(For FOC: Based on your visit, please rate your overall experience with the SBA staff at the center.)</i>	1.0	1-5
<i>Two open ended question giving the respondent an opportunity to provide comments:</i>		
7. Based on your experience with the SBA, do you have any suggestions for making the process easier?	Not rated	N/A
8. Is there anything else I can assist you with? <i>(If necessary, the Survey administrator will assist the customer)</i>		

SBA Form 2313 CSC/FOC (2016)

Source: Small Business Administration. | GAO-17-67

Figure 11: ACSI Customer Satisfaction Survey Instrument

SBA Office of Disaster Assistance	2015 Customer Satisfaction Survey
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American Customer Satisfaction Index

Small Business Administration Survey

FINAL VERSION 2015

Introduction

PROG. NOTE: Move in CONTACT NAME from sample
[CONTACT NAME]: CONTNAME FROM SAMPLE

PROG. NOTE: Move in SAMPLE TYPE from sample
[SAMPLE TYPE]: ACTION FROM SAMPLE
 1=A (Approved)
 2=D (Declined)
 3=W (Withdrawn)

May I speak with (RESTORE CONTACT NAME)?
 Hello. The Small Business Administration program has hired my company, [Data Collection Company], to call on their behalf to conduct a brief survey about their low-interest disaster assistance loan program. The purpose of this survey is to provide SBA with feedback from their customers to assist them in improving customer service. Your answers are voluntary and we will not ask any questions about confidential information. If at any time you do not feel comfortable answering a question, please say so. Your responses will be held completely anonymous, and you will never be identified by name. This interview is authorized by the Office of Management and Budget Control No. 1090-0007, which expires May 31, 2018. This interview will take approximately 10 – 15 minutes.

Screener

(IF RESPONDENT IS ON THE PHONE, ENTER "1" WITHOUT READING QA AND CONTINUE. IF NOT, REREAD INTRO IF NECESSARY.)

QA. May I speak with the person, or one of the persons, who recently applied for a low-interest disaster assistance loan through the Small Business Administration's Disaster Assistance Program?

1	Yes	(Continue)
2	Yes, but not available now	(Schedule callback)
3	No	(Terminate)
4	Reread intro	
DK		(Terminate)
REF		(Terminate)

PROG. NOTE: If "4" is selected, restore intro

26

Source: Small Business Administration. | GAO-17-67

Part 1 of 6

SBA Office of Disaster Assistance

2015 Customer Satisfaction Survey

Application Process

- Q1. Did you apply using the electronic loan application?
1. Yes
 2. No
 3. Don't Know

If Q1=YES READ INTRO1 THEN ASK Q2-Q7

If Q1=NO OR DON'T KNOW READ INTRO2 THEN ASK Q2-Q7

INTRO1 Now, let's think about the electronic application process required after you received a disaster loan application to complete from the SBA's Disaster Assistance Program.... On a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:

INTRO2 Now, let's think about the paper application process required after you received a disaster loan application to complete from the SBA's Disaster Assistance Program.... On a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:

- Q2. SBA making it clear to you what information was required from you for completing the application
- Q3. Clarity of application instructions
- Q4. Ease of attaining the information required to fill out the application
- Q5. The ease of filling out the loan application paperwork
- Q6. Amount of paperwork required to complete the loan application
- Q7. Clarity of the terms of the loan program

Customer Service Center

- Q8. During the process were you in contact with the SBA customer service center?
1. Yes
 2. No (skip to next section Q14 'Recovery Center')

And thinking about the customer service you received from the SBA's personnel... On a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:

- Q9. Availability of customer service personnel
- Q10. Professionalism of customer service personnel
- Q11. Knowledge of customer service personnel
- Q12. Helpfulness of customer service personnel
- Q13. Ability to answer your questions or if needed to direct you to the correct SBA representative

Recovery Center

- Q14. Did you visit a local disaster recovery center?

SBA Office of Disaster Assistance	2015 Customer Satisfaction Survey
<div>1. Yes</div> <div>2. No (skip to next section Q21 'Inspection Process')</div>	
And thinking about your recovery center experience on a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:	
Q15. Ease of finding location	
Q16. Hours of operation being convenient	
Q17. Availability of SBA staff	
Q18. Professionalism of SBA staff	
Q19. Knowledge of SBA staff	
Q20. Helpfulness of SBA staff	
<hr/>	
Inspection Process	
Q21. Did a SBA Field Inspector come to your property to estimate the cost to repair your lost, damaged or destroyed property?	
<div>1. Yes</div> <div>2. No (skip to the next section INTRO TO Q30. 'Decision Process')</div>	
Q22. Did you or your representative meet with the Inspector on site?	
<div>1. Yes</div> <div>2. No (skip to the next section INTRO TO Q30. 'Decision Process')</div>	
In recalling the on site meeting with the Inspector on a scale of "1" to "10" where "1" is "poor" and "10" is "excellent", please rate the following:	
Q23. Introduction of visit	
Q24. Clear explanation of visit inspection purpose	
Q25. Responsiveness to questions	
Q26. Program knowledge	
Q27. Courteousness	
Q28. Professionalism	
Q29. Explanation of next steps	
<hr/>	
Decision Process	
Now, let's think about the decision process from SBA's Disaster Assistance Program.... On a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:	
Q30. The timeliness of the decision	
Q31. Fairness of the decision based on requirements	
<hr/>	
Loan Closing	
Q32. Did you receive a loan closing package?	

SBA Office of Disaster Assistance

2015 Customer Satisfaction Survey

1. Yes
2. No (skip to next section INTRO TO Q38 'ACSI Benchmark Questions')

Now, let's think about the loan closing package you received. On a scale from "1" to "10," where "1" is "poor" and "10" is "excellent," please rate the following:

- Q33. Clarity of information in package about closing process
- Q34. Ease of following the required steps to close
- Q35. Timeliness of receiving loan funds AFTER the closing was complete
- Q36. How was your loan closed?
1. SBA Center with SBA staff (skip to next section INTRO TO Q38 'ACSI Benchmark Questions')
 2. Mail
 3. Other
- Q37. Did you obtain assistance by phone during the closing process?
1. Yes
 2. No

ACSI Benchmark Questions

Satisfaction includes many things. Let's move on and talk about your overall satisfaction with the SBA's Disaster Assistance Program loan application process.

- Q38. First, please consider all your experiences to date with the SBA loan application process. Using a 10-point scale on which "1" means "very dissatisfied" and "10" means "very satisfied," how **satisfied** are you with the SBA loan application process?

-
- Q39. Considering all your expectations, to what extent has the SBA's loan application process fallen short of or exceeded your expectations? Using a 10-point scale on which "1" now means "falls short of your expectations" and "10" means "exceeds your expectations," to what extent has the SBA loan application process fallen short of or exceeded your expectations?

-
- Q40. Forget the SBA loan application process for a moment. Now, I want you to imagine an ideal process that offers low-interest loans for disaster recovery assistance. (PAUSE) How well do you think the SBA loan application process compares with that ideal? Please use a 10-point scale on which "1" means "not very close to the ideal" and "10" means "very close to the ideal."

