
NATURAL DISASTER RECOVERY PROVISION (NDRP) FOR CDBG ECONOMIC DEVELOPMENT REVOLVING LOAN FUNDS

The NDRP Scope and Guidelines

This program is meant to provide financial assistance to businesses not available through other sources, such as the Small Business Administration (SBA) Disaster Loan Programs, and USDA Rural Development Business Enterprise Grant RLFs. Affected businesses should explore such resources whenever possible to ensure the maximum benefit of limited public funds. This program may help to fill a gap where some needy businesses do not meet the minimum requirements to receive a SBA loan, or do not have the short term financial wherewithal to meet the SBA terms and conditions.

Summary

The NDRP will:

- Provide low-cost, easy-to-access financing to small businesses affected physically or economically by the natural disaster;
- Enable small businesses to remain and thrive in the community;
- Allow resources to be deployed as quickly as possible by keeping it local and close to the ground;
- Allow the funds to be strategically targeted in your area where most needed;
- Promote cooperation amongst RLFs, with the end result of a redistribution of RLF funds upwards to the county level which would allow for greater long term utilization in your area rather than the funds reverting back to Commerce.

NDRP is a loan program administered by county RLFs directly assisting small businesses. Counties are empowered to make short term, no interest loans of existing RLF funds to local businesses in response to governor-declared natural disasters using simplified underwriting requirements. Each participating county adopts NDRP changes to their RLF Manual specifying the administrative requirements and loan terms to be made available.

1. Only one loan may be given per legal business entity as determined by registration with Department of Financial Institutions or tax filings.
2. Loans are available to businesses demonstrating actual or reasonably expected economic hardship attributable to the specific recognized natural disaster activating the provision.
3. Loans up to \$20,000 are allowed for working capital and/or equipment. (Assistance is limited to exclude DBRA-treated uses as was the case with FRSB.)
4. Loans are at 0% for up to 24 months with payment in full due on the first day of the 25th month since the disbursement of the first funds. This is the "base term" of the loan.
5. Loans may be refinanced for a period not to exceed 5 years at the end of the base term. Refinanced loans are underwritten as regular RLF loans, will be issued in compliance with the non-NDRP provisions of the RLF manual, and may incur additional fees.
6. Loans require corporate guarantees and unlimited personal guarantees for each owner of 20% or more of the business.

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7. RLFs may re-designate outstanding loans as NDRP loans if the business meets NDRP underwriting guidelines. Re-designation is also available for loans being underwritten at the time the NDRP provision is activated. This term would allow RLFs to quickly offer new, temporary financing terms to existing borrowers complying with all loan conditions at the time of the natural disaster. Borrowers out of compliance with existing loan terms should negotiate specific amendments or workouts with the RLF in line with standard collection and default procedures.
8. NDRP lending terms and conditions supersede terms and conditions specified in the RLF manual. All loan terms and conditions not specified under NDRP must conform to the remaining sections of the RLF manual.