

Kinsmen Homes

Ike Disaster Relief Summary

Disaster Assistance

- Homeowners with home insurance:
 - Contact your insurance agent immediately. If you need information, have a complaint, or can't locate your agent or company, call the toll-free Texas Department of Insurance Consumer Help Line at 1-800-252-3439. The Consumer Help Line is open from 8 a.m. to 7 p.m. Monday through Friday, 10 a.m. to 7 p.m. Saturday, and 1 to 7 p.m. Sunday.

- No home insurance?
 - **Government assisted disaster relief:** Assistance to those whose property has been damaged or destroyed and whose losses are not covered by insurance. It is meant to help you with critical expenses and is not intended to restore your damaged property to its condition before the disaster.



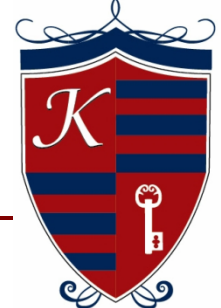
FEMA-Assistance

- Offers two types of assistance:
 - Housing Needs
 - **Temporary Housing:** Money is available to temporarily rent a different place to live, or a government provided housing unit when rental properties are not available.
 - **Repair:** Money to repair damage from the disaster to their primary residence that is not covered by insurance. The goal is to make the damaged home safe, sanitary, and functional.
 - **Replacement:** Money is available to homeowners to replace their home destroyed in the disaster that is not covered by insurance. The goal is to help the homeowner with the cost of replacing their destroyed home.
 - **Permanent Housing Construction:** Direct assistance or money for the construction of a home. This type of help occurs only in limited areas or remote locations specified by FEMA, where no other type of housing assistance is possible.
 - Other than Housing Needs
 - Disaster-related medical and dental costs.
 - Disaster-related funeral and burial cost.
 - Clothing; household items (room furnishings, appliances); tools (specialized or protective clothing and equipment) required for your job; necessary educational materials (computers, school books, supplies).
 - Fuels for primary heat source (heating oil, gas).
 - Clean-up items (wet/dry vacuum, dehumidifier).
 - Disaster damaged vehicle.
 - Moving and storage expenses related to the disaster (moving and storing property to avoid additional disaster damage while disaster-related repairs are being made to the home).
 - Other necessary expenses or serious needs as determined by FEMA.
 - Other expenses that are authorized by law.



FEMA-ICC Program

- Flood insurance policyholders whose structures were damaged by flooding from Hurricane Ike may be eligible for up to \$30,000 in coverage in addition to their claims for damages. The extra money can be used by property owners to make their homes or businesses safe from future floods.
- The benefit is called Increased Cost of Compliance or ICC coverage, because it helps pay for the increased cost of complying with the building code. It is a part of most National Flood Insurance Program policies.
- To qualify for Increased Cost of Compliance, a building must be:
 - Covered by a National Flood Insurance Program standard policy,
 - Located in a Special Flood Hazard Area, also known as a regulatory floodplain,
 - Below the base flood level, and
 - Either "substantially damaged" or a "repetitive loss property."
- "Substantial damage" has occurred when the cost of restoring a structure to its pre-damage condition equals or exceeds 50 percent of the structure's pre-damage market value. To qualify for Increased Cost of Compliance, which is part of a flood insurance policy, the damage must be due to flooding.
- A "repetitive loss property" is one that has suffered two or more flood losses over 10 years with the cumulative cost of repairs equaling or exceeding 50 percent of the value of the structure. Increased Cost of Compliance for repetitive loss structures is available only in communities that have repetitive loss provisions in their floodplain management ordinances.



FEMA-ICC Program (cont'd)

- A policyholder seeking Increased Cost of Compliance funding needs to file a claim that is separate from the basic claim for flood damages. The money can be used to elevate, demolish or relocate the damaged structure. For non-residential structures, the funds can also be used for floodproofing.
- In some cases, owners may have the opportunity to assign their Increased Cost of Compliance payments to their communities for inclusion in community-sponsored acquisition programs primarily funded by state and federal agencies.
- The total insurance payout including Increased Cost of Compliance coverage cannot exceed \$250,000 for a residence or \$500,000 for a non-residential structure.
- Answers to general flood insurance questions are available from local floodplain administrators, the National Flood Insurance Program (1-800-427-4661), and insurance companies and agents. Information is also available at www.fema.gov and www.floodsmart.gov.
- Insurance agents can provide information about purchasing policies. Names of agents who sell policies are available at 1-800-427-2419.



