

**U.S. Small Business Administration**  
*Office of Disaster Assistance*



*Federal Disaster Loans for Businesses, Nonprofit Organizations, Homeowners and Renters*

## Agency Background



*The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.*

## Disaster Assistance Mission

*The Office of Disaster Assistance's mission is to provide low-interest disaster loans to businesses of all sizes, private nonprofit organizations, homeowners and renters to repair or replace real estate, personal property, machinery and equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.*

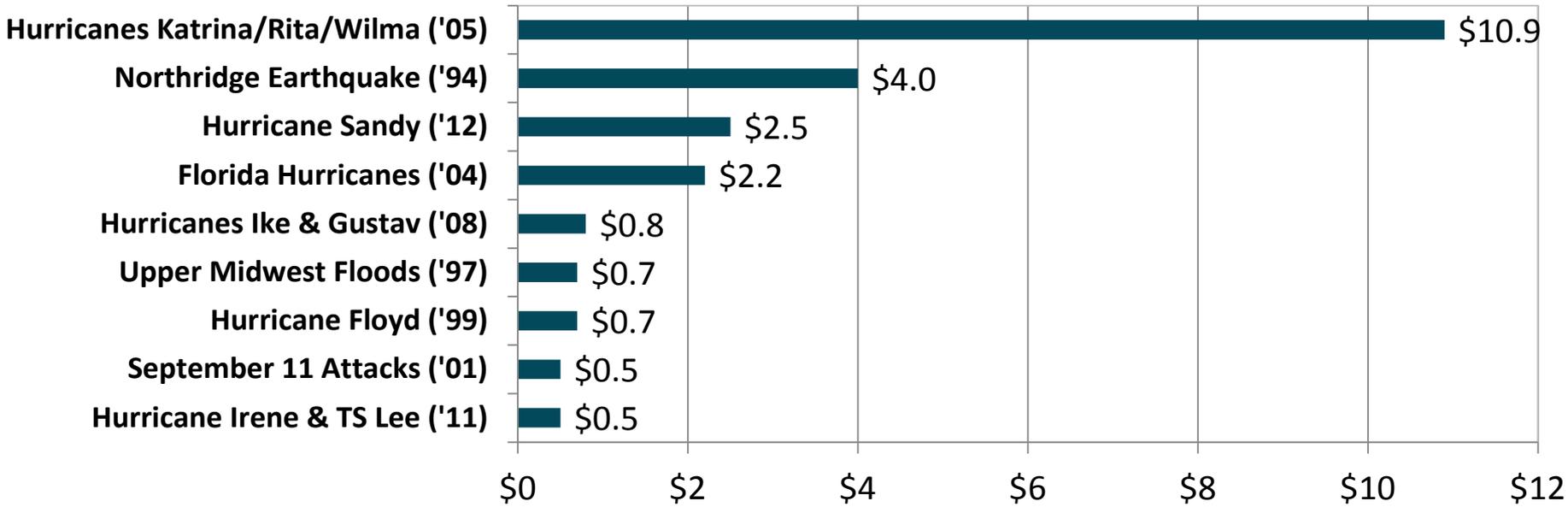


# Historical Lending

Since 1953, SBA has approved over **\$53.5 billion** to 2 million businesses, homeowners and renters following America's worst disasters.



## Major Loan Activity in Past 20 Years (\$ billions)



# Types of SBA Disaster Loans

*Physical Home • Physical Business • Economic Injury*



# Home and Personal Property Disaster Loans

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<b>\$200,000</b>	Homeowners may borrow up to \$200,00 for the repair or replacement of the disaster damaged primary residence. Additional funds may be available to homeowners to refinance existing mortgages or mitigation projects to lessen the risk of property damage by future disasters of the same kind.
<b>\$40,000</b>	Homeowners and renters may borrow up to \$40,000 for the replacement of damaged or destroyed personal property, including vehicles.
<b>30-Year Term</b>	SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
<b>Low, Fixed Interest Rates</b>	Typically, between 2-3% for borrowers without credit available elsewhere and 4-5% for borrowers with credit available elsewhere. SBA determines whether an applicant has credit available elsewhere. Interest rates are set quarterly and apply to the date in which the disaster occurred.
<b>Collateral</b>	Home loans over \$25,000 must be secured to the extent possible. The SBA will not decline a loan if you do not have enough collateral, but will ask for whatever collateral is available. That usually consists of a first or second mortgage on the damaged real estate.

