

1 MS. HEFFERN: We're down to our last
2 presentation of the day. This is the FEMA and SBA
3 overview. We're going to try to stay on schedule as
4 much as possible. I know we've got a PowerPoint
5 presentation ready for that. This is a presentation
6 by Kyle Wilcox and Kerry Finley of the Simmons
7 Perrine law firm. I mentioned earlier in the day
8 that these two agreed to become experts in SBA and
9 FEMA for purposes of presenting to you here today.
10 We did try to see if we could get a FEMA
11 representative or an SBA representative, but as you
12 might imagine, they're all very busy. Kerry is the
13 one who pitched in and helped get the lunches ready.
14 So I'm very appreciative to both of them for their
15 efforts in getting ready for their presentation
16 today, as well as their efforts here today. So
17 Kerry Finley and Kyle Wilcox.

18 MS. FINLEY: So when this all happened, Kyle
19 and I were kind of told that we were going to become
20 experts. We're sort of insta experts, just add flood
21 water.

22 So how many of you have been working with
23 FEMA or SBA yet? Okay. We'll try to share with you
24 what we found. Anybody who has any experience,
25 please feel free to pitch in and give us your

1 insights, because I think for a lot of us, this is
2 really new territory.

3 MR. WILCOX: Right. And when we put this
4 together, I think the main intent was for us to get
5 our attorneys in the office at least conversant in
6 the, you know, general overview of how FEMA and SBA
7 loans work so that when clients call they could at
8 least discuss it --

9 MR. SULLIVAN: I got a hearing problem.
10 Could you use the mike a little more?

11 MR. WILCOX: Sure. Can you hear this
12 better?

13 MR. SULLIVAN: Yes.

14 MR. WILCOX: All right. I'll try to speak
15 up. So there's a lot of material on these slides.
16 It has been put on the Linn County Bar Association
17 website, so feel free to go there and I -- again, I
18 view this as a resource that you might want to use to
19 get general information, you have a quick question.
20 There might be a lot of good information to at least
21 get started. And we have a few other things, some
22 minor issues and what certain people can get
23 unemployment benefits and whatnot.

24 All right. This is just a list, it keeps
25 getting updated almost every day with the FEMA

1 website. But these are the counties that currently
2 qualify for individual assistance. I think there's
3 some confusion among the general public that all
4 counties who have been declared a disaster zone, that
5 they will individually be entitled to assistance.
6 That's not the case. There is public assistance
7 available for certain counties and generally in that
8 individual assistance for just these specifically.
9 But they keep revising this list almost on a daily
10 basis.

11 Our research basically said that register
12 with FEMA no matter what, as soon as possible. That
13 is definitely the starting point for homeowners,
14 renters, businesses, nonprofit organizations. The
15 point of FEMA and the SBA is not to duplicate
16 insurance payments or deductibles, but they do cover
17 expenses that are not otherwise insured. I -- the
18 speakers this morning did mention that -- I think
19 they said that they got the deductible reimbursed for
20 the hospital they were working with, which is
21 obviously contrary to that statement. But I wonder
22 if that's because that was a public charity and they
23 were working with the public assistance program. But
24 that may be worth investigating further.

25 MS. FINLEY: Can you hear me if I talk here

1 or should I go up there? This is probably the
2 hardest part, especially if a small business owner or
3 an individual comes to you and has a loss. You need
4 to keep straight what may be ineligible for FEMA
5 grants, what might give rise to an SBA grant, and
6 what is insured and what type of insurance. So
7 you're going to have to keep straight what kind of
8 damages you have and keep it separate. Is this
9 damage to personalty from sewage backup, is this
10 flood damage to a property that a mortgagee may also
11 have an interest in, or is this just -- or is this
12 business interruption under an entirely different
13 type of policy.

14 So you're going to have to get your policies
15 out, any policies that might be applicable, review
16 them. And then you need to give everybody notice of
17 everything. And I think the lawyers from New Orleans
18 were very clear on that. If you're dealing with a
19 FEMA app and an SBA representative and an insurance
20 carrier, you need to tell FEMA, well, we have -- we
21 think this part of the loss may be covered under
22 insurance, but -- and we're going to submit a claim
23 for that, but we also think that we're going to have
24 extensive uninsured losses and we are going to be
25 looking to FEMA to make us whole -- well, you're

1 never going to be made whole, but we're going to be
2 looking to FEMA to cover those losses. So you just
3 have to -- and you're going to have problems in
4 documenting it. For instance, flood -- this actually
5 happened.