FEMA-Assistance

- To qualify:
 - Your losses must have occurred in an area covered by a disaster declaration.
 - If you have insurance, you must file a claim with your insurance company.

- You may qualify to receive:
 - Up to \$28,800 for home repair or replacement of essential household items not covered by insurance to make damaged dwellings safe, sanitary and functional
 - Up to \$500 for critical emergency needs associated with the evacuation, including gas and medicine.
 - Short-term rental assistance for either a hotel, apartment, or other shelter.
 - Initial rental assistance may be provided for up to 3 months for homeowners and at least 1 month for renters. Assistance may be extended if requested after the initial period based on a review of individual applicant requirements.



FEMA-How to Apply

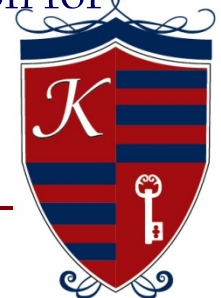
- Register with FEMA. Call 1-800-621-FEMA (3362) or register online at: <http://www.fema.gov/assistance/index.shtm>. ALL APPLICATIONS MUST BE SUBMITTED BEFORE NOVEMBER 12, 2008.

- You will need:
 - ❑ Your Social Security number.
 - ❑ Current and pre-disaster address.
 - ❑ A telephone number where you can be contacted.
 - ❑ Insurance information.
 - ❑ Total household annual income
 - ❑ A routing and account number from your bank (only necessary if you want to have disaster assistance funds transferred directly into your bank account)
 - ❑ A description of your losses caused by the disaster



FEMA-After you Apply

- FEMA will mail you a copy of
 - your application
 - an applicants guide that will answer many of your questions
- An inspector will contact you within 14 days of applying, to set up an appointment to assess your disaster damages.
- You may need to complete additional forms.
- If FEMA determines that you qualify for help, you will receive a direct deposit in your bank account or a check in the mail within 10 days.
- FEMA has implemented an expedited assistance process, providing households with \$2000 in assistance prior to a completed inspection for areas with limited access to properties.



FEMA-After you apply

- If you are a **homeowner** or **renter**, FEMA may refer you to the Small Business Association (SBA). SBA disaster loans are the primary source of money to pay for repair or replacement costs not fully covered by insurance or other compensation. Keep your receipts and take pictures of any damage before repairs.



FEMA-If you are denied assistance...

- You may appeal any decision:
 - Explain in writing why you think the decision about the amount or type of assistance you received is not correct. You, or someone who represents you or your household, should sign the letter. If the person writing the letter is not a member of your household, there must be a signed statement saying that that person may act for you.
 - Include the FEMA registration number and disaster number (shown at the top of your decision letter) in your letter of appeal.
 - Mail your appeal letter to: FEMA - Individuals & Households Program
National Processing Service Center
P.O. Box 10055
Hyattsville, MD 20782-7055

- **IMPORTANT:** To be considered, your appeal letter must be postmarked within 60 days of the date of the decision letter's date. Remember to date your letters.



SBA-Assistance

- SBA offers low-interest disaster loans to **homeowners, renters, businesses of all sizes and private, non-profit organizations.**
 - **Home Disaster Loans:** to homeowners or renters to repair or replace disaster damaged real estate or personal property owned by the victim. Renters are eligible for their personal property losses, including automobiles.
 - **Business Physical Disaster Loans:** to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.
 - **Economic Injury Disaster Loans (EIDLs):** Are working capital loans to help small businesses, small agricultural cooperatives and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.
 - **EIDL Assistance:** Available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration (SBA).



SBA-How to apply

- Homeowners and renters must begin by registering with FEMA. If you haven't already done so, call (800) 621-3362.
- Homeowners and renters who receive a disaster loan application should complete and return it to SBA, even if they are not sure if they will need or want a loan.
- Submit your completed application by visiting the SBA desk at any local Disaster Recovery Center (DRC), or by mailing it to:
Small Business Association,
14925 Kingsport Rd.,
Ft. Worth, TX 76155



SBA-Credit Requirements

- **Credit History:** Applicants must have a credit history acceptable to SBA. (SBA will determine whether credit history is acceptable after receipt of the completed application. SBA encourages all disaster victims to apply for assistance regardless of the applicant's perceived credit history. SBA will obtain a credit bureau report of each disaster loan applicant and review the information to determine if past and present obligations have been or are being met before making a decision)
- **Repayment:** Applicants must show the ability to repay all loans.
- **Collateral:** Is required for physical loss loans over \$14,000 and all EIDL loans over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires you to pledge what is available.



