



HURRICANE HARVEY
RELIEF FUND FOR TEXAS
SMALL BUSINESS

DOCUMENTATION AND ELIGIBILITY FOR FEDERAL GRANT FUNDING

Texas Back in Business grants are funded through Community Development Block Grants for Disaster Recovery (CDBG-DR) from the U.S. Department of Housing and Urban Development (HUD). In order to qualify for funding through HUD's CDBG-DR program, Texas Back in Business must help you submit the necessary documentation to prove a remaining unmet need and qualifications for eligibility under federal rules.

Texas Back in Business is processing applications through a comprehensive underwriting process in a computer-generated randomized order. If selected for underwriting, the items you need to upload immediately to begin the process are: tax returns, the Duplication of Benefit Certification Form, Consent to Release Information Form, Working Capital Loss Worksheet, and proof of losses. A more in-depth look at the underwriting process needed to be completed to qualify for funds is included below.

Basic Business Documents (this information is needed to verify applicant business' eligibility under federal rules and regulations):

- CAGE Code (applicants will be provided with instructions, if needed. Registration is free of charge and can be done at <https://www.sam.gov/SAM/>)
- DUNS Number (Please let TBIB know if you need assistance with this)
- 2019 W-2 (if applicable)
- Copy of Owner's Driver's License
- Business Location Photos
- Documentation of ownership of the Company
- Conflict of Interest Form
- Job Retention Affidavit (if applicable; must be notarized and signed by all owners with at least 20% ownership)
- Child Support Affidavit (must be notarized and signed by all owners with at least 20% ownership)

Business History and Viability Documentation (this information is needed to establish applicant business' unmet need for working capital and base for eligible grant award):

- Business Tax Returns: 2016 (applicable, if was in business in or before 2016)
- Business Tax Returns: 2017
- Business Tax Return: 2018
- Business Tax Returns: 2019 (if available)
- Profit and Loss Statements (2016-2018 if available)
- Working Capital Loss Worksheet (applicants will be provided with a template and instructions)
- Month to Month Balance Sheets Aug 2016- Aug 2018 (if available)

Lost/Destroyed Inventory and Moveable Equipment Documentation (if seeking grant assistance for said items and equipment):

- Proof of loss such as insurance claims, detailed photographs of damage, detailed inventory replaced because of damage
- A list of items, with attached photographs or detailed description, to be replaced or repaired and the estimated costs
- Evidence of pre-storm ownership of the items using invoices, receipts, prior year tax returns or depreciation schedules, insurance claims, detailed photographs, or detailed inventory
- Documented proof of pre- and post-Hurricane Harvey equipment values
- A schedule of items the business proposes to purchase including vendor and cost. Items should be like-kind replacements but do not need to be identical, or from the same year or in the same condition.

Documented Impact from Hurricane Harvey:

- A proof of loss statement from an insurer, the Small Business Association (SBA), or the Federal Emergency Management Agency (FEMA)
- Financial statements for the applicant business, preferably certified by a licensed third party
- Photographs of damaged inventory or equipment
- Utility bills indicating power outage from the storm
- Documentation from a third-party indicating business was directly affected by the hurricane based upon city data on inundation or power outages affecting the business' specific location.

Documentation of Assistance Received:

- Consent to Release Information Form Signed
- Duplication of Benefit Certification Form with supporting documents
- SBA letter demonstrating assistance, rejection or approval, or evidence of applicant submission (if applicable)
- Documentation of any Hurricane Harvey-related assistance received, rejected or expected-to-be-received by local, state or federal government (if applicable)
- Insurance policies in force on or after August 25, 2017 and any information regarding whether the assistance was received, rejected or yet-to-be received (if applicable)
- Any private loans or grants related to Hurricane Harvey, - including private funding- received, rejected or yet-to-be received (if applicable)

How do you qualify under HUD's CDBG-DR rules?

- **If any of the following affected your business, you may be eligible for a grant:**
 - You had to close your business location because of the storm, but still had to pay its rent, utility bills or salaries and benefits for your employees demonstrating the need to do so to be able to reopen.
 - You did not have enough financial reserves to replace or repair (moveable) equipment and had to take out a loan to repair or replace equipment, which can be proven to have been operational before the storm.
 - You were not able to replace or repair pre-storm owned and operational equipment/pre-storm inventory damaged during Hurricane Harvey needed to continue pre-storm business operations.

- You had to rent equipment to remove debris or perform clean up after the hurricane to make your business operational.
- Your business remained open after hurricane Harvey, but experienced storm-related damage, such as proven damage to movable equipment or damaged/lost inventory.
- You had to pay extraordinary expenses related to hurricane Harvey.

As the federal agency funding the program, HUD determines what is and is not eligible for grant funding. Below, Texas Back in Business outlines examples of what is eligible and ineligible for grant funding under federal rules.

- **Grant-Eligible Expenditures and Costs:**
 - Purchasing Movable Equipment: Equipment items that got destroyed/damaged during Hurricane Harvey (and were not covered by the insurance policy, if one was in effect as of August 25, 2017) and are needed to continue pre-storm regular business operations.
 - Financing Inventory: Purchasing or replacing inventory that was lost or damaged during Hurricane Harvey and maintaining its optimal levels.
 - Working Capital: Funds used to pay creditors on a timely basis, payroll for staff (i.e. salaries and benefits), manage short-term debts (e.g. bank loans, wages, lease or mortgage payments, insurance, such as property insurance, liability insurance, worker's compensation), meet miscellaneous day-to-day business expenses, such as advertising, marketing and promotion costs, utilities, phone bills, office supplies, trash removal.
 - Similar business costs not associated with construction or expansion of existing facilities.
- **Ineligible Grant Expenditures and Costs:**
 - Renovation, repair, or improvement to buildings
 - Purchases of equipment that must be affixed to a building
 - Acquisition of real property
 - Reimbursement for inventory or equipment purchased prior to the award (CPD Notice 15-07)
 - Any pre-hurricane working capital expenses
 - Purchase of alcoholic beverages
 - Relieving bad debts
 - Paying for staff entertainment
 - Settling governmental fines, penalties or damages resulting from violations
 - Paying for lobbying activities
 - Suing the federal government
 - Buying out any stockholder or equity holder in the business
 - Buying out or reimbursing any family member
 - Investment in instruments for the sole purpose of a return on investment
 - Idle capacity/facility cost recovery (costs of maintenance, repair, rent, insurance, interest, taxes, depreciation)
 - Replacement of lost income or revenue
 - Paying all or part of the outstanding balance on an SBA loan