Complaints

Next, I want to think about any communication you may have had over the past year regarding complaints about your experience with the SBA's Disaster Assistance Program loan application process.

SBA Office of Disaster Assistance	2015 Customer Satisfaction Survey
<p>Q41. Have you complained to the SBA about the loan application process within the past year?</p> <p>1 Yes 2 No (skip to next section Q43)</p>	
<p>Q42. How well, or poorly, was your most recent complaint handled? Using a 10-point scale on which "1" means "handled very poorly" and "10" means "handled very well," how would you rate the handling of your complaint?</p>	
<p>Q43. How difficult or easy was it to make your most recent complaint? Using a 10-point scale on which "1" means "very difficult" and "10" means "very easy," how difficult or easy was it to make a complaint?</p>	
<p>Confidence</p>	
<p>Q44. How confident are you that the SBA's Disaster Assistance Program will do a good job in the future providing low-interest disaster recovery loans? Using a 10-point scale on which "1" means "not at all confident" and "10" means "very confident," how confident are you that SBA will do a good job in the future?</p>	
<p>Q45. If asked, how willing would you be to say positive things about the job the SBA's Disaster Assistance Program is doing in issuing low-interest loans? Using a 10-point scale on which "1" means "not at all willing" and "10" means "very willing," how willing would you be to say positive things about the SBA?</p>	
<p>Custom Questions</p>	
<p>{IF SAMPLE TYPE=1 ASK INTRO TO QD1; OTHERWISE GO TO QD4A} <i>Now, we need to ask you a few questions about the loan process and the type of loan you received...</i></p>	
<p>QD1. SBA may also provide hazard mitigation loan funds (Note that mitigation funds are only for those eligible for a Physical loan) so you may need to determine that first). These funds may be used to make improvements to your property to prevent similar future damage. Included with your loan from SBA, did you receive funds for hazard mitigation?</p> <p>1 Yes 2 No</p>	
<p>{IF QD1 = 2, ASK QD1A; OTHERWISE GO TO QD2}</p>	
<p>QD1A. Why didn't you receive hazard mitigation loan funding?</p> <p>1 Was not told/did not know about mitigation funding 2 Did not want to borrow additional money 3 Mitigation project desired was not eligible</p>	

Appendix III: SBA and ACSI Customer
Satisfaction Surveys

SBA Office of Disaster Assistance	2015 Customer Satisfaction Survey
4 Mitigation funds allowed were not sufficient to complete project	
5 Other reason	
<hr/>	
QD2.	SBA's Disaster Assistance Program provides loans to various disaster victims. What type of loan did you receive from SBA? (<i>READ CODES 1-4; ACCEPT UP TO FOUR MENTIONS</i>)
1	Personal Property Replacement Loan (Renter)
2	Personal or Real Property Replacement Loan (Homeowner)
3	Physical Disaster Loan (Business Owner)
4	Economic Injury Loan (Business Owner)
<hr/>	
{IF QD2 = 1, ASK QD2A; OTHERWISE GO TO FILTER BEFORE QD2B}	
QD2A.	Were you able to replace your disaster-damaged personal property within six months after you received all your loan proceeds?
1	Yes
2	No
<hr/>	
{IF QD2 = 2, ASK QD2B; OTHERWISE GO TO FILTER BEFORE QD2C}	
QD2B.	Were you able to repair your disaster-damaged home or replace your disaster-damaged personal property within six months after you received all your loan proceeds?
1	Yes
2	No
<hr/>	
{IF QD2 = 3, ASK QD2C; OTHERWISE GO TO FILTER BEFORE QD2D}	
QD2C.	As a recipient of a physical disaster loan for your business, were you able to repair or replace your disaster-damaged property within six months after you received all your loan proceeds?
1	Yes
2	No
<hr/>	
{IF QD2 = 4, ASK QD2D; OTHERWISE GO TO QD4A}	
QD2D.	As a recipient of an economic injury loan, was your business in operation within six months after you received all your loan proceeds?
1	Yes
2	No
<hr/>	
QD5A.	Could you please tell me the name of your city?
[OPEN END]	
<hr/>	
QD5B.	May I please have your zip code?
<hr/>	
Thank you for your time today. The Small Business Administration would like to thank you for your feedback and will use it to improve its services. Have a good day.	

Source: Small Business Administration. | GAO-17-67

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Appendix IV: Small Business Administration Disaster Business Loan Resources

Figure 12: SBA Disaster Loan Assistance Web Portal



Source: Small Business Administration website. | GAO-17-67

Figure 13: SBA Disaster Loan Fact Sheet for Businesses of All Sizes

TRANSLATE

LOGIN

REGISTER

CONTACT US

FOR LENDERS

NEWSROOM

SBA EN ESPAÑOL

SBA

U.S. Small Business Administration

Starting & Managing


Loans & Grants


Contracting


Learning Center


Local Assistance


About SBA





















1

2

3

Disaster Loans

LEARN MORE

Loans & Grants

Video: SBA Loans Explained

Connect with SBA Lenders

Blogs on Financing

SBA.gov • Loans & Grants • See What SBA Offers • SBA Loan Programs • Disaster Loans • Disaster Loan Fact Sheets • Fact Sheet for Businesses of All Sizes

Loans & Grants

See What SBA Offers

What SBA Offers to Help Small Businesses Grow

SBA Loan Programs

General Small Business Loans: 7(a)

Microloan Program

Real Estate & Equipment Loans: CDC/504

Disaster Loans

Apply For A Disaster Loan

Hurricane Sandy Reopening

Disaster Loan Application Paper Forms

Types of Disaster Loans

Current Disaster Declarations

Fact Sheet for Businesses of All Sizes

If your business or private, nonprofit organization has suffered physical damage or your small business or private, nonprofit organization of any size has sustained economic injury after a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration. If your business—regardless of size—is located in the declared disaster area, you may apply for a long-term, low-interest loan to repair or replace damaged property.

Even if your property was not damaged and you are a small business owner or a private, nonprofit organization, you may apply for a working capital loan from the SBA to relieve the economic injury caused by the disaster.

Physical Disaster Loans

Businesses of all sizes and private, nonprofit organizations may apply for a Physical Disaster Loan of up to \$2 million to repair or replace damaged real estate, equipment, inventory and be increased by as much as 20 percent of the total amount of physical loss, as well as protect the property against future disasters of the same type. These loans will cover under-insured losses.


Economic Injury Disaster Loans

Small businesses, small agricultural cooperatives, small businesses engaged in a private, nonprofit organizations of all sizes suffering substantial economic injury may apply for an Economic Injury Disaster Loan of up to \$2 million to meet necessary financial obligations that business would have paid if the disaster had not occurred.

Interest Rates

The interest rate on both these loans will not exceed 4 percent if you do not have credit available elsewhere. Repayment can be up to 30 years, depending on the business's ability to repay. Businesses and nonprofit organizations with credit available elsewhere, the interest rate will be 8 percent. SBA determines whether the applicant has credit available elsewhere.

Application Information



Connect with prospective SBA lenders based on your business needs.

