



News Release

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SBA Releases Disaster Relief FAQs

WASHINGTON – The U.S. Small Business Administration (SBA) today released a Frequently Asked Questions (FAQ) sheet to help Louisiana residents understand how the disaster loan and Louisiana Road Home grant program work together.

“As Louisianans strive to rebuild their lives, many are confused by how these two programs fit together under the law,” SBA Administrator Steven C. Preston said. “The FAQs address the most commonly heard questions.”

The FAQs deal with repaying SBA loans with grant funds, securing additional loans funds, financing relocation, and other issues. For SBA questions not addressed in the FAQs, applicants can call the SBA Customer Service Center at 1-800-659-2955, or e-mail questions to disastercustomerservice@sba.gov.

Disaster loan and grant programs from the SBA and the *Road Home*

Frequently Asked Questions:

Q. If I received an SBA loan to repair or replace my primary residence, am I also eligible for an LRA grant?

A. Yes.

Q. But wouldn't that be a “duplication of benefits”?

A. Not necessarily. Loans *and* grants are acceptable, as long as the combined amount of the loan, the grant and other forms of disaster assistance (like insurance) does not exceed the total repair or rebuilding costs. A “duplication of benefits” is not allowable under the law. For example, if your losses or repair costs totaled \$100,000, and you received an insurance payment of \$40,000, you would be eligible for a combined \$60,000 of SBA and *Road Home* assistance—but no more than that.

Q. What if my loan from SBA includes funds for personal property or refinancing?

A. SBA funds for replacement of personal property are not affected by a *Road Home* grant. Since *Road Home* assistance is for the repair, or replacement of your primary residence, duplication of benefits only occurs with the real estate portion of your SBA disaster loan. *Road Home* funds will not be applied to personal property losses. SBA funds for refinancing may be affected by a *Road Home* grant. Because eligibility for refinancing is based on the eligible disaster loss after subtracting insurance and other compensation (FEMA repair funds, grants, etc.), your eligibility may be reduced or eliminated because of *Road Home* grant funds. SBA will contact homeowners to discuss changes in their eligibility.

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Q. What if my losses exceed the amount of my SBA loan and grant from LRA?

A. If your SBA verified loss is greater than the total amount of the SBA loan and the grant from the *Road Home*, your grant funds will **NOT** be applied to your existing disaster loan. Since you have unmet disaster-related losses after an SBA loan, your *Road Home* grant does not duplicate your SBA disaster loan. The *Road Home* would not send SBA any *Road Home* grant funds and SBA would not be lowering your loan amount.

Q. What happens if I still need additional money to rebuild after using all of my insurance proceeds, SBA disaster loan and a *Road Home* grant?

A. Some people find rebuilding costs more than was estimated. If you find the cost of repairing or replacing your property exceeds the amount of federal and *Road Home* assistance received for your losses or repair costs, you can ask the SBA to increase your disaster loan up to the maximum limit—\$200,000 for uncompensated real estate losses and \$40,000 for uncompensated personal property losses. SBA will ask you to provide documentation to support the increased costs (e.g. contractor's estimate, *Road Home* construction or repair estimates, insurance proof of loss, etc.).

Q. I was approved for an SBA loan and a *Road Home* grant. I received the grant, but have not yet received any loan funds. What happens next?

A. None of your *Road Home* grant money will be sent to the SBA. Instead, the SBA will reduce your loan eligibility by the amount of any duplication and will notify you in writing of any changes to the loan. Since the SBA has not disbursed any real estate loan funds to you, the *Road Home* program would not send grant funds to SBA to pay down the real estate portion of your disaster loan.

Q. What happens if I was approved for a loan from SBA, but the loan is only partially disbursed?

A. In that case, part of the proceeds from your *Road Home* grant may be used to pay down the real estate portion of your disaster loan. Additionally, SBA may lower your loan eligibility since the law requires that the *Road Home* grant would duplicate the disaster loan.

Q. What happens if I was approved for a loan and it is totally disbursed?

A. Since the SBA has fully disbursed your disaster loan, current the law requires that *Road Home* grant monies be applied to the principal balance of your loan.

Q. What happens if I want to use my SBA loan and *Road Home* grant to relocate?

A. The *Road Home* funds may be used to relocate. *Road Home* offer letters to homeowners explain the value of the benefits under the option to repair/rebuild or relocate. Similarly, through the SBA, relocation may be an eligible use of your disaster loan. You may contact the SBA and speak with a disaster program representative who will assist you in gathering the information needed to process your request to use your loan funds to relocate.

Q. Who do I call if I have more questions?

A. If you have any questions regarding your SBA disaster loan, please call SBA's Customer Service Center at 1-800-659-2955 to speak with a representative who can assist you. Or, you can e-mail your question to disastercustomerservice@sba.gov. If you have questions regarding the *Road Home* program, please call the *Road Home* call center at 1-888-ROAD-2-LA or visit the program online at www.road2la.org.

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