6 There was someone in Cedar Rapids, while the
7 barricades were up, there was damage to a lot of
8 houses in Cedar Rapids from sewage backup and
9 seepage. That damage preceded the flood waters.
10 However -- and there may be insurance coverage for
11 that, limited. Well, you have two -- well, you have
12 several problems. One is, were you there to document
13 it? Because, of course, you weren't most -- you
14 know, a lot of people had already been displaced by
15 that point. So how do you document what was hurt by
16 the seepage and what came in afterwards from the
17 flood water.

18 And, again, I'm going to make this very
19 clear, because mortgagees are very particular about
20 this. If it's personalty, you must keep it separate
21 from the property damage because anything to the real
22 property that there is a mortgage on, those banks are
23 going to be expected to be on those checks. If you
24 can show that it's personalty, arguably -- well, they
25 don't have an interest in that.

1 MR. WILCOX: All right. Here is just some
2 basic FEMA information. The maximum amount of
3 individual assistance that people can currently
4 qualify for is the \$28,800. You can register for
5 your claim on line, by telephone. They've opened
6 four temporary locations around the city. Westdale
7 Mall seems to be kind of the one stop shop for most
8 people, so I would encourage people to go there.
9 That's where the SBA recovery center is. It seems to
10 be the most well staffed.

11 AUDIENCE MEMBER: That Harding middle school
12 office never did open up.

13 MR. WILCOX: It never did. I'll need to
14 correct that. Thanks. FEMA breaks up the assistance
15 that they deliver basically into two categories. The
16 first one is housing needs. This is to fix the
17 structure of the house, get your windows fixed, get
18 your utilities fixed, everything of that nature.
19 They also help people, you know, get temporary
20 housing. Obviously people are displaced, so they
21 need to rent a new place.

22 Can you still hear me? Repair the primary
23 residence. You know, replace the destroyed home.
24 There was some information on the website that in
25 very extraordinary circumstances they'll pay for the

1 reconstruction of a new house for people, but that
2 appears to be only in the most extraordinary
3 circumstances, which probably are not currently in
4 existence.

5 Other assistance that FEMA is providing to
6 people are medical and dental related costs,
7 clothing, household items that were lost in the
8 flooding, utilities, cleaning -- you know, vacuums,
9 dehumidifiers, anything that the people can use to
10 help restore the property, replace their damaged cars
11 that were ruined by the flood, anything like that.

12 Unemployment benefits are something that I
13 don't think a lot of people think about because most
14 employees would qualify anyway if they lost their
15 jobs. However, in the event of a disaster, there's a
16 special program whereby self-employed people and
17 people who may not otherwise qualify because they
18 haven't worked long enough, migrant workers, those
19 sorts of people will qualify for benefits. So that
20 if your client fits in that category, they should
21 contact the Iowa Workforce Development and get
22 registered because they very well may qualify for
23 benefits.

24 They were talking this morning and then
25 Dan Moore again earlier today about legal assistance

1 available to people. Looks like the first number is
2 probably the one that people should use, the one that
3 Dan Moore -- I believe the 515 number may just be
4 their local number. But that is staffed by attorneys
5 around the state and can offer people free legal
6 services as needed.

7 MS. FINLEY: Just some closing comments on
8 FEMA. I think the most important thing is going to
9 be to document and take pictures as the New Orleans
10 attorneys said, separate property if it needs to be.
11 If this is seepage, if this table and couch and
12 collection was damaged because of the seepage and
13 backwater, get those -- at least get a picture taken
14 of them. And I realize that this is too late for
15 some people. I mean, if you walk around
16 Cedar Rapids, there's just huge piles and it's very
17 hard. But go out and take a picture of the pile now.
18 At least you can say, that table was seepage. I
19 mean, try to document as best you can. This is not
20 normal circumstances. Try.

21 The other thing that I have been using is I
22 got the various carriers' loss reports for theft on
23 property and I got their forms, and I just have
24 started doing inventories down there. I mean, at
25 least you have something. And do it as soon as

1 possible. And I would say that for any of you who
2 haven't started doing it, to do it with your own
3 businesses now. I mean, just start making lists of
4 everything that was damaged or lost.