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# Business Physical Disaster Loans

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## \$2 million

Businesses of all sizes and private, nonprofit organizations may borrow up to \$2 million for the repair or replacement of the business physical disaster losses, including real estate, machinery and equipment, inventory, furniture and fixtures, and leasehold improvements. A \$2 million statutory limit applies to the combination of both physical and economic injury loans.

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## 30-Year Term

SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. The law restricts businesses with credit available elsewhere to a maximum 7-year term. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

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## Low, Fixed Interest Rates

Typically, 4% for businesses without credit available elsewhere and 6% for businesses with credit available elsewhere. The interest rate for nonprofits is approximately 3%. SBA determines whether a business has credit available elsewhere. Interest rates are set quarterly and apply to the date in which the disaster occurred.

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## Collateral

Physical business loans over \$25,000 must be secured to the extent possible. The SBA will not decline a loan if you do not have enough collateral, but will ask for whatever collateral is available.

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# Economic Injury Disaster Loans

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## \$2 million

Small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, nonprofit organizations of all sizes may borrow up to \$2 million for working capital to meet the necessary financial obligations and expenses the business would have paid if the disaster had not occurred. A \$2 million statutory limit applies to the combination of both physical and economic injury loans.

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## 30-Year Term

SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. The law restricts businesses with credit available elsewhere to a maximum 7-year term. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

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## Low, Fixed Interest Rates

Typically, 4% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for nonprofits is approximately 3%. SBA determines whether a business has credit available elsewhere. Interest rates are set quarterly and apply to the date in which the disaster occurred.

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## Collateral

EIDL loans over \$25,000 must be secured to the extent possible. The SBA will not decline a loan if you do not have enough collateral, but will ask for whatever collateral is available.

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# Three Step Process



## STEP 1: Apply for Loan

- Apply: Online; in-person at a disaster center; or by mail.
- Apply online at the SBA's secure website <https://disasterloan.sba.gov/ela>.
- As a business of any size, you may borrow up to \$2 million for physical damages.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private nonprofit organization you may borrow up to \$2 million for Economic Injury Disaster Loan (EIDL).
- As a small business you can apply for maximum business loan (physical and EIDL) of \$2 million.
- As a homeowner you may borrow up to \$200,000 to repair/replace your disaster damaged primary residence.
- As a homeowner or renter, you may borrow up to \$40,000 to replace damaged personal property.

# Three Step Process



## STEP 2: Property Verified and Loan Processing Decision Made

- SBA reviews your credit before conducting an onsite inspection to verify your losses.
- An SBA verifier inspects your damaged property to estimate your total physical losses.
- The loan officer will determine your eligibility during processing after reviewing any insurance or other recoveries. SBA can make a loan while insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. Our goal is to arrive at a decision on your application in 2-3 weeks.
- The loan officer will contact you to discuss the loan decision and next steps. You will also be advised in writing of all loan decisions.

# Three Step Process



## STEP 3: Loan Closed and Funds Disbursed

- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
  - Physical damage:
    - \$25,000 (Presidential declarations)
  - Economic injury (working capital):
    - \$25,000 (all declarations)
- A case manager will be assigned to work with you to help you meet all loan conditions and schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

# SBDC Assistance in Disaster

*Following a disaster declaration, SBA makes contact with the local Resource Partners (SBDCs, SCORE and Women's Business Centers) in the disaster area. In many disasters, SBDC counselors co-locate with SBA and help to locate temporary space for disaster centers. SBDCs provide the following services that help small businesses impacted by the disaster and are a valued partner in the overall recovery effort.*

