

SBA Disaster Loan Programs Transcript

Introduction



Want to learn more about SBA's Disaster Loan Program? Click Begin!

What is a "disaster"?



Disasters can range from natural occurrences like hurricanes, droughts, and fires, to manmade emergencies like radiation leaks and even acts of terrorism. They can strike at any time, and even the most prepared businesses can be adversely impacted. In order to help soften the repercussions dealt by these disasters, the SBA can provide disaster assistance to small businesses across the country, as part of its mission to aid, counsel, assist, and protect

the interests of small businesses in the time of a disaster. The SBA can begin offering disaster assistance once the President of the United States issues a declaration of disaster for a given area.

How are disasters declared?

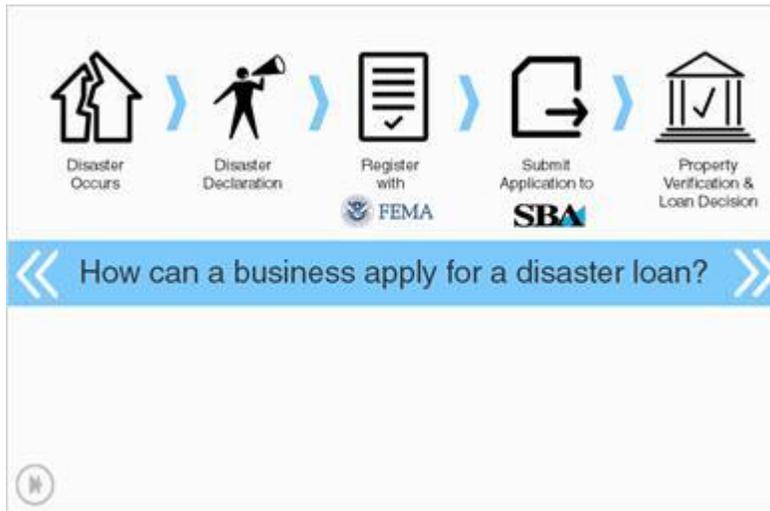


All disaster incidents are generally handled by first responders on a state or local level. When the governor of a state determines the local resources are overwhelmed, he or she will request additional assistance from the federal government. In this way, the Office of Disaster Assistance will respond to:

- a Presidential Declarations for Individual Assistance
- a Administrative, or Agency, Declaration
- a Presidential Declaration for Public Assistance
- a Secretary of Agriculture Declaration
- a Governor Certification of Declaration
- a Secretary of Commerce determination
- and lastly, a Military Reservist Declaration

Click on any Declaration type for more information.

How can a business apply for a disaster loan?



Once a disaster has been declared, affected businesses can begin seeking assistance.

They'll start the process by registering with the Federal Emergency Management Administration, or FEMA. Once a business has received a registration number from FEMA, they are able to complete the SBA Disaster Loan application. After submitting the application, the SBA will review the request and verify the damage claims to the best of its ability before making a loan decision. Once again, the fastest way to receive a loan decision is by submitting the application through online tool.

What kinds of disaster assistance does the SBA offer?



This disaster assistance comes in the form of money provided to individuals, families and businesses in an area whose property has been damaged or destroyed by a Presidentially-declared disaster, and whose losses are not

covered by insurance.

The SBA provides low interest loans to businesses and individuals 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. There are four different types of disaster loans offered by the SBA: Business Physical Damage Loans, Economic Injury Disaster Loans, Military Reservist Economic Injury Disaster Loans, and Home and Personal Property Loans.

What if a business is physically damaged by a disaster?

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Business Physical Disaster Loans

- Up to \$2 million
- 30 year terms
- 8% annual interest

Businesses of all sizes, including private, nonprofit organizations, that have experienced physical damage as a result of a presidentially-declared disaster may be qualified for SBA assistance in replacing or restoring their damaged property to its original state. These loans, called Business Physical Disaster Loans, can total up to \$2 million to qualified businesses, with up to 30 year terms. The interest rate is generally capped at 8%, unless the SBA determines that an applicant cannot obtain credit from another source, in which case the interest rate is capped at 4%.

1.7 What if a business is unable to meet financial obligations due to a disaster?



What if a business is unable to meet financial obligations due to a disaster?