5 And then finally, you're going to need to be
6 persistent probably with FEMA. And I think for
7 several of us who tend to work in maybe the civil
8 areas and don't have a lot of experience with
9 government bureaucracies, we don't really understand
10 how they work -- or we're not -- we haven't developed
11 the patience and persistence that perhaps we are
12 going to need in this.

13 You may get a check and it may be pretty
14 small. You're going to have to tell them immediately
15 that you're going to appeal and you're going to have
16 to tell them why you're going to appeal and talk to
17 17 different individuals and have to learn how to
18 dial a phone and keep pushing numbers, maybe for 45
19 minutes. I was very pleased with myself, I timed it,
20 27 minutes it took me to get a live person out of
21 FEMA, but you just keep pushing the buttons, one,
22 two, select, select, select, and you might get thrown
23 out of the program a few times. Dial back. Start
24 again. It's going -- it will be an experience, I
25 think, for all of us.

1 MR. WILCOX: All right. This is just some
2 basic information for the SBA as people start to get
3 loans. However, like I said on my next slide here is
4 the SBA recovery center which is set up at Westdale
5 Mall. And really that's where you should encourage
6 your clients to go. They have people there from all
7 these organizations that have -- that are present and
8 can talk directly with your clients as needed. As
9 you're well aware by now, SBA does make loans to
10 individuals, renters and small businesses in the
11 event of disasters, not just businesses. There's two
12 types of loans that are given out by the SBA. Those
13 that are -- they call physical disaster loans.
14 Those -- they will loan up to \$40,000 for your lost
15 personal property and \$250,000 to replace any real
16 property that the person may have lost in the
17 disaster.

18 Economic injury disaster loans, those are
19 available to businesses for amounts up to 1.5 million
20 to recover the losses sustained due to business
21 interruption, loss of their property and everything
22 else. These loans -- they are loans, so people need
23 to understand that they are not grants like the FEMA
24 money. They will be paid back, albeit they are low-
25 interest loans.

1 Our research indicated that there's a
2 different interest rate structure for those people
3 who can and cannot obtain credit elsewhere.
4 Generally if you can get money elsewhere, the
5 interest rate is higher, maybe up to 8 percent,
6 versus up to 4 percent. If you can't otherwise
7 qualify. However, the three panelists this morning
8 seemed to indicate that they got their SBA loans to
9 repair their individual houses, so that might be
10 worth looking into further.

11 MS. FINLEY: And that is something
12 important. 80 percent of the small business disaster
13 loans go to individual homeowners and renters, so
14 even though it says small business association,
15 individuals may utilize this service. The important
16 thing is to make sure they understand, they're going
17 to have to pay it back. And especially with more
18 mature clients and depending on the worth of the
19 property, you may want to consider whether that's
20 something they want to do.

21 MR. WILCOX: As people prepare to apply for
22 one of these SBA loans, the small businesses, they
23 have a simple form -- I shouldn't say simple, but a
24 form that they should start with and start, you know,
25 compiling the documents. Homeowners, individuals,

1 they need to get registered with FEMA. The process
2 is then FEMA gives you the information through the
3 SBA. They partially complete the form to the extent
4 that they have the information already and then guide
5 the individual through the process.

6 So individuals need to start with FEMA.
7 Businesses can start either with FEMA or go to the
8 SBA directly and begin the application process. And
9 businesses looking for the economic injury disaster
10 loans should be prepared to provide a lot of
11 information because they're going to want to see
12 income statements, balance sheets, that sort of
13 thing, so that you can substantiate your losses.

14 Very important are the deadlines for getting
15 your applications in for the SBA loans. For the
16 physical disaster loans, it is 60 days from the date
17 of the disaster declaration. So sooner is better.
18 And the economic injury development loan, that is
19 nine months after the declaration date.

20 MS. FINLEY: And just -- I think it's in
21 here, Kyle, but if you go to SBA's website, they have
22 a wonderful tutorial. It takes about a half hour.
23 And they just take you through everything. I was
24 most impressed. I would urge you, anyone considering
25 an SBA either for their own business, or for their

1 clients, to just go to their website and take the
2 tutorial.

3 AUDIENCE MEMBER: What's the date -- what
4 was the date of the disaster declaration so we know
5 when to count the 60 days?

