pre-disaster mitigation community in which the business is located. (The local or State coordinator's written statement does not constitute an endorsement or technical approval of the project and is not a guarantee that the project will prevent damage in future disasters).

#### § 123.409 Which pre-disaster mitigation loan requests will SBA consider for funding?

- (a) SBA will consider a loan request for funding if, after reviewing a complete application, SBA determines that it meets the following selection criteria:
- (1) Your business satisfies the requirements of §§ 123.401, 123.402 and 123.403;
- (2) None of the conditions specified in §123.404 apply to your business, its affiliates, or principal owners;
- (3) Your business has submitted a reasonable cost estimate for the proposed mitigation measure and has chosen to undertake a mitigation measure that is likely to accomplish the desired mitigation result (SBA's determination of this point is not a guaranty that the project will prevent damage in future disasters);
- (4) Your business is creditworthy; and
- (5) There is a reasonable assurance of loan repayment in accordance with the terms of a loan agreement.
- (b) SBA will notify you in writing if your loan request does not meet the criteria in this section.

## § 123.410 Which loan requests will SBA fund?

SBA will date stamp each application (loan request) as it is received. SBA will fund loan requests which meet the selection criteria specified in §123.409 on a first come, first served basis using this date stamp, until it has allocated all available program funds. Multiple applications received on the same day will be ranked by a computer based random selection system to determine their funding order. SBA will notify you in writing of its funding decision.

# § 123.411 What if SBA determines that your business loan request meets the selection criteria of § 123.409 but SBA is unable to fund it because SBA has already allocated all program funds?

If SBA determines that your business' loan request meets the selection criteria of §123.409 but we are unable to fund it because we have already allocated all available program funds, your request will be given priority status, based on the original acceptance date, once more program funds become available. However, if more than 6 months pass since SBA determined to fund your request, SBA may request updated or additional financial information.

#### §123.412 What happens if SBA declines your business' pre-disaster mitigation loan request?

If SBA declines your business' loan request, SBA will notify your business in writing giving specific reasons for decline. If your business disagrees with SBA's decision, it may respond in accordance with §123.13. If SBA reverses its decision, SBA will use the date it received your business' last request for reconsideration or appeal as the basis for determining the order of funding.

### Subpart F—Military Reservist Economic Injury Disaster Loans

Source: 66 FR 38530, July 25, 2001, unless otherwise noted.

#### § 123.500 Definitions.

The following terms have the same meaning wherever they are used in this subpart:

- (a) Essential employee is an individual (whether or not an owner of a small business) whose managerial or technical expertise is critical to the successful day-to-day operations of a small business.
- (b) Military reservist is a member of a reserve component of the Armed Forces ordered to active duty during a period of military conflict.
  - (c) Period of military conflict means:
- (1) A period of war declared by the Congress,