

DISTRICT OFFICE DISPATCH

FY 2010—3rd Quarter

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The fact is, a manmade or natural disaster could strike any business at any time.

PLANNING FOR THE WORST

A Message from the District Director

Imagine a category 4 hurricane is headed straight for South Carolina and your business is in its expected path. Would your vital records get swept away? Would you have an alternate location from which you could run the business if your office were destroyed?

Now, imagine that you arrive at your office and find that a malfunctioning fire sprinkler has flooded the building. Would you be able to access your business data even if your computer servers were damaged? Would your insurance cover the costs of destroyed inventory?

In other words, **would your business be prepared?**

The fact is, a manmade or natural disaster could strike any business at any time. For a small business, closing for just one day can often mean huge financial losses. Of course, bouncing back from a disaster can be much easier if small business owners take proactive steps to protect key assets and maintain continuity of operations as much as possible.

That's why this issue of the South Carolina District Office Dispatch features basic advice and a listing of online resources to help ensure that your business can rebound and rebuild if disaster strikes. For dealing with the results of disaster, such as property damage and economic loss, there's also information on the SBA's disaster loans for businesses.

As small businesses are leading America's economic recovery, many of them are investing time and money into their plans to grow and create jobs. Developing a strong disaster preparedness plan should be a critical and integral piece of those efforts.



Elliott O. Cooper, District Director
 SBA South Carolina District Office

Small Business and the Affordable Health Care Act

The new health reform law – the Affordable Care Act – provides both affordable health insurance coverage and tax relief for small businesses. First, it offers tax credits for small employers who pay at least half of their employees' health insurance premiums. Starting this year, businesses with fewer than 25 employees who make an average of \$50,000 or less may be eligible for a credit of up to 35 percent of the premiums they pay on their employee's behalf. In 2014, that credit will increase to up to 50 percent.

Also in 2014, health insurance "exchanges" for small businesses will open in every state. Currently, small businesses pay as much as 18 percent more than large firms for the same coverage. The exchanges will allow businesses with as many as 100 employees to pool their risk together, lower their administrative costs and negotiate more effectively with insurance companies. This could help drive down premiums by as much as 4 percent in the marketplace of small-business health plans.

Even if a small business owner with 50 or fewer employees still decides not to buy health insurance, there is no penalty. In this case, small business workers will be able to use individual tax credits to shop for insurance in the exchanges. And it's important to note that 96 percent of businesses with more than 50 employees already offer coverage.

For more information about how the Affordable Care Act will help small business, visit www.healthcare.gov.

Helping small businesses **start**,
grow and **succeed**.



Your Small Business Resource

GET PREPARED: DISASTER PLANNING

For All Disasters

General

- Familiarize yourself with possible disaster scenarios.
- Back up all data using either external media or an online backup source.
- Plan how you can repair or replace any necessary equipment.
- Plan alternate worksites should your current location become unusable.
- Make copies of vital records and store offsite.

People

- Make emergency contact lists of all employees, contractors, clients and vendors.
- Create an emergency communication plan for staff.
- Determine critical vendors and find potential alternatives.
- Form an emergency payroll plan.
- Give every employee a copy of your company's disaster plan.

Insurance

- Review your current policies and identify what records insurance providers need after a disaster.
- Make lists of inventory and equipment for insurance purposes.
- Consider investing in additional insurance, such as business interruption insurance.

Utilities

- Learn how to turn off utilities and when it's necessary to do so.
- Discuss alternatives for vital utilities, such as generators with your service providers.

For Hurricane

South Carolina is one of the nation's most at-risk states for hurricanes.

- Move the uninterruptible power supply to the highest point possible above the floor.
- Use plywood/windstorm shutter over windows and doors and ensure outdoor signs are braced.
- Remove as much as possible from the floor.
- Repair/fill aboveground tanks with water.
- Shut off gas and, if possible, disconnect the main electrical feeds.
- Fill fuel tanks of company vehicles and generators.

For Flu Season/Pandemic

Even if there's not a pandemic, regular flu season can turn into a disaster if critical employees are absent.

- Cross-train employees to perform business critical functions.
- Encourage sick employees to stay home. For example, consider implementing sick leave and telework policies.
- Consider minimizing face-to-face meetings by using phone and web conferencing.
- Send home employees exhibiting flu-like symptoms.
- Provide tissues and hand sanitizers in the workplace.

For Earthquake

Although there have not been any recent large earthquakes, South Carolina is extremely susceptible to earthquake activity.

- Consider using fasteners to keep equipment from falling.
- Attach latches to cabinet doors and/or fasten shelves to walls.
- Keep large and heavy objects on lower shelves.
- Store toxic and flammable products on lower shelves in secured cabinets.
- Repair deep ceiling and foundation cracks, defective wiring, and leaky gas connections.

For Flooding

Just a couple inches of water can cause thousands of dollars in damage.

- Locate the main gas and electrical shut-offs and anchor fuel tanks.
- Elevate inventory and electronic equipment.
- Raise elevators to the 2nd floor and shut off.
- Contact your insurance agent to verify policy coverage. If you don't have flood insurance, consider buying it.
- Prevent floodwater from backing up into sewer drains by using plugs or installing flood vents or flood-proof barriers.

For Fire

According to ready.gov, fire is the most common business disaster.

- Install smoke detectors and fire extinguishers.
- Consider installing or requesting fire-resistant doors and walls and automatic sprinkler systems.
- Have your office inspected for fire safety and fire code compliance.
- Instruct employees on how to use fire extinguishers.

For Hackers

Cybercrime against small businesses is increasing rapidly because they often make easy targets.