6 MS. FINLEY: It would vary from county to
7 county.

8 MS. ROBERTS: I got my form that says the
9 filing date for mine is July 27th for the physical
10 disaster.

11 MR. WILCOX: For Linn County?

12 MS. ROBERTS: Yeah. It's based on when I
13 registered with FEMA and they sent me the forms.

14 MR. WILCOX: I don't know off the top of my
15 head. I do know that essentially our disaster has
16 been added on to the one that started with
17 Parkersburg on May 28th and every amendment they
18 start adding more counties. So May 28th would be the
19 starting date. I can't help but think they would
20 amend it for the counties that have been added later.

21 MS. FINLEY: I wouldn't make any assumption
22 about a government bureaucracy. I think if you
23 learned anything from the New Orleans lawyers, file
24 early, file often.

25 MR. WILCOX: Assume the earlier date would

1 be the safest thing to do obviously. I saw on one
2 form somebody -- one of the inspectors -- but, see,
3 they're contractors for FEMA, used the 6/16 date,
4 but, again, I would, just in an excess of caution,
5 use the
6 May 28th date.

7 Lots of people don't know that in addition
8 to FEMA and SBA, the state of Iowa has a program that
9 will directly help people affected by the flooding.
10 It does only apply to the low income individuals and
11 they can receive direct assistance, which is a grant
12 of \$3300. They should go to the Department of Human
13 Services website or contact their office in order to
14 get somebody who may qualify for that program to get
15 them some funds.

16 MR. RUSH: Does anyone know what the federal
17 poverty level is currently?

18 MR. WILCOX: Oh, I -- I do some Medicaid
19 planning. I hate to venture a guess. I think per
20 month -- I know that there's a certain number around
21 \$1800 a month, but I'm not going to venture a guess
22 what it is right now. I know it's low. The IRS,
23 they have a disaster loss kit, so if you're --
24 somebody's trying to recreate their tax files,
25 documents, anything of that sort, I would encourage

1 you to call this number and get some help in that
2 manner.

3 The IRS did give extensions for any filings
4 that may be due during the month of June. Mostly
5 it's going to apply to second quarter estimates for
6 people are not due until July 28th. However, it
7 dawned on us last night that we hadn't looked into
8 what did the Iowa Department of Revenue decide.
9 Well, they decided to piggyback on the federal grant
10 of the extension, but the -- since the Iowa estimates
11 aren't due until the 30th of June, they don't apply
12 to the extension, so your Iowa estimates are still
13 due June 30th, if that makes any sense. So pay your
14 Iowa estimates -- your federal estimates are not due
15 until the 28th of July. And they will try to
16 expedite any refunds that your clients may be
17 entitled to.

18 A few tax considerations for people. For
19 those of you who practice much tax law, you know that
20 you can deduct your casualty losses, but only to the
21 extent that they exceed your adjusted gross income by
22 10 percent, and there's a -- plus a \$100 de mittimus.

23 The nice thing in the event of a declared
24 disaster area where the loss was sustained is that
25 the taxpayer can decide whether to, in this case,

1 claim it on the 2007 return or wait and claim it next
2 year on the 2008 return. So depending on the
3 person's AGI level for each of the years, if they
4 have any other casualty losses that they may be able
5 to stack on top of each other, they could do what's
6 in their best interests in order to take the greatest
7 deduction and get the best tax benefit. And also by
8 amending last year, they can get a quick refund
9 through the expedited refund process and get some
10 quick cash that way.

11 MS. FINLEY: You can also -- and there are
12 people in this room so much more knowledgeable than I
13 am about tax that it scares me to even open my mouth
14 about it. But I believe that for those of us who
15 have temporary offices that are our permanent offices
16 were not available to go to them, we are allowed some
17 mileage.

18 MR. WILCOX: That's correct. If you are in
19 a temporary work space, and I believe that is defined
20 as you're going to be there less than a year, you can
21 essentially deduct what otherwise would be commuting
22 expense at the federal mileage rate, which is
23 currently 50-1/2 cents, and as of July 1 it's going
24 to 58-1/2, I believe, they're bumping it up,
25 obviously due to the gas prices. But that's another

1 opportunity for people who have been affected and
2 have to relocate their offices, get a greater
3 deduction.

4 MR. KUBICEK: Kyle, is that mileage from
5 home to temporary office or from your prior office to
6 temporary office?

7 MR. WILCOX: I believe that it is -- I think
8 it's from your home the way the regulations read. I
9 was just looking at that yesterday and I would double
10 check that.