LEARN MORE

Apply for a Disaster Loan

LEARN MORE

Source: Small Business Administration. | GAO-17-67

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GAO-17-67 SBA Disaster Business Loans

Appendix IV: Small Business Administration Disaster Business Loan Resources

<p>Disaster Loan Fact Sheets</p> <ul style="list-style-type: none"> Fact Sheet for Homeowners and Renters Fact Sheet for Businesses of All Sizes Fact Sheet: Military Economic Injury Loans Fact Sheet: Homeowner Association Unit Owners Fact Sheet for Associations Hurricane Recovery Information Drought Disaster Assistance Disaster Loans Use of Proceeds Disaster Policies and Procedures Additional Disaster Assistance Resources For the Media Office of Disaster Assistance Employment Hurricane Sandy Procurement Information Disaster Loan Data Loan Programs SBIC Investments Surety Bonds What SBA Doesn't Offer Get Ready to Apply Connect with SBA Lenders Find Other Sources for Financing 	<p>Businesses may apply directly to the SBA for possible assistance. The SBA will send an inspector to estimate the cost of your damage once you have completed and returned your loan application.</p> <p>SBA now offers you the option of filing your business disaster loan application electronically. Downloadable application forms are available at: Apply for Assistance.</p> <p>For additional information, please contact our Customer Service Center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.</p> <p>Frequently Asked Questions</p> <p>What information must I submit for a disaster loan? Submit a completed loan application and a signed and dated IRS Form 4506-T giving permission for the IRS to provide the SBA your tax return information.</p> <p>To process your application we need current financial information such as a personal financial statement, a current profit-and-loss statement, balance sheet and a list of debts.</p> <p>Can I use the disaster loan to expand my business? The disaster loan helps restore property to pre-disaster condition, and, under certain circumstances, protects the structure from future disasters. It cannot upgrade or expand a business unless required by local building codes.</p> <p>I already have a mortgage on my business. Can the SBA refinance my mortgage? The SBA can refinance all or part of a previous mortgage in some cases when the applicant does not have credit available elsewhere, has suffered uninsured damage (40 percent or more of the property value), and intends to repair the damage. SBA disaster loan officers can provide additional details.</p> <p>How soon before I know I've been approved for a loan? The sooner you return the completed loan application, the sooner the SBA can process it. The SBA tries to make a decision within two to three weeks. Make sure the application is complete. Missing information is a major cause of delays.</p> <p>Is collateral required for these loans? Physical business loans over \$25,000 and EIDL loans over \$25,000 must be secured to the extent possible.</p> <p>Should I wait for my insurance settlement before I file my loan application? No. Don't miss the filing deadline by waiting for an insurance settlement. Final insurance information can be added when a settlement is made. The SBA can approve a loan for the total replacement cost, but any insurance proceeds that duplicate SBA's loan must be applied to your SBA loan.</p> <p>How may I use an Economic Injury Disaster Loan? The loan provides working capital for disaster-related needs until your business or private, non-profit organization recovers. You may request an EIDL for the amount of economic injury but not in excess of what your business or private, non-profit organization could have paid if the disaster had not occurred. EIDL loans cannot refinance longterm debts or provide working capital needed before the disaster. EIDL loans do not replace sales or lost profits.</p> <p>Must I submit a personal financial statement with my loan application? Yes. The SBA must review a financial statement for each owner and one for each partner, officer, director and stockholder with 20 percent or more ownership. The SBA requires the principals of the business to personally guarantee repayment of the loan, and in some instances to secure the loan by pledging additional collateral.</p> <p>Plan to Stay in Business Continuity planning assures your business will function as soon as possible after a natural or man-made disaster.</p> <p>Review Insurance Coverage Inadequate insurance coverage can lead to major financial loss if your business is damaged, destroyed or simply interrupted. Store records your insurance provider will want to see at a safe place.</p> <p>Prepare for Utility Disruptions Examine which utilities are vital to your business's day-to-day operation. Identify as portable generators to power the vital aspects of your business in an emergency.</p> <p>Secure Facilities, Buildings and Plants Identify what production machinery, computers, custom parts or other essential to keep your business open. Plan how to replace or repair vital equipment. Store in an emergency. Plan what you will do if your building, plant or store is not usable.</p> <p>Back-up Financial Records Back-up financial records and other vital information stored on computer hard drive stored in a portable lockbox office, at least 500 miles away.</p>
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Connect with prospective SBA lenders based on your business needs.

[LEARN MORE](#)

Apply for a Disaster Loan

[LEARN MORE](#)

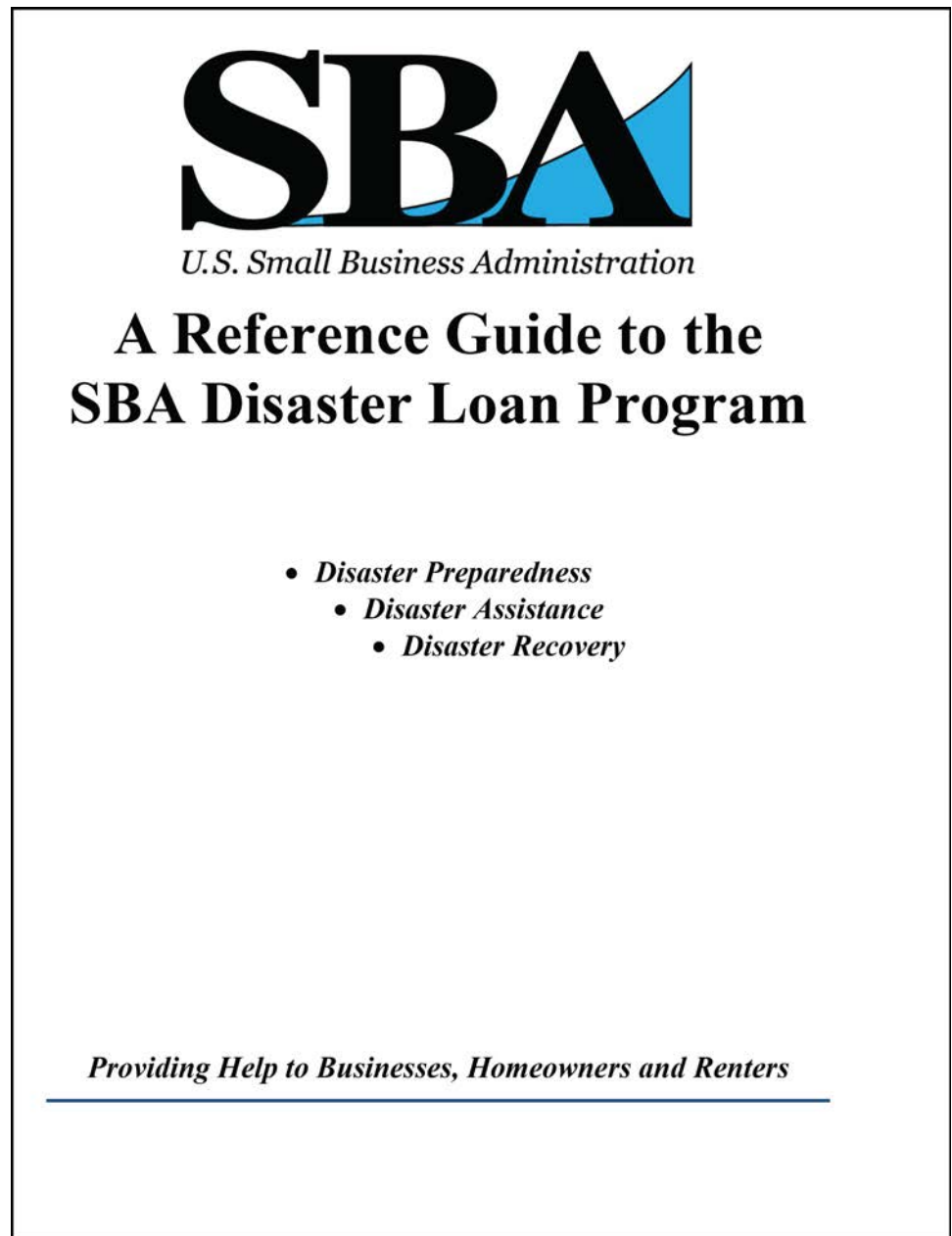
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[Tools and Features](#)

