

**Disaster Business Loans  
For Physical Damages and Economic Injury**



U.S. Small Business  
Administration

**DISASTER ASSISTANCE**

**Businesses ■ Homeowners ■ Renters ■ Nonprofits**

October 2022



# SBA's Role in Disaster Recovery for Federal Disaster Declarations

- SBA disaster loans are the primary source of federal assistance to help private property owners pay for disaster losses not covered by insurance or other recoveries.
- SBA offers low-interest federal loans to businesses of all sizes, private nonprofit organizations, homeowners and renters.



SBA Administrator  
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# SBA's Disaster Loan Programs

- **Business and Home Loans for Property Damages**

Low-interest direct loans to businesses, nonprofits, homeowners and renters for losses not covered by insurance or other recovery funds

- **Economic Injury Loans for Working Capital Needs**

Low-interest direct loans to businesses of all sizes and most private nonprofit organizations





# SBA's Disaster Loan Programs

- Business and Home Loans for Property Damages

- Low-interest direct loans to businesses, nonprofits, homeowners and renters for losses not covered by insurance or other recovery funds

Physical Structure, Home/Business Contents, Equipment, Inventory, Furniture, Fixtures

- Economic Injury Loans for Working Capital Needs

- Low-interest direct loans to businesses of all sizes and most private nonprofit organizations to help meet financial obligations and operating expenses that could have been met had the disaster not occurred.

Rent, Accounts Payable, Health Care Benefits, Utilities and Fixed Debt Payments (e.g., loans)

# When Disasters Strike



# Making Recovery Affordable

The Small Business Act and additional disaster laws provide SBA tools to make disaster loans affordable:

- Low-interest (below market) rates -set quarterly
- Affordable long terms (either 15 or 30 years)
- Payments are based on borrower's ability to pay
- In certain circumstances, borrowers may be able to refinance existing liens or mortgages, or may use an SBA loan to relocate (cases have specific criteria and limits)

(NOTE: Loan amounts and terms are set by SBA and based on each applicant's financial condition)



# Types of SBA Disaster Loans, Limits and Terms

Types of Loans	Borrowers	Purpose	Max. Amount	FL Declaration #17644
Business Loans	Businesses and private nonprofits	Repair or replace real estate, inventory, equipment, etc.	\$2 million *	<p>Interest rates are <b>as low as:</b>  <b>3.04</b> percent for businesses,  <b>1.875</b> percent for nonprofit organizations, and  <b>2.188</b> percent for homeowners and renters, with terms up to 30 years.</p> <p>The filing deadline to apply:</p> <p><b><u>Nov. 28, 2022</u></b> for physical property damage  <b><u>June 29, 2023</u></b> for economic injury applications</p>
Economic Injury Loans	Small businesses and private nonprofits	Working capital loans	\$2 million *	
Home Loans	Homeowners	Repair or replace primary residence	\$200,000	
Home Loans	Homeowners and renters	Repair or replace personal property	\$40,000	
Mitigation	Businesses, private nonprofits and homeowners	Mitigate / prevent future loss of the same type	20% of verified physical damage. Homeowners limited to \$200,000.	

\* The \$2,000,000 statutory limit for business loans applies to the combination of physical, economic injury, mitigation and refinancing, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

# Small Business Losses in Disaster



**25%**  
of businesses  
don't open again  
after a disaster.

Source: Insurance Institute for Business and Home Safety

# Loan Eligibility Restrictions

- Only uncompensated losses are eligible (i.e., disaster losses not compensated by insurance or other recoveries such as FEMA grants, reimbursement by another party, settlement of a lawsuit, etc.).
- Applicants are **not** eligible if they have not complied with the terms of previous SBA loan agreements or other Federal obligations (e.g., failure to maintain required insurance, court-ordered child support, student loans, or Federal Income Tax filing requirements).

# Loan and Insurance Requirements

## Requirements for loan approval



### Eligibility

- Damaged property must be in a declared area.



### Credit History

- Applicants must have a credit history acceptable to SBA.



### Repayment

- Applicants must show the ability to repay all loans.

## Borrowers must obtain and maintain appropriate insurance as a condition of most loans.



### Hazard Insurance

- Required on all secured loans.



### Flood insurance

- Required for properties located in a Special Flood Hazard Area (SFHA) and for properties damaged in a flood disaster.

# Federal Role of SBA Loans in Long-Term Recovery

## Why does SBA provide loans?

- Disaster losses are unexpected and create a financial hardship for businesses and residents.
- By providing affordable disaster assistance in the form of loans, SBA helps reduce federal disaster costs compared to other forms of assistance, such as grants, CDBG-DR funding or HUD assistance.
- These loans require borrowers to maintain appropriate hazard and flood insurance, reducing the need for future federal assistance.
- SBA's disaster loans are a critical source of economic stimulus in disaster-ravaged communities and help spur employment and stabilize tax bases for local governments.