11 MR. McLEOD: What if you have a permanent
12 office but a temporary home?

13 MR. WILCOX: That I don't know the answer
14 to.

15 MR. McLEOD: What if you're living 30 miles
16 away from your office?

17 MR. WILCOX: That's a great question.

18 MR. RUSH: Or what if you have a temporary
19 home and a temporary office?

20 MR. WILCOX: Then you got two moving targets
21 and lot of research to do. It seems to make sense
22 that it would be the additional miles that you're
23 traveling every day, but the way it reads is the
24 regulation or the publication that we were reading
25 yesterday, it is not entirely clear and we decided

1 that we believe that it's from your residence to the
2 temporary office space.

3 Lastly, this is our last slide, insurance
4 proceeds, a lot of people are under the assumption
5 that that is not taxable. In fact, it is. There is
6 a section, 1033, that is extremely similar to
7 Section 1031, who those of you who do a lot of real
8 estate work are familiar with, whereby the taxpayer
9 can roll that insurance money into a replacement
10 property, maintain the basis in the damaged property
11 and essentially defer the gain. The -- typical 1031
12 exchange, it's 130 days to purchase your replacement
13 property. Here it's two years.

14 And also the insurance proceeds are only
15 taxable to the extent that they exceed the taxpayer's
16 basis in the property. So lots of people it's not
17 going to affect because if they have, you know, a
18 hundred thousand dollars for the property and they
19 get reimbursed for the 90,000, they paid the 100,000,
20 it's not a gain. But I can conceive of a situation
21 where somebody has owned a piece of commercial real
22 estate for many, many years, very low basis, they
23 have it now adequately insured for the fair market
24 value, get a big insurance settlement and they need
25 to make a decision about whether they are going to

1 roll that money into a new asset and defer the gain.
2 Otherwise it will be taxable.

3 MS. FINLEY: One last thought, and then --
4 we're almost staying on time. With FEMA, the magic
5 words when you're writing these appeals, because
6 they're not going to give you very much out of the
7 gate, when you're trying to get more, is that you are
8 looking for help with emergency repairs and needs.
9 It is not anywhere close to insurance. That's not
10 what it's intended for. They only want to get the
11 homes back to the point that they're livable. So
12 keep using emergency repairs and needs as often as
13 you can, so they understand that you're not trying to
14 be made whole. But this is the money that's needed
15 to get sinks back in and make the house livable. And
16 then my last thought that I didn't know the answer
17 to, I'm assuming that FEMA grants are not taxable,
18 but I have absolutely no authority for that.

19 MR. WILCOX: We did not look at that yet.
20 I'm not going to say definitively. I'm extremely
21 confident or can't help believe that it is not
22 taxable, but I cannot give you a citation or any
23 authority other than my inclination, which can be
24 wrong, believe it or not.

25 AUDIENCE MEMBER: I have a question about

1 the -- like 28-8, what do you have to use that for?

2 If they pay it to you, if they put it in your

3 checking account, what do you have to use it for?

4 MS. FINLEY: They're supposed to give you a

5 letter. Your check is -- your FEMA check is supposed

6 to come with a letter that says, we looked at it and

7 here's why we got -- here's why you got this amount

8 and here's what you can do with it. Okay? Well, the

9 one person I've had who's received a check so far,

10 she got a check. I mean, nothing. So, I mean, I

11 don't know. I looked at it -- I have no idea if

12 that's on account of her house -- probably the safest

13 thing to do would be to put it in -- is to open up a

14 separate bank account at your bank, put the funds in

15 there and then just keep a very good record of what

16 you've spent it for. And then I did request

17 information and we'll see if I get it.

18 AUDIENCE MEMBER: My question is if you get

19 that money and you know that you can never fix that

20 house, do you walk?

21 MS. FINLEY: Well, I think that you would

22 probably have a lot of emergency needs that I could

23 think of.

24 AUDIENCE MEMBER: All right.

25 MS. FINLEY: I think you'd have to spend it

1 on relocation costs. I think you would have lost
2 your clothes. I think you could probably pretty
3 quickly come up with \$28,000 worth of emergency
4 needs.