Source: Small Business Administration. | GAO-17-67

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Figure 14: A Reference Guide to the SBA Disaster Loan Program



Source: Small Business Administration. | GAO-17-67

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Source: Small Business Administration. | GAO-17-67

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Mission Statement

SBA's Office of Disaster Assistance's mission is to provide low-interest disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace real estate, personal property, machinery and equipment, inventory and business assets that have been damaged or destroyed in a declared disaster; and to provide eligible small businesses necessary working capital to help overcome the economic injury of a declared disaster.

SBA's Office of Entrepreneurial Development (OED) is responsible for providing training and counseling to small businesses, through an extensive nationwide network of Resource Partners that include but are not limited to: Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and SCORE Counselors to America's Small Business.

The Office of Disaster Assistance has a long history of working with SBA's District Offices and Resource Partners to help small businesses prepare and recover from disasters.

Introduction

This guide is designed to summarize for the SBA District Offices and Resource Partners the SBA's disaster loan program for the purpose of promoting disaster preparedness, assistance and recovery. The guide serves as a resource for helping businesses access the disaster assistance program and apply for an SBA disaster loan.

- I. The Office of Disaster Assistance plays a critical role in assisting survivors of declared disasters. Disaster assistance has been part of SBA since its inception in 1953. In particular, SBA provides support with: **Disaster Preparedness**. SBA promotes disaster preparedness throughout the year. Getting a business up and running after a disaster may depend on how prepared that business is today. This guide provides a Disaster Preparedness checklist that District Offices and Resource Partners can use to help businesses plan and prepare for a wide range of emergencies and disasters.
- II. **Disaster Recovery**. SBA provides both immediate and long-term physical and economic recovery during a declared disaster, including:
 - **Financial Assistance**--The Office of Disaster Assistance makes low-interest loans directly to small businesses, private non-profit organizations, homeowners and renters.
 - **Technical Assistance**—SBA's network of District Offices and Resource Partners help businesses to prepare and recover from disasters through a wide range of business related training and counseling.

SBA stands ready to assist businesses with disaster preparedness, assistance and recovery. More information about the disaster assistance program is available at www.sba.gov/disaster.

May 2015

A Reference Guide to the SBA Disaster Loan Program

I

I. Disaster Preparedness

SBA plays a key role in disaster preparedness. SBA presents information along with its federal partners and other organizations on the value of carefully making preparations in the event of a disaster. This is helpful to businesses, homeowners, and renters within the community. Small business owners invest a tremendous amount of time, money and resources to make their businesses successful. While the importance of disaster preparation may seem obvious, businesses may be putting disaster preparations on the back burner in the face of more immediate concerns. Prepared small business owners can mean staying in business following disaster.

The checklist on the next page can be used by Resource Partners and District Offices as part of training programs or counseling sessions to help businesses prepare for emergencies and disasters.

Disaster Preparedness Checklist for Small Businesses

Vital Questions and Suggestions for Small Businesses to Ensure Preparedness

- Do you have insurance and what does your policy cover? Repair or Replacement costs?
- Is your coverage adequate and do you have your policy in a safe place?
- Have you stored photos or videos of property?
- Are you able to readily access accounts receivable after a disaster?
- Do you have a list of your suppliers in a safe place or stored electronically?
- Do you have employee contact information available in case of an emergency?
- Coverage should include attached structures such as a garage, storage building or deck.
- Flood coverage and economic business interruption are normally separate policies.
- Know safe places to go at home, work and school (discuss with family and coworkers).
- Take weather related instructions seriously and timely, be alert to sirens and warning signs posted, and follow direction of the local authorities.
- Be safe and prepared in allowing time for crowded roads or alternate routes.
- Be aware of special rules on obtaining gasoline or water.

Helpful Websites

Some disaster preparedness websites to visit in advance:

- Small Business Administration - www.sba.gov
- Agility Recovery - www.preparemybusiness.org
- Ready.gov - www.ready.gov
- Disaster Assistance.gov - <http://www.disasterassistance.gov/>

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A Reference Guide to the SBA Disaster Loan Program

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Source: Small Business Administration. | GAO-17-67

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II. Disaster Assistance and Recovery

This section contains information regarding SBA's process and programs for assisting small businesses during and after a disaster.

How Disasters Are Declared

All disaster incidents are generally handled by first responders on a state or local level. When the governor of a state determines the local resources are overwhelmed they will request additional assistance from the federal government. The following are declarations the Office of Disaster Assistance will respond to:

Presidential Declaration for Individual Assistance

The governor of a state requests the President for Individual Assistance. A Presidential declaration for Individual Assistance (IA) activates the FEMA Individuals and Households Grant Program (IHP) and automatically makes SBA loans available to businesses (including private non-profit organizations), homeowners, and renters with physical damages. Economic Injury Disaster Loans (EIDL) are made available for businesses, small agricultural cooperatives, small aquaculture enterprises, and most private non-profit organizations. IA disasters are declared by county, making residents in a named (primary) county eligible for FEMA and SBA assistance. Small businesses and most private non-profit organizations located in a county adjacent (contiguous) are eligible to apply for economic injury only.

Administrative (Agency) Declaration

A request for an SBA Administrative disaster declaration may be made by the governor to activate SBA's disaster loan program available for businesses of all sizes (including private non-profit organizations), homeowners and renters for physical damages. Economic injury loans are made available for small businesses and most private non-profit organizations of all sizes in the declared disaster area. Contiguous counties have the same eligibility under an Agency declaration. An SBA Agency declaration does not include FEMA (IA) programs.

Presidential Declaration for Public Assistance

The governor of a state requests the President for a Public Assistance (PA). Once approved by the President, SBA issues a declaration to make loans available for the physical damage and economic injury of private non-profit organizations that provide critical services of a governmental nature. There is no contiguous county eligibility.