SBA-Interest Rates

By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other resources, or the ability to borrow from non-government sources, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan. Interest rates are periodically adjusted and will be promulgated for each disaster.

	No Credit Available Elsewhere	Credit Available Elsewhere
Home Loans	2.875%	5.750%
Business Loans	4.000%	8.000%
Non Profit Organizations	4.000%	5.250%
Economic Injury Loans	4.000%	N/A



SBA-Loan Terms

- The maximum term is 30 years. However, the law restricts businesses with credit available elsewhere to a maximum 3-years term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.



SBA-Loan Amount Limits

- **Home Loans:** SBA regulations limit home loans to \$200,000 for the repair or replacement of real estate and \$40,000 to repair or replace personal property. Subject to these maximums, loan amounts cannot exceed the verified uninsured disaster loss.
- **Business Loans:** The law limits business loans to \$2,000,000 for the repair or replacement of real estate, inventories, machinery, equipment and all other physical losses. Subject to this maximum, loan amounts cannot exceed the verified uninsured disaster loss.
- **Economic Injury Disaster Loans (EIDL):** The law limits EIDL(s) to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates.
- **Business Loan Ceiling:** The \$2,000,000 statutory limit for business loans applies to the combination of physical and economic injury, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.



SBA-Restriction on Loan Eligibility

- **Uninsured Losses:** Only uninsured or otherwise uncompensated (including insurance deductibles) disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages don't reduce loan eligibility.
- **Ineligible Property:** Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes. Property such as antiques and collections are eligible only to the extent of their functional value. Amounts for landscaping, swimming pools, etc., are limited.
- **Noncompliance:** Applicants who have not complied with the terms of previous SBA loans are not eligible. This includes borrowers who did not maintain flood and/or hazard insurance on previous SBA or Federally Insured loans.



SBA-After You Apply

- The SBA disaster relief program is not an immediate emergency relief program such as Red Cross assistance, temporary housing assistance, etc. It is a loan program to help you in your long-term rebuilding and repairing. To make a loan, SBA has to know the cost of repairing the damage, be satisfied that you can repay the loan, and take reasonable safeguards to help make sure the loan is repaid. The SBA loan application asks for the information needed. The faster you return it with all the needed information, the faster SBA can work on it. SBA tries to make a decision on each complete application within seven to 21 days. Applications filed early can be completed in a much shorter time. SBA processes applications in the order received, so file early. Be sure your application is complete; missing information is the biggest cause of delay.
- Loans over \$14,000 have to be secured. SBA won't decline a loan just because you do not have enough collateral, but does ask for whatever collateral is available. This means that after a loan is approved there are other steps you must take. Usually, the security consists of a first or second mortgage on the damaged real estate. After your loan is approved, SBA will tell you what documents are needed to close the loan. Once you return the loan-closing documents to SBA, they can order the checks. You will receive the money in installments as you need it to repair or replace the damage.



Disaster Recovery Centers

- Lamar State College SBDC
1401 Procter Street
Port Arthur, TX 77640
- Former Postal Office Encoding
Center Facility
750 North Pearl Street
Beaumont, TX 77701
- Port Arthur Civic Center
3401 Cultural Center Drive
Port Arthur, TX 77642
- Northway Shopping Center
3727 N. 16th Street, Suite 100
Orange, TX 77632



Sources:

- Information in this presentation was obtained from the following sources:
 - FEMA
 - Small Business Association “*Fact Sheet About U.S. SBA Disaster Loans*”

- Useful Links:
 - www.fema.gov
 - <http://www.sba.gov/services/disasterassistance/index.html>



Kinsmen Homes:

New Homes & Restoration / Remodeling

- Reach John Ramsey locally at 888-880-8732 ext.1 or email him at: john@kinsmenhomes.com

- Contact our corporate offices at
 - 1310 Interstate10 #204, Beaumont, TX 77707
 - 4801 Woodway Dr. #300E, Houston, TX 77056
 - Phone: 888-880-8732

- Kinsmen Homes is a registered builder and remodeler with the Texas Residential Construction Commission and is fully insured and bonded.