## Three Steps to SBA Disaster Assistance Loans



# 1: Apply



Begin by first registering with FEMA at [disasterassistance.gov](https://disasterassistance.gov) or by calling **(800) 621-FEMA (3362)**.

Then apply at [disasterloanassistance.sba.gov](https://disasterloanassistance.sba.gov), in person at any local disaster center, or by calling our Customer Service Center at (800) 659-2955 to request an application by mail. If you are deaf, hard of hearing, or have a speech disability, please dial **7-1-1** to access telecommunications relay services.

There is no need to wait for insurance claims to settle or to receive FEMA grants or contractor estimates before applying. You are under no obligation to accept the loan if approved.

Registration with FEMA is recommended but not required for business applicants. Businesses located in the contiguous (yellow) counties listed in the declaration should not register with FEMA.

## 2: Application Processed



Application packages and required documents (including credit and income information) will be reviewed for completeness. Eligible applications are sent to SBA's loss verification team and property inspections may be necessary to decide the total physical damage.

A loan officer takes over your case to work with you to receive any additional information, review insurance or other recoveries, and recommend a loan amount.

We strive to make loan determinations within 2–3 weeks after receiving complete application packages.

Economic Injury Disaster Loans are not sent to SBA's loss verification team because they do not involve physical damages. Instead, the file goes directly to a loan officer.

Three Steps  
to SBA Disaster  
Assistance  
Loans



## Three Steps to SBA Disaster Assistance Loans



# 3: Loan Closure & Disbursement



Loan closing documents are prepared for your signature. After receipt of the signed documents, an initial disbursement, up to the following amounts, will be made within 5 business days: up to \$25,000 for physical damage; up to \$25,000 for economic injury (working capital), which can be in addition to the physical damage disbursement for eligible businesses.

A case manager will work with you to answer questions and help you meet all loan conditions. The case manager schedules the disbursement of any remaining loan amount.

Loan may be increased up to 20% after closing due to changing circumstances, such as unexpected repair costs or if you receive additional insurance proceeds for the same purposes.



# Additional Features of SBA Disaster Loans



- **Loan Terms:**  
Up to 30 years based on ability to repay; fixed rate.
- **Relocation:**  
With approval, funds may be used to relocate.
- **Refinancing:**  
Eligibility is only for homeowners & businesses.

# Business and Home Loans Can Be Increased For Mitigation Funds to Help Build Back Better, More Resilient

- After disaster strikes, many property owners may want to take steps in recovery to mitigate against future damages from a similar event.
- SBA can increase loans to cover added costs for new building codes/required upgrades; mitigation improvements against future damages or to increase the safety of property; and, to utilize modern and more resilient construction methods.
- Applicants may be eligible for a loan increase up to 20 percent of their **total** physical damages, as verified by the SBA for mitigation purposes.
- Eligible mitigation improvements may include a safe room or storm shelter, sump pump, French drain, retaining wall, elevating structures and utilities to help protect property and occupants from future damage caused by a similar disaster.

# Don't Wait. Mitigate.

*Protect Your Business From Future Disaster*

## ■ Mitigation for Businesses and Homeowners

- ❖ Consider Mitigation in your rebuilding plans
- ❖ For example, about \$45 a month will pay for a \$10,000 mitigation project.
- Loan increase up to 20% of total physical damages as verified by SBA
- Build Back smarter and stronger
- Eligible mitigation improvements may include:
  - ✓ Safe room or storm shelter, grading, hurricane shutters
  - ✓ Sump pump, retaining walls, home elevation, elevating utilities
  - ✓ Protects property / occupants from future damage caused by a similar disaster
  - ✓ Other improvements

# Don't Wait. Mitigate.

*Protect Your Business From Future Disaster*

- Disaster mitigation is the effort to reduce loss of life and property by lessening the impact of disasters. Disasters can happen at any time and any place.
- The number of disasters each year is increasing, but only 50% of events trigger Federal assistance.
- Building back smarter and stronger **now** can be an effective recovery tool for future disasters.
- Strengthening your business doesn't need to cost a fortune. Projects such as maintaining gutters can be low-cost, while getting a backup generator requires greater financial investment.
- **\$1 spent on mitigation today defers an estimated \$6 in future damages.**

# Review Insurance Coverage Once You Begin Rebuilding

## Consider Business Interruption Insurance

- It covers operating expenses in the event of a business shutdown.
- It can also compensate your business for lost income.

## Explore flood insurance

- Just 1 inch of water can cause as much as \$25,000 of damage to a home or business.
- Most insurance policies don't cover flood damage.
- For information on flood insurance, visit the National Flood Insurance Program's website at [www.floodsmart.gov](http://www.floodsmart.gov).

## Keep records up to date

- Regularly photograph or videotape your facility and its contents.
- After the disaster, your insurance company will need accurate documentation of your business assets.

# SBA Disaster Assistance Loan Activity