5 MR. SULLIVAN: Is there some requirement to
6 report back to the FEMA people what you used the
7 money for?

8 MS. FINLEY: I don't -- again, I don't know
9 because the letter that I was anticipating would
10 accompany the check didn't happen. I think your
11 biggest issue is avoiding any fraud. I mean, any
12 audits. So if you have your documentation, I think
13 you should be fine. Unless they tell you
14 differently. I have not seen anything from FEMA
15 saying you have a reporting obligation.

16 MR. SULLIVAN: So what you got doesn't even
17 tell you you have a right to appeal?

18 MS. FINLEY: No. I just called and then
19 appealed. But, yeah, no, it was a check.

20 MR. McLEOD: Do you do the appeal by phone?

21 MS. FINLEY: No. It must be in writing. I
22 found this out on the phone. It must be in writing.
23 You must include the FEMA claimant's name and you
24 must include the FEMA claimant's number.

25 MR. McLEOD: Are there forms, a FEMA form?

1 MS. FINLEY: No.

2 MR. McLEOD: How did you find out how to do
3 it?

4 MS. FINLEY: That was my 27 minutes on the
5 phone until I got a live person. And I did write her
6 name down. That is -- just -- I don't know that it
7 will matter, but . . .

8 AUDIENCE MEMBER: The 28,800, now, is that
9 per household or can the husband make a claim for
10 28,800 and then the wife make -- in the situation I'm
11 thinking of, we've got a road that's washed out,
12 private road, plus the house that was destroyed. Can
13 you have two separate claims and wife make one claim
14 and the husband make another? How's that work, if
15 you know?

16 MS. FINLEY: I think it -- I don't know. My
17 feeling would be that it's going to be per property.

18 MS. ROBERTS: Invest 20 minutes on the phone
19 and --

20 AUDIENCE MEMBER: It is per household.

21 MS. ROBERTS: Would that apply if they were
22 renters?

23 AUDIENCE MEMBER: They would have to be able
24 to document that they actually maintain a separate
25 household. Because if FEMA gets a claim from more

1 than one individual at the same address, then that
2 will probably automatically trigger an audit and
3 they're going to have to be able -- the people who
4 live in that household, each individual, will have to
5 be able to document that they pay all their expenses
6 separately. They're going to have to be able to
7 prove it somehow.

8 MR. McLEOD: Has anybody made a FEMA claim
9 for a client personally and for business?

10 MR. RUSH: Yes.

11 MR. McLEOD: Because what I've been told or
12 what I'm hearing is that you have to give a -- to
13 make a FEMA claim for a corporation or business, they
14 have to have a personal Social Security number. They
15 don't take a tax I.D. number. You have to give --
16 and you have to give a name, a person, like if I want
17 to make a claim for a law firm or whatever, you have
18 to do it under an individual. And the sticky part of
19 it is if someone has already made a claim at that
20 address for -- personally, then they're saying that
21 you can't then make a separate claim for the
22 business. You have to do it all at the same time.
23 Because you start going through all the information
24 for your business, if it's the same address, the same
25 name, all the same information, they say, well,

1 you've already made a claim.

2 MS. ROBERTS: Is the business in the
3 person's home?

4 MR. McLEOD: Yes.

5 MS. ROBERTS: That's the situation I've got.

6 MR. McLEOD: Can you go back and amend? And
7 they say well, no. So how do you ever make another
8 claim for your business?

9 MS. ROBERTS: Are they trying to apply for
10 FEMA assistance?

11 MR. McLEOD: Just FEMA.

12 MS. ROBERTS: Well, generally FEMA's main --
13 so the business wouldn't be able to make a claim for
14 that.

15 MS. HOFFMAN-SIMANEK: They do tell you to
16 register through FEMA to begin with. And you say no.
17 Well, go register with FEMA. So you're saying in
18 that particular spot, then you're in a hard spot,
19 because you've already registered as an individual
20 with a residence and --

21 MR. McLEOD: They direct us to SBA, is what
22 they do. But that bothers me a little bit too. If
23 you haven't registered with FEMA, they say, well, go
24 register with FEMA.

25 MS. FINLEY: And, again, individuals have to

1 register with FEMA first. Businesses may register
2 with FEMA first or the SBA if they're not going to go
3 after FEMA funds.

4 MS. KNOLL: In a similar situation, we have
5 a partnership, and then we each individually owned
6 the things in our offices. Are we going to do one
7 for our partnership and one for each of us?

