

# The Three Step Process: Disaster Loans



## About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.



### STEP 1: Apply for Loan

- Apply: 1) online; 2) in-person at a disaster center; or 3) 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 damage.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a 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 repair/replace damaged personal property.



### 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 disaster damaged property to estimate your total physical losses.
- A loan officer will determine your **eligibility** during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your 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.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.



### 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
  - Economic injury (working capital):
    - \$25,000
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also 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.

# Required Documentation

The following documents are required to process your application and reach a loan decision. Your Loan Officer and Case Manager will assist you to ensure that you submit the proper documentation.

BUSINESSES	HOMEOWNERS AND RENTERS
<ul style="list-style-type: none"><li>Business Loan Application (SBA Form 5) completed and signed by business applicant.</li><li>IRS Form 4506-T completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has a 50 percent or more ownership in an affiliate business. (Affiliates include business parent, subsidiaries, and/or businesses with common ownership or management).</li><li>Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.</li><li>Personal Financial Statement (SBA Form 413) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member.</li><li>Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used).</li></ul>	<ul style="list-style-type: none"><li>Home Loan Application (SBA Form 5c) completed and signed by Applicant and Co-Applicant.</li><li>IRS Form 4506-T completed and signed by Applicant and Co-Applicant.</li></ul>

## ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS

### YOUR APPLICATION:

- Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has a 50% or more ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.
- If the most recent Federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year.
- A current year-to-date profit and loss statement.
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.



<https://disasterloan.sba.gov/ela>



[1-800-659-2955 \(TTY: 1-800-877-8339\)](tel:1-800-659-2955)