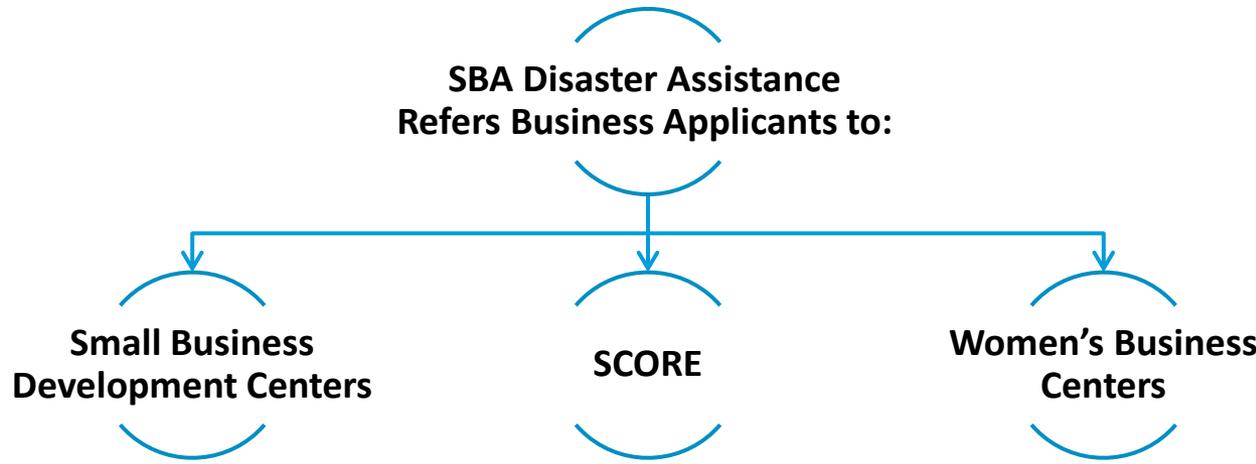
## SBDC Services for Small Businesses

- Counseling for financial, accounting, marketing and other post-disaster challenges
- Management and technical assistance
- Business planning to help business owners re-establish their operations and plan for their future
- Help in reconstructing damaged or destroyed business records
- Assistance with updating or rewriting business plans
- Assistance with accessing government contracts and procurement related to the disaster, in Presidential declarations only

# Technical Assistance Follow Up

*The Technical Assistance Loan Application Initiative (TALAI) is an initiative by SBA's Office of Disaster Assistance and Office of Entrepreneurial Development (OED) to expand the involvement of SBA's Resource Partners following disasters. SBA Regional and District offices receive status reports of the TALAI initiative during the disaster. This initiative provides business loan applicants with SBA's Resource Partners' contact information.*

*SBA's Resource Partners will be able to provide follow-up assistance to a disaster business applicant whose business loan application (excluding non-profits) was either approved, declined or withdrawn and assist with requesting reconsideration or reacceptance of a declined/withdrawn disaster business application.*

