

## Small Business Administration

## § 123.407

small business may be a sole proprietorship, partnership, corporation, limited liability company, or other legal entity recognized under State law. Your small business must have been in existence for at least one year prior to submitting an application for this loan. Your business (together with its affiliates) must be small (as defined in part 121 of this chapter) as of the date SBA accepts the application for processing, and SBA must also determine that the business, its affiliates and its owners do not have the financial resources to fund the mitigation measures without undue hardship.

### **§ 123.403 When would my business not be eligible to apply for a pre-disaster mitigation loan?**

Your business is not eligible for a pre-disaster mitigation loan if it, together with its affiliates, fits into any of the categories in §§ 123.101, 123.201, and 123.301.

### **§ 123.404 How much can my business borrow with a pre-disaster mitigation loan?**

Each borrower, together with its affiliates, may borrow up to \$50,000 per year. SBA will fund approved loans in the order in which SBA accepted the application for processing. SBA will consider mitigation measures that cost more than \$50,000 per year if the business can identify sources that will fund the cost above \$50,000.

### **§ 123.405 What is the interest rate on a pre-disaster mitigation loan?**

Your pre-disaster mitigation loan will have an interest rate of 4 percent per annum or less.

### **§ 123.406 How do I apply for a pre-disaster mitigation loan and which loans will be funded?**

(a) At the beginning of each fiscal year commencing October 1st 1999, SBA will publish a declaration in the FEDERAL REGISTER announcing the availability of pre-disaster mitigation loans. The declaration will designate at least a 30 day application filing period in the first six months of the fiscal year, the application filing deadline, and the locations for obtaining and filing loan applications. Additional appli-

cation periods may be announced each year depending on the availability of funds. In addition to the FEDERAL REGISTER, SBA will use FEMA and the local media to inform potential loan applicants where to obtain loan applications. SBA will not accept any applications after the announced deadline unless SBA reopens the application filing period.

(b) Complete an SBA pre-disaster mitigation loan application package which includes a written statement from the local Project Impact coordinator that the project is in accordance with the specific priorities and goals of the local community. The application must be filed during the announced filing period.

(c) An SBA Disaster Area Office will notify the Office of Disaster Assistance (ODA) when it has accepted a complete application for processing. The Area Office will approve, decline, or withdraw (stop processing) the application if the applicant does not give SBA required information. The Area Office will notify ODA of its decision. ODA will then direct the Area Office to make the loan based on availability of loan funds and the date SBA accepted the complete application package.

### **§ 123.407 What happens if SBA denies or withdraws my pre-disaster mitigation loan application?**

(a) If SBA denies your loan application, SBA will notify you in writing and give you the specific reasons for the denial. If you disagree with SBA's decision, you may respond under § 123.13. If SBA approves your application after reconsideration or appeal, SBA will use the date the Area Office received the request for reconsideration or appeal to determine the order of funding.

(b) If SBA withdraws your loan application and you later submit the missing information, and SBA approves the loan, SBA will use the date it reaccepts the application to determine the order of funding.