8 MS. FINLEY: All right. I -- you have a
9 partnership and individual business?

10 MS. KNOLL: We have a partnership that owns
11 some of our property and we each own the furniture
12 and computers in our offices, which won't be covered
13 by our household because we keep them at our office.

14 MS. FINLEY: I would certainly try to file
15 individually.

16 MS. KNOLL: They're going to ask for the
17 Social Security number of each of us.

18 MS. FINLEY: And then they're going to
19 realize you're all at the same address and then
20 you're going to fight with them.

21 MS. KNOLL: That's what I was afraid of.

22 MR. WILCOX: I don't know if it's kind of
23 related, but there's been a lot of discussion lately
24 about homeowner's association and condo's, and how
25 much qualifies for the individuals, and we did some

1 looking into that. And they informed me that the
2 association does qualify itself for the 1.5 million
3 dollar loan and then all the individual owners can
4 also go get the -- up to the 250 for their individual
5 unit, which presumably might be used to turn around
6 and pay off the 1.5 million dollar SBA loan taken out
7 by the association that's going to be a special
8 assessment. And plus they're -- you know, there --
9 our situation actually was going to be the
10 association was going to need a lot more money than
11 1.5 million, so they were going to have to assess
12 their owners considerably more than 1.5 million, so
13 they were assuming that each individual renter is
14 going to need to go get a pretty substantial loan up
15 to the \$250,000 level, pay a considerable amount of
16 that into the association in order just to improve
17 the common areas and get the place up and running.
18 And the SBA said that that is -- that's the way it
19 works.

20 MR. McLEOD: How does the homeowner's
21 association apply with FEMA?

22 MR. WILCOX: I think they go down to
23 Westdale Mall.

24 MR. McLEOD: No, but is it done with an
25 individual's Social Security number? Because that's

1 what I was told when I tried to apply.

2 MR. WILCOX: I don't know. I would think
3 it's either a Social Security number or their
4 taxpayer identification number. I don't know. But
5 they said that whoever is the, you know, president or
6 authority who has, you know, the authority to act on
7 behalf of the organization just needs to go down
8 there and register.

9 MS. HEFFERN: I promised the History Center
10 we'd be out of here by four, so if we've got just a
11 few last questions, that would be good.

12 MS. PARKER: I worked with the Alpha Chi
13 Omega sorority that was demolished in Iowa City. We
14 were not a federal disaster area so FEMA was not
15 involved. The sorority applied for an SBA loan. We
16 still have not gotten the proceeds from the SBA. The
17 SBA loan is also tied into your insurance, or at
18 least that's what we are finding, and you have to
19 assign your insurance proceeds over to the SBA. So
20 in essence you pay them back.

21 Our insurance proceeds are not going to pay
22 for the full amount of the building of the property.
23 And so we've renegotiated, but it's taken us almost
24 two years to renegotiate with the SBA to provide us
25 with additional funding. The loans are great, low

1 interest rate, but it takes a long time, and they
2 have been very good to work with. It's just very
3 time-consuming to get all the information to them and
4 we were fine and we were going to get our money, and
5 then we would get a payment from our insurance
6 company. And then we'd have to go back to the SBA
7 and then they would rewrite our loans.

8 So that was the situation and why it's taken
9 so long for us. So don't expect or have your clients
10 expect that they're going to get money from the SBA
11 necessarily right away.

12 MS. ALT: By the way, when Gary Streit was
13 here a little earlier, as he was leaving, he said the
14 only thing you might want to add is that the Chamber
15 of Commerce is going to have some money that's going
16 to be available to small businesses. They're going
17 to announce that next week. He thought -- from what
18 I gathered, he said he thought it was very important
19 to say that there's no reason that law firms wouldn't
20 be included in that Chamber money that's going to
21 become available, and he was talking, I think, in the
22 neighborhood of \$25,000 per small business.

23 MS. BEYER: I just had a comment. Pat of
24 our office, who's a legal assistant, worked with FEMA
25 for a couple years, and she told us, and this may be

1 outdated and I don't have any authority for it, but
2 I'm passing it along. She said they told everyone to
3 keep receipts for what they purchased with the money,
4 that they would be audited in two years, and if they
5 misspent the funds, they would have to pay them back.

6 MR. WILCOX: I think that's good advice.

7 MR. McLEOD: Thank you.

8 (APPLAUSE)

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