Secretary of Agriculture Declaration

When the Secretary of Agriculture issues a disaster declaration, SBA also issues a declaration for the availability of economic injury loans to small businesses, including those engaged in aquaculture, most private, non-profit organizations, and agricultural cooperatives. Qualifying businesses in contiguous counties are eligible for economic injury loans.

May 2015

A Reference Guide to the SBA Disaster Loan Program

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Governor Certification Declaration

The governor requests a declaration from SBA based on a certification of damages in the area. SBA approves and issues a Governor's Certification declaration to make economic injury loans available to small businesses and most private, non-profit organizations of any size. Qualifying businesses in contiguous counties are eligible for the economic injury loans.

Secretary of Commerce

Interjurisdictional Fisheries Act of 1986, the Secretary of Commerce may make a determination that eligible small businesses have suffered substantial economic injury as a result of commercial fishery failures or fishery resource disasters. These declarations are issued under a Governor's Certification.

Military Reservist Declaration

The Military Reservist Economic Injury Disaster Loan (MREIDL) Program was authorized by Public Law 106-50. Working capital loans are available for eligible small businesses that are not able to meet their ordinary and necessary operating expenses because an "essential employee" is called up to active duty in their role as a military reservist due to a period of military conflict.

How Survivors Receive SBA Assistance in Disasters

Presidential Declaration for Individual Assistance

All survivors are encouraged to register with FEMA at (800) 621-FEMA (3362) or online at <http://www.disasterassistance.gov/>.

Survivors should also apply for SBA's disaster loan program assistance online at: <https://disasterloan.sba.gov/ela/> in person at a local recovery center or call 1-800-659-2955 to have an application mailed to them. It is not necessary to wait until insurance proceeds are received.

Home loan applicants and private non-profit organizations that SBA determines cannot afford a loan may be referred back to FEMA for additional grant consideration. This is possible only after eligible survivors submit an SBA loan application.

Small businesses, small agricultural cooperatives, and private non-profit organizations of any size may submit an SBA application to apply for physical damages. They, along with small aquaculture enterprises, may apply for working capital disaster loans to cover their economic injury losses even without physical damages. Qualified businesses in contiguous counties may only apply for economic injury disaster loans.

Administrative (Agency) Declarations

When the SBA Administrator issues an Administrative (Agency) declaration, survivors should apply for SBA's disaster loan program assistance online at: <https://disasterloan.sba.gov/ela/>, in person at a local recovery center, or call 1-800-659-2955 to have an application mailed. It is not necessary to wait until insurance proceeds are received.

Homeowners, renters and businesses in adjacent counties may apply for SBA disaster loans to assist with physical damages. Small businesses, small agricultural cooperatives, and most private non-profit organizations of any size, and small aquaculture enterprises may apply for working capital disaster loans to cover their economic injury losses even without physical damages.

Presidential Declaration for Public Assistance

Eligible private non-profit organizations of all sizes may submit an SBA business loan application for both physical damages and economic injury assistance after the President declares a major disaster declaration for Public Assistance (PA) and SBA's disaster loan program is activated. This applies to private, non-profit organizations that provide non-critical services of a governmental nature.

Examples of eligible non-critical private non-profit organizations include, but are not limited to: food kitchens, homeless shelters, museums, libraries, community centers, schools and colleges. Private non-profits that may be critical are referred to FEMA.

Secretary of Agriculture Declarations

Eligible businesses, agricultural cooperatives, small aquaculture entities and private, non-profit organizations that have suffered substantial economic injury as a result of the declared disaster may apply to SBA when SBA activates its Economic Injury Disaster Loan (EIDL) program after the Secretary of Agriculture designates an area an agricultural disaster. Physical damages are not eligible. Nurseries are eligible to apply in drought declarations only.

The filing deadline is eight months from the date of the declaration.

Governor's Certification

Small entities with economic injury in disaster areas as a result of a Governor's Certification may submit an SBA application for disaster assistance after SBA activates its Economic Injury Disaster Loan (EIDL) program to assist with this disaster. Disaster loans for physical damage are not available in this type of declaration.

The filing deadline is nine months from the date of the declaration.

Military Reservist Economic Injury Disaster Loans

When an eligible small business experiences financial difficulty as a result of an essential employee being called up for active duty as a Reservist or member of the National Guard due to a period of military conflict, the business may apply for an SBA Military Reservist Economic Injury Disaster Loan (MREIDL) for working capital.

The filing period begins on the date the essential employee receives a notice of expected call-up and ends one year after the essential employee is discharged or released from active duty.

SBA Disaster Recovery Outreach

Disasters usually happen suddenly with little to no notice and the effects can be devastating leaving survivors in a state of uncertainty. Getting accurate and informative disaster recovery information out to the public as soon as possible in the recovery process is very important. SBA plays a strong role in timely disaster recovery outreach. Public Affairs Specialists or Public Information Officers begin the process of reaching out to the media, officials and the public immediately after a disaster declaration. Resource Partners and other stakeholders familiar with the impacted neighborhoods use informative SBA disaster material in their offices. The Office of Disaster Assistance provides information to those seeking assistance as follows:

Fact Sheets

Fact sheets are posted on SBA's website under "Current Disaster Declaration Information" ([click here](#)) and distributed to stakeholders and other contacts. Fact sheets contain the declaration number specific to each incident along with the primary and contiguous counties. The fact sheets include the interest rates, deadlines, and other program information for declared disaster areas. They may be distributed electronically or in person by our Resource Partners to the affected community. Generic fact sheets listed on the SBA website under "Facts Sheets" ([click here](#)) are also available for use during non-disaster times.

Press Releases

Press releases are issued and posted on SBA's website under "Current Disaster Declaration Information" ([click here](#)) to inform the media and the community of available disaster assistance. These press releases are forwarded to stakeholders and other contacts. Secondary press releases are prepared and issued jointly with FEMA during Presidential declarations. Additional press releases may be issued indicating recovery center locations, declaration changes, milestones, deadlines or other pertinent information.

Flyers, Press Kits, Other Outreach Material

SBA has various flyers for businesses, private non-profits, homeowners, and renters designed to alert the community of help available. The press kits and outreach material contain current and generic information usually distributed to the media, Resource Partners, congressional offices and other stakeholders to keep them abreast of current SBA programs and procedures.

SBA outreach includes Banner ads that run on stakeholders' websites during a time of disaster. By clicking on an SBA Banner ad, which runs as a free Public Service Announcement, a disaster survivor is only two clicks away from going to the SBA website where they can apply online for an SBA disaster loan. Resource Partners can assist by running the Banner ads on their own website and encouraging other stakeholders to do the same.

How Resource Partners Assist in the Application Process

During times of federal disaster declarations, SBA Resource Partners assist SBA Office of Disaster Assistance (ODA) personnel in providing disaster loan application assistance. This assistance often comes in the form of providing information and assisting ODA field personnel as needed. The partnership continues in non-disaster times by issuing joint information on disaster preparedness. SBA remains in contact with Resource Partners to provide joint coverage in many forms for the business community.

In addition to the ODA staff, SBA Resource Partners provide outreach at meetings to businesses and stakeholders on SBA programs. Information is provided on disaster preparedness and assistance with recovery in the event of a disaster declaration. SBA Resource Partners provide information to businesses to inform them of resources, such as free mentoring, face-to-face counseling as well as low cost training available through their respective centers and chapters.

Disaster Loans 3-Step Process

1) Apply for a loan:

Apply: 1) online; 2) in-person at a disaster center; or 3) by mail. *Applicants may apply for all SBA disasters online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>, obtain a loan application by calling the SBA's Customer Service Center at 1-800-659-2955 the hearing impaired can call 1-800-877-8339, or by emailing SBA at disastercustomerservice@sba.gov or by downloading an application from SBA.GOV. ([Click Here](#))*

- A business of any size may be eligible for a loan up to \$2 million for physical damage. A small business, small agricultural cooperative, small business engaged in aquaculture, and most private non-profit organization may be eligible for a loan up to \$2 million for Economic Injury. A small business may apply for the maximum business loan (physical and EIDL) of \$2 million.
- A homeowner may be eligible for up to \$200,000 to repair/replace disaster-damaged primary residence. A homeowner or renter may be eligible for up to \$40,000 to repair/replace damaged personal property.

2) Property Verified and Loan Processing Decision Made

- SBA reviews the applicant's credit before conducting an onsite inspection to verify the disaster-damaged losses.
- An SBA verifier inspects the applicant's disaster damaged property to estimate the total physical losses.
- A loan officer will determine the full eligibility during processing, taking into consideration any insurance or other recoveries. The insurance recovery does not have to be final for SBA to approve a loan. A loan officer works with the applicant to obtain all the information needed to reach a final loan determination. SBA's goal is to arrive at a decision on the application within 2 to 3 weeks. A loan officer will contact the applicant to discuss the loan recommendation and

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explain the next step in the process. In addition to speaking with the loan officer all loan decisions are communicated in writing.

3) Loan Closed and Funds Disbursed

- SBA will prepare and send Loan Closing Documents for the borrower's signature. Once the executed Loan Closing Documents are received, an initial disbursement may be made within five days:
 - a. Physical damage:
 - i. \$25,000 (Presidential disaster declarations)
 - ii. \$14,000 (Agency disaster declarations)
 - b. Economic injury (working capital):
 - i. \$25,000 (all disaster declarations)
- A case manager will be assigned to work with the borrower through the disbursement process and schedule subsequent disbursements until the loan is fully disbursed. The loan may be adjusted after closing due to the changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

Application Deadlines and Late Acceptance

Completed loan applications must be returned to SBA by the filing deadlines. The specific deadline date is announced publicly, listed on the website and provided on the disaster fact sheets distributed. The deadlines are:

- Physical Damages: 60 days from date of disaster declaration
- Economic Injury: Nine months from date of disaster declaration

Any extensions will be announced in the media and posted on the SBA website.

Applications received after the filing deadline period may be accepted if SBA determines that the late filing resulted from substantial causes beyond the applicant's control. Examples for late filing that are beyond the applicant's control include, but are not limited to:

- The serious illness of the applicant or the serious illness or death of the applicant's immediate family member.
- The serious illness or death of a principal owner, or an immediate family member.
- Late receipt of an application due to disaster-related reasons (frequent moves, remote location, or lack of normal mail service).
- Applicant or applicant's principal owner was active-duty military officially stationed out of the disaster area during a substantial portion of the filing period.
- Applicant or applicant's principal owner was out of the country during a substantial portion of the filing period.

- The applicant is applying for a disaster loan to repair substantial hidden damage that was discovered after the filing deadline and that could not reasonably have been discovered before the deadline.
- Permanent or temporary relocation outside of the disaster area, causing the applicant or applicant's principal owner to be unable to make repair, replacement, or relocation decisions.
- Open issues during and after the filing period pertaining to insurance, habitability of premises, or flood or municipal zoning requirements that prevented the applicant or applicant's principal owner from making repair, replacement, or relocation decisions.

An applicant can submit an application (paper or electronic) accompanied by a letter explaining the reasons why they did not file during the filing period or the grace period. If the reason is deemed to be beyond the applicant's control, their application will be accepted for processing.

Required Documentation

The following documents are required for Loan Processing to reach a loan decision:

Business Loans

- Business Loan Application (SBA Form 5) completed and signed by business applicant.
- IRS Form 8821/4506-T completed and signed by applicant business, each principal owning 20 percent or more of the applicant business, each general partner or managing member, and, for any owner who has a 50 percent or more ownership in an affiliate business. (Affiliates include, but are not limited to, business parents, subsidiaries, and/or businesses with common ownership or management.)
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; or an explanation if not available.
- Personal Financial Statement (SBA Form 413 may be used) completed, signed and dated by the applicant (if a sole proprietorship), 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).

Additional Information That May Be Necessary To Process Your Application:

- Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20 percent or more of the applicant business, each general partner or managing member, and each affiliate.
- 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.

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Home Loans

- Home Loan Application (SBA Form 5C) completed and signed by the applicant and the co-applicant.
- IRS Form 8821/4506-T completed and signed by the applicant and co-applicant.

Applicants may apply for all SBA disasters online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>, obtain a loan application by calling the SBA's Customer Service Center at 1-800-659-2955 the hearing impaired can call 1-800-877-8339, by emailing SBA at disastercustomerservice@sba.gov or by downloading an application from SBA.GOV. (Click Here) or type: <http://www.sba.gov/content/disaster-loan-paper-applications> in the browser.

Technical Assistance Loan Application Initiative

The Technical Assistance Loan Application Initiative (TALAI) is an initiative by SBA's Office of Disaster Assistance and Office of Entrepreneurial Development (OED) to expand the involvement of SBA's Resource Partners following disasters. SBA Regional and District offices receive status reports of the TALAI initiative during the disaster. This initiative provides business loan applicants with SBA's Resource Partners' contact information.

SBA's Resource Partners will be able to provide follow-up assistance to a disaster business applicant whose business loan application (excluding non-profits) was either approved, declined or withdrawn and assist with requesting reconsideration or reacceptance of a declined/withdrawn disaster business application.

TALAI Decline/Withdrawal Letter

In instances where the applicant is declined or their application is withdrawn, ODA will send a letter to the applicant that outlines services offered to businesses through SBA's Resource Partners: the Small Business Development Centers (SBDCs), SCORE, and the Women Business Centers (WBCs). Please see Appendices 1 and 2 for sample withdrawal and decline letters.

In addition to the letter, SBA's Customer Service Center (CSC) staff will initiate follow-up phone calls to the declined and withdrawn applicants seven (7) days from the date of the TALAI declined/withdrawn letters being sent. This serves to ensure declined and withdrawn applicants are made aware of the services provided by SBA's Resource Partners and to have an opportunity to have any questions they may have answered.

An application may be declined for the following reasons: lack of repayment ability, lack of repayment ability based on forecast, unsatisfactory history on an existing or previous SBA loan, unsatisfactory history on a Federal obligation, unsatisfactory credit history, unsatisfactory debt payment history (other than a credit bureau), and economic injury is not substantiated. An application may be withdrawn when requested information is not furnished within the allowed timeframe.

TALAI Approval Letter

In instances where the applicant is approved, the SBA Processing Disbursement Center (PDC) staff will ensure the applicant is aware of available resources to assist them and ODA will send a letter to the applicant that outlines services offered to businesses through SBA's Resource Partners: the Small Business Development Centers (SBDCs), SCORE, and the Women Business Centers (WBCs). Please see Appendix 3 for sample approval letter.

Contacts for Help and Information

Applicants and borrowers with questions, in need of an application or would like to request the status of their loan application should contact:

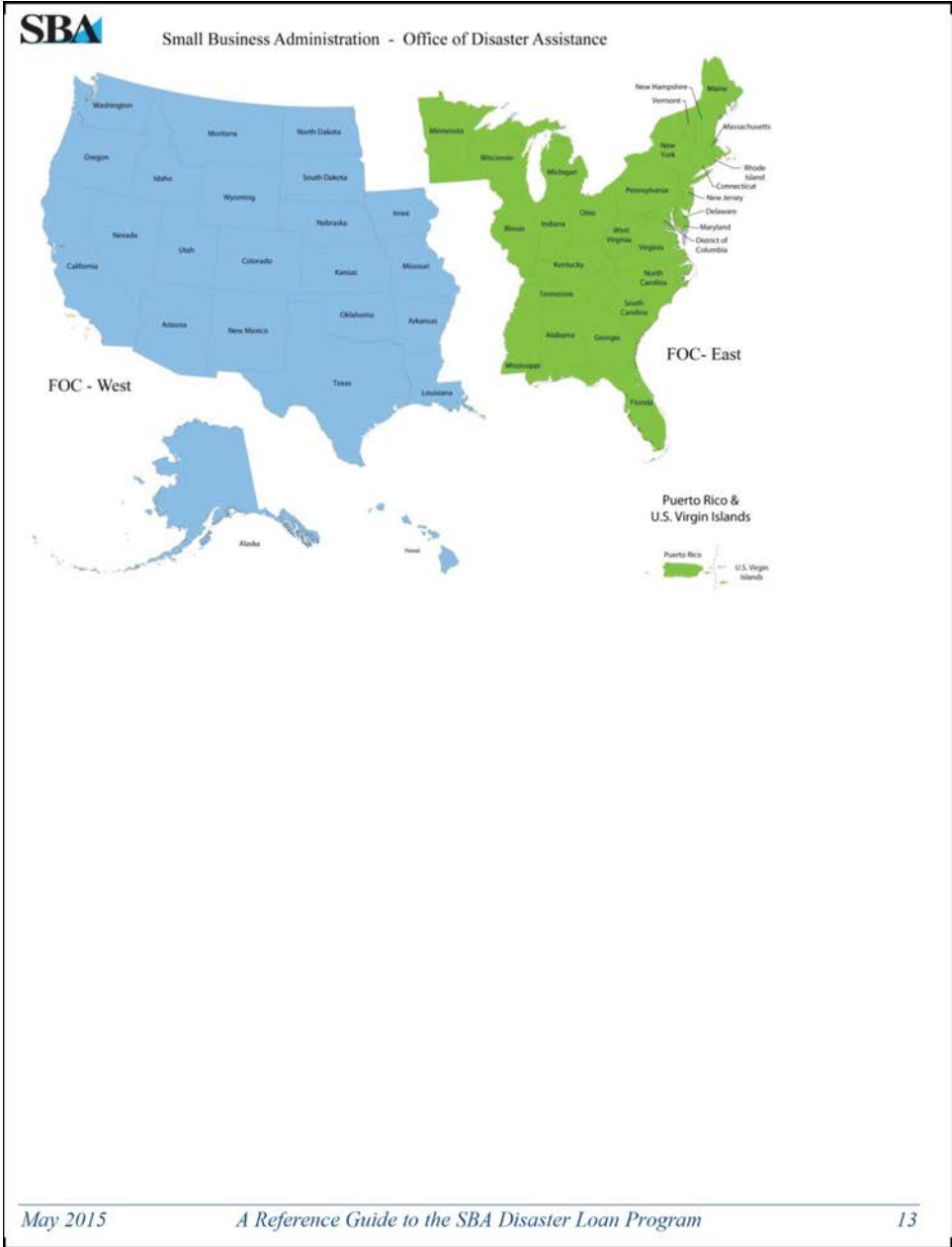
*Customer Service Center: **1-800-659-2955**
(800-877-8339 for the deaf and hard-of-hearing)
Or email: disastercustomerservice@sba.gov*

Resource Partners and other stakeholders may contact the Communications Directors below for more information.

FOC-East Communications Director, 404-331-0333: Disaster Field Operations Center – East handles field operations and public information activity for disaster declarations in all states east of the Mississippi River, plus Minnesota, the U.S. Virgin Islands, the District of Columbia and Puerto Rico.

FOC-West Communications Director, 916-735-1500: Disaster Field Operations Center - West handles field operations and public information activity for disaster declarations in all states west of the Mississippi River, Hawaii and the U.S. Pacific Islands (Guam, American Samoa, Marshall Islands, Northern Mariana Islands and Micronesia).

Appendix IV: Small Business Administration
Disaster Business Loan Resources




Source: Small Business Administration. | GAO-17-67

Part 15 of 15


Figure 15: SBA Three Step Process Flier: Disaster Loans

The Three Step Process: Disaster Loans




About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.




**STEP 1:
Apply for Loan**

- Apply: 1) online; 2) in-person at a disaster center; or 3) by mail.
- Apply online at the SBA's secure website <https://disasterloan.sba.gov/ela>.
- As a business of any size, you may borrow up to \$2 million for physical damage.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a maximum business loan (physical and EIDL) of \$2 million.
- As a homeowner you may borrow up to \$200,000 to repair/replace your disaster damaged primary residence.
- As a homeowner or renter, you may borrow up to \$40,000 to repair/replace damaged personal property.



**STEP 2:
Property Verified
and
Loan Processing
Decision Made**

- SBA **reviews your credit** before conducting an onsite inspection to verify your losses.
- An SBA verifier **inspects** your disaster damaged property to estimate your total physical losses.
- A loan officer will determine your **eligibility** during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. Our goal is to arrive at a decision on your application in 2-3 weeks.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.



**STEP 3:
Loan Closed and
Funds Disbursed**

- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
 - Physical damage:
 - \$25,000
 - Economic injury (working capital):
 - \$25,000
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).
<http://www.sba.gov/disaster>

Source: Small Business Administration. | GAO-17-67

Part 1 of 2

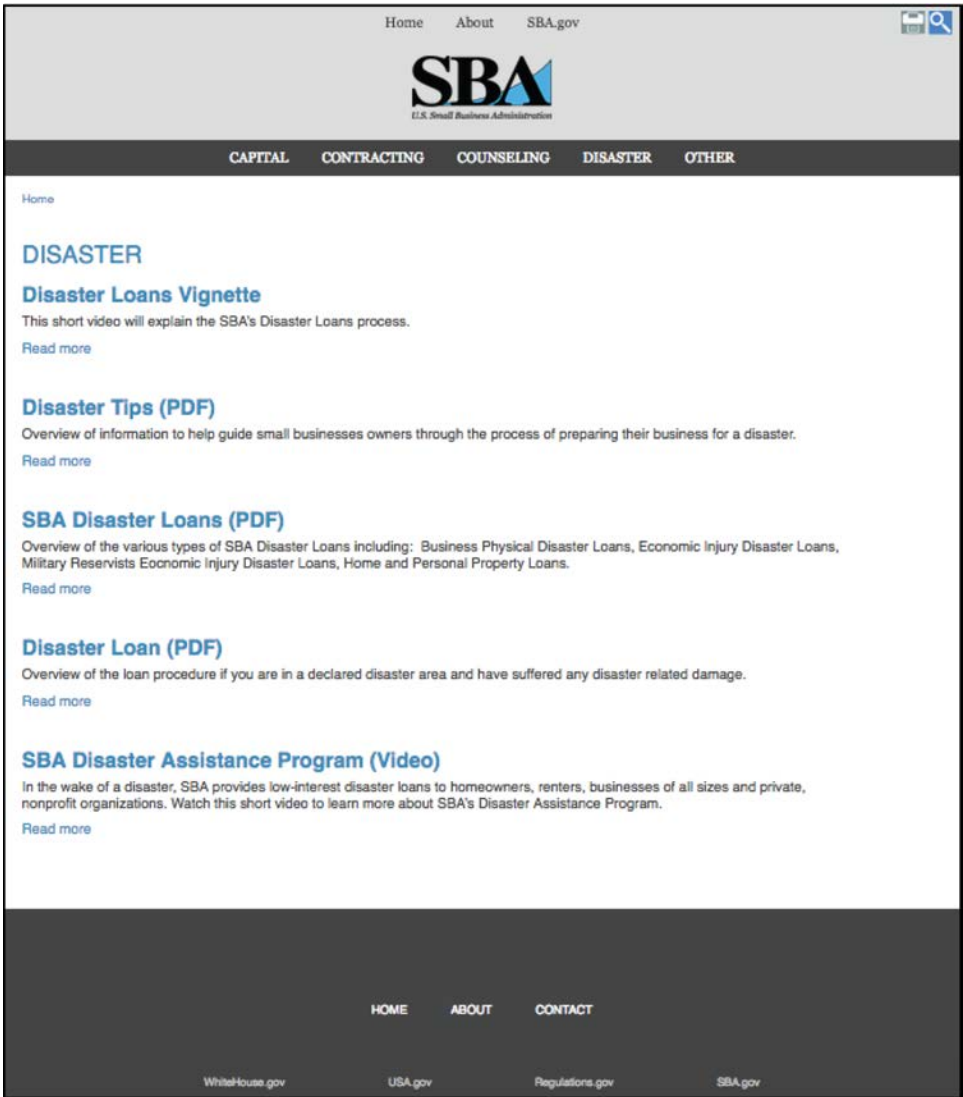
Required Documentation

The following documents are required to process your application and reach a loan decision. Your Loan Officer and Case Manager will assist you to ensure that you submit the proper documentation.

BUSINESSES	HOMEOWNERS AND RENTERS
<ul style="list-style-type: none"> • Business Loan Application (SBA Form 5) completed and signed by business applicant. • IRS Form 4506-T completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has a 50 percent or more ownership in an affiliate business. (Affiliates include business parent, subsidiaries, and/or 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 (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member. • Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used). <p>ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS YOUR APPLICATION:</p> <ul style="list-style-type: none"> • Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has a 50% or more 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. 	<ul style="list-style-type: none"> • Home Loan Application (SBA Form 5c) completed and signed by Applicant and Co-Applicant. • IRS Form 4506-T completed and signed by Applicant and Co-Applicant. <div data-bbox="1092 863 1271 930" data-label="Image"> </div> <p data-bbox="998 961 1385 993">https://disasterloan.sba.gov/ela</p> <div data-bbox="1141 1041 1227 1157" data-label="Image"> </div> <p data-bbox="959 1192 1424 1224">1-800-659-2955 (TTY: 1-800-877-8339)</p>

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).
<http://www.sba.gov/disaster>

Figure 16: SBA Partner Training Portal



Source: Small Business Administration website. | GAO-17-67

Appendix V: Small Business Administration Electronic Loan Application Notification Messages

Figure 17: SBA Electronic Loan Application Status and Descriptions

DLAP Loan Application Status (Short_Description)	Status Description <Long_Description>
APPROVED	We have completed our review of your SBA disaster loan application. Your application is approved and your loan file has been assigned to a case manager to facilitate the closing and disbursement of your loan. Your case manager will contact you to coordinate loan closing and review next steps.
DECLINED	We are unable to approve your loan request at this time. We will contact you to review our decline decision and will send you a letter by mail that details the specific reasons for the decline decision. You may be able to present additional information which may overcome the reason(s) for the decline.
INACTIVE	We received your SBA disaster loan application; however, our records show that your application is in an inactive status. This could be the result of receiving multiple applications and/or duplicate claims for damages from the same disaster declaration.
IN REVIEW	We have received your request/information. The information will be reviewed. You will be contacted by a SBA representative.
LOSS VERIFICATION	An SBA Loss Verifier will contact you to schedule an inspection of your damaged property. Remember to contact SBA if you need to update your contact information.
NOT RECEIVED	Our records indicate that we have not received your completed SBA disaster loan application.
PROCESSING APPLICATION	A Loan Officer will contact you regarding your SBA disaster loan application to review your eligibility, credit and repayment ability.
RECEIVED – IN REVIEW	We received your SBA disaster loan application and we are reviewing it to make sure you have submitted the required documents needed to process your loan request. We will contact you if you need to submit additional information in order to complete your loan application.
RECEIVED – PENDING INFORMATION	We received your SBA disaster loan application; however, additional documents are needed in order to complete the submission of your application and process your loan request.
REQUEST ACCEPTED	We received your request to reaccept/reconsider your SBA disaster loan application. We are in the process of assigning your application to a loan officer. Once your application is assigned, your Loan Officer will contact you to review your loan request. Remember to contact SBA if you need to update your contact information.
RETURNED	We received your SBA disaster loan application; however, we were unable to accept your application because of missing information required to process your loan request.
WITHDRAWN	We have withdrawn your SBA disaster loan application from active loan processing. Generally, applications are withdrawn to allow additional time to provide the information necessary to make a loan determination. We will contact you to review the withdrawal action and will send you a letter by mail that details the information needed to process your application.

Source: Small Business Administration. | GAO-17-67

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

William B. Shear, (202) 512-8678 or shearw@gao.gov

Staff Acknowledgments

In addition to the contact named above, Jill Naamane (Assistant Director), Kun-Fang Lee (Analyst-in-Charge), Bethany Benitez, Tim Bober, William R. Chatlos, Camille Henley, Lindsay Maple, Marc Molino, and Tovah Rom made key contributions to this report.

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