- Report the incident to your local FBI office and to the Internet Crime Complaint Center at www.ic3.gov.
- Regularly back up all files, data and communications.
- Of course, prevention is key. Frequently change passwords, ensure anti-virus protection and firewalls are up to date, consider using web filters, and educate your employees on best practices.

GET PREPARED: DISASTER RESOURCES

Online Resources

www.ready.gov/business

<http://www.sba.gov/services/disasterassistance/disasterpreparedness>

www.business.gov/manage/emergency-preparedness

www.fema.gov

www.disasterassistance.gov

www.cdc.gov/niosh/topics/emres/business.html (Management planning guide resources from the Centers for Disease Control)

www.floodsmart.gov

www.flu.gov

www.irs.gov/businesses/small/article/0,,id=180547,00.html (Tips on safeguarding business records)

www.preparemybusiness.org (A joint SBA-Agility Solutions initiative)

www.disastersafety.org

www.uschamber.com/bclc/programs/disaster

www.redcross.org

www.score.org/disaster_preparedness.html (SCORE is a resource partner of the SBA)

www.scinsnews.com (South Carolina Insurance News Service)

www.scemd.org (South Carolina Emergency Management Division)

Post-Disaster Assistance

No matter how much you prepare, a disaster can still be, well, disastrous. And so it's good to know that you have financing options to help keep your business afloat after many natural and large-scale manmade catastrophic events.

The SBA provides disaster loans to businesses of all sizes in the event of a declared disaster. Since 1953, the SBA has provided nearly 2 million disaster loans totaling around \$47 billion. SBA disaster loans typically feature below-market interest rates and terms of up to 30 years. The SBA offers two types of business disaster loans: **Physical Disaster Loans** and **Economic Injury Disaster Loans**.

- **Physical Disaster Loan** proceeds can be used to replace damaged physical property not compensated for by insurance. Physical property includes real estate, inventory, supplies, machinery and equipment. The maximum amount of a physical disaster loan is \$2 million.
- **Economic Injury Disaster Loans** provide working capital to businesses that have experienced economic losses as the direct result of a disaster, even if no property was damaged. The maximum loan amount is \$2 million.

For more information, see www.sba.gov/disasterassistance.

In addition, the IRS can offer tax relief to businesses affected by federally declared disasters. For more information, see www.irs.gov/irs/article/0,,id=203056,00.html.

DOLLARS AND SENSE

Saving Your Business Money

HIRE Act Tax Breaks

Under the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers.

The first, referred to as the payroll tax exemption, provides employers with an exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010 through December 31, 2010.

In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000.

Free Business Energy Audits

The South Carolina Energy Office has received \$1.7 million from the American Recovery and Reinvestment Act funding to provide free energy assessments and audits for private, for-profit entities. These audits can provide practical guidance for how business owners can slash their utility bills, freeing funds for other purposes.

The need to cut utility costs is clear. In South Carolina electricity prices have risen more than 22 percent in the last 10 years, while natural gas prices have skyrocketed almost 100 percent according to the U.S. Department of Energy.

Businesses that own their facilities and can provide records of energy bills for the past year may be eligible to receive energy assessments, energy audits and other energy-related technical assistance.

To learn more or to apply to receive an energy assessment, please visit <http://www.energy.sc.gov/etap>.

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Your Small Business Resource

The U.S. Small Business Administration was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect small businesses; to preserve free competitive enterprise; and to maintain and strengthen the nation's economy. Although SBA has grown and evolved since 1953, the bottom line remains the same: helping small businesses to start, grow and succeed.

FY 2010 3RD QUARTER LENDER PRODUCTION TOTALS

10/01/2009— 06/30/2010

7(A) LOANS

LENDER	# LOANS	\$ AMOUNT
Superior Financial Grp.	41	572,500
Wells Fargo	27	11,228,200
BB&T	23	1,396,000
Borrego Springs Bank	22	1,308,200
Carolina First Bank	14	14,309,400
Bank of Travelers Rest	13	4,035,600
BCI Lending	12	9,745,000
Business Dev. Corp. of SC	11	3,548,000
SunTrust Bank	10	926,800
Live Oak Banking Co.	8	7,122,000
Community South	7	5,762,500
Center Bank	7	135,000
Bank of North Carolina	4	1,838,500
First Financial Bank	4	1,442,100
First Chatham Bank	3	2,843,600
First Intercontinental Bank	3	1,330,000
American Business Lending	2	1,991,500
Newtek Small Business Finance	2	866,000
First Western SBLC	2	472,200
Fifth Third Bank	2	431,800
Atlantic Community Bank	2	152,000

Bank of America	2	38,000
Excel National Bank	1	1,666,000
Embassy National Bank	1	1,425,000
Horry State Bank	1	1,400,000
Noa Bank	1	1,040,000
Metro City Bank	1	650,000
Beach First Bank	1	475,000
CIT Small Business Lending Corp.	1	332,000
Independence Bank	1	275,000
South Atlantic Bank	1	275,000
Pendleton Community Bank	1	180,000
Carolina Premier Bank	1	170,000
First Federal	1	80,000
RBC Bank	1	60,000
Truliant FCU	1	50,000
American Community Bank	1	42,100
Heritage Community Bank	1	35,000
SouthCoast Community Bank	1	35,000
Stearns Bank	1	35,000
Western State Bank	1	35,000

TOTAL 256 \$79,755,000

504 LOANS

Certified Development Company	# LOANS	\$ AMOUNT
Certified Development Corporation of SC	12	6,184,000
Appalachian Development Corporation	9	5,551,000
Provident Business Financial Services	4	1,114,000
CSRA Local Development Corporation	3	1,048,000
Small Business Assistance Corporation	2	487,000
Catawba Regional Development Corporation	1	396,000

TOTAL 31 \$14,780,000