Economic Injury Disaster Loan Working capital loans up to \$2 million

- Fixed Debts
- Payroll
- Accounts Payable
- Other Bills

that could have been covered if not for the disaster

Notes:

A small business doesn't actually need to experience physical damage to receive financial assistance in a declared disaster area. In fact, if a business is in a disaster area, and starts to have trouble meeting financial obligations that it could have met had the disaster not occurred, the SBA can provide a special type of disaster loan, called the Economic Injury Disaster Loan. These loans are working capital loans available to qualified small businesses, private nonprofit organizations of all sizes, and small agricultural cooperatives that suffered financial losses because of a disaster, regardless of physical damage. The SBA can loan up to \$2 million to provide the necessary working capital to help small businesses pay fixed debts, payroll, accounts payable, and other bills that could have been covered had the disaster not occurred. Keep in mind that this type of loan is not intended to replace lost sales or profits.

1.8 What if a business loses an essential employee



The infographic is divided into three columns. The first column shows a crossed-out dollar sign icon with the text 'Does not cover lost income or profits'. The second column shows a crossed-out upward-pointing arrow icon with the text 'Cannot expand the business'. The third column shows a cracked globe icon with the text 'Only for businesses unable to fund their recovery'. Below these columns is a blue banner with the question 'What if a business loses an essential employee that is called up to active military duty?'. Underneath the banner, the text reads 'Military Reservist Economic Injury Disaster Loan (MREIDL)' and 'Funding for operating expenses... ..when an essential employee is called-up to active duty'. A small circular icon with a right-pointing arrow is located in the bottom left corner of the infographic.

Notes:

An offshoot of EIDL loans, the Military Reservist Economic Injury Disaster Loan (MREIDL) program provides funds to help an eligible small business meet ordinary and necessary operating expenses that it could have met, but is unable to meet, because an essential employee was called-up to active duty in their role as a military reservist.

These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as they mature until operations return to normal after the essential employee is released from active military duty. Like EIDL loans, the purpose of these loans is not to cover lost income or lost profits, and MREIDL funds cannot be used to take the place of regular commercial debt, to refinance long-term debt, or to expand the business. Also like EIDL loans, businesses with the financial capacity to fund their own recovery are not eligible for MREIDL assistance.

1.9 What assistance is available for non-business



Notes:

SBA's mission of maintaining and strengthening the overall economy of the United States carries over even to non-business owners that are affected by a disaster. Residents in a declared disaster area that have experience damage to their homes and personal property might be eligible for a Home and Personal Property Loan from SBA.

Homeowners may apply for up to \$200,000 to replace or repair their primary residence to its pre-disaster condition. The loans may not be used to upgrade homes or make additions, unless required by local building code. In some cases, SBA can even refinance all or part of a previous mortgage when the applicant does not have credit available elsewhere and has suffered substantial disaster damage not covered by insurance. In some cases, SBA can refinance all or part of a previous mortgage when the applicant does not have credit available elsewhere and has suffered substantial disaster damage not covered by insurance.

In addition, renters and homeowners may borrow up to \$40,000 to replace or repair personal property - such as clothing, furniture, cars and appliances - damaged or destroyed in a disaster.

1.10 How can a business apply for a disaster loan?

Online Application for all disaster loans

<http://disasterloan.sba.gov>

How can a business apply for a disaster loan?

Mail In-Person

SBA Office of Entrepreneurial Development

Notes:

The easiest way to apply for any of type of disaster loans is to apply online at disasterloan.sba.gov. Not only will the online application require the least time to complete, but the SBA will also be able to turn around a loan decision for online applications much more quickly than other methods. Note that the online application will require a signed and dated IRS Form 8821, which will allow the IRS to provide tax information to the SBA.

If unable to apply online, businesses can also apply for disaster loans by sending paper forms in the mail, or by visiting a Local Disaster Recovery Center, or by contacting SBA's Office of Entrepreneurial Development. The office of Visit SBA.gov for more detailed information on the disaster loan application process.

1.11 More Informaiton

More information about Disaster Loan Programs:

Disaster Loan Programs: Counselor Toolkit

Disaster Loan Application Process Types of Disaster Loan Programs

SBA.gov

Notes:

More more information about SBA Disaster Loans, check out these helpful resources on the SBA Partner Training Portal, or visit [SBA.gov](https://www.sba.gov)!