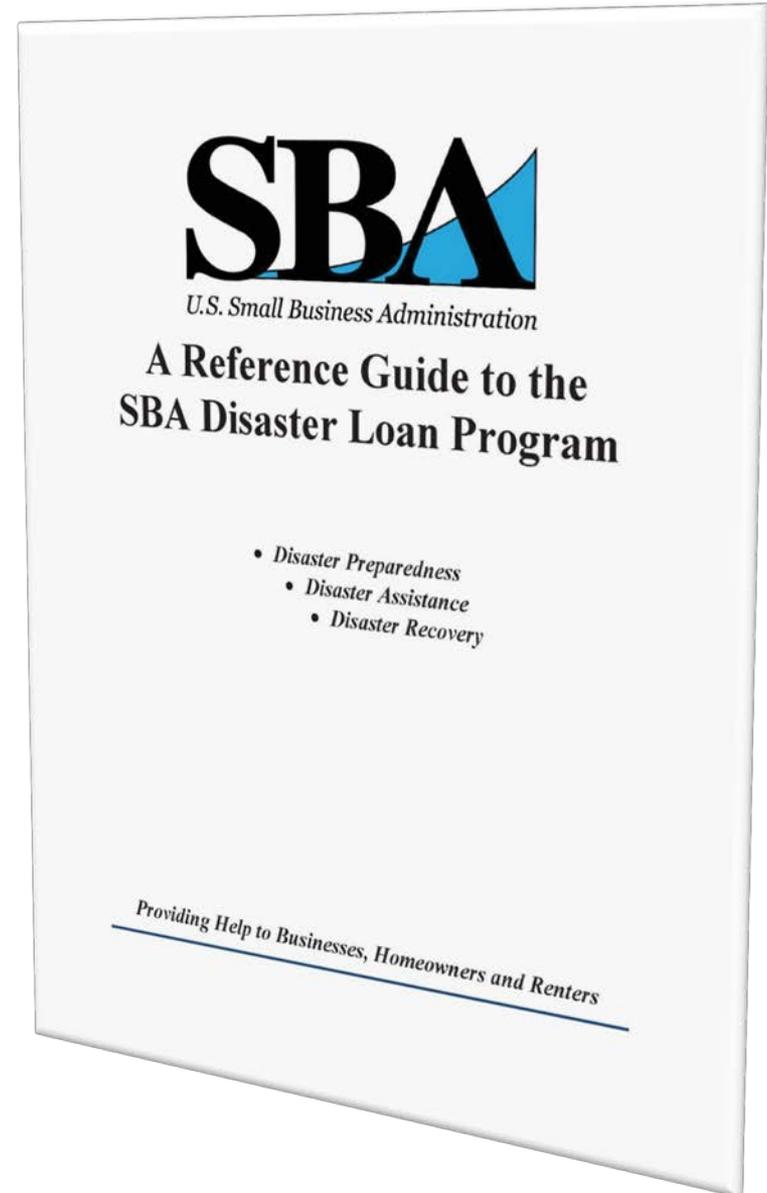


# Reference Guide

*In May 2015, SBA published a Reference Guide to the SBA Disaster Loan Program. The guide was designed to summarize for Resource Partners, as well as other stakeholders, the SBA's Disaster Loan Program for the purpose of promoting disaster preparedness, assistance and recovery. The guide covers the following topics:*

- *Disaster Preparedness*
  - *Including a Small Business Checklist*
- *Disaster Assistance and Recovery*
  - *Declaration Process*
  - *Three Step Process*
  - *Required Documentation*
  - *Contacts for Help and Information*

*To access the Reference Guide online, visit [https://www.sba.gov/sites/default/files/files/SBA Disaster Loan Program Reference Guide.pdf](https://www.sba.gov/sites/default/files/files/SBA%20Disaster%20Loan%20Program%20Reference%20Guide.pdf).*



## 2015 RISE Act

*On November 25, 2015, the President signed into law the Recovery Improvements for Small Entities After Disaster Act or the RISE Act. Two sections directly impact Resource Partners:*

### *Section 2101: Disaster Awards to Resource Partners*

- Gives SBA the authority to provide financial assistance on a competitive basis via grants, contracts, and cooperative agreements to SBDCs, WBCs, and SCORE to spur disaster recovery and growth of small business concerns located in a presidentially-declared disaster area. No matching funds are required.*

### *Section 2103: Assistance to Out-of-State Businesses*

- Authorizes the SBA Administrator to allow an SBDC to provide advice, information and assistance to a small businesses outside of the state, without regard to geographic proximity to the SBDC, if the small business is located in a presidentially-declared disaster area.*
- SBA must permit SBDC personnel to use any site/facility that has been designated by SBA for use to provide disaster recovery assistance.*

*Contact SBA's Office of Entrepreneurial Development for more details on the RISE Act.*

## Contact Information for the Public

**U. S. Small Business Administration  
Disaster Assistance Customer Service Center**

**(800) 659-2955**

**TTY (800) 877-8339**

**Email: [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)**

*or*

**Visit our Web site at: [www.sba.gov/disaster](http://www.sba.gov/disaster)**

# Contact Info for SBA Partners



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### Customer Service Center

Hours of Operation  
8:00 AM to 8:30 PM (Eastern)  
Monday through Friday  
Toll Free: 1-800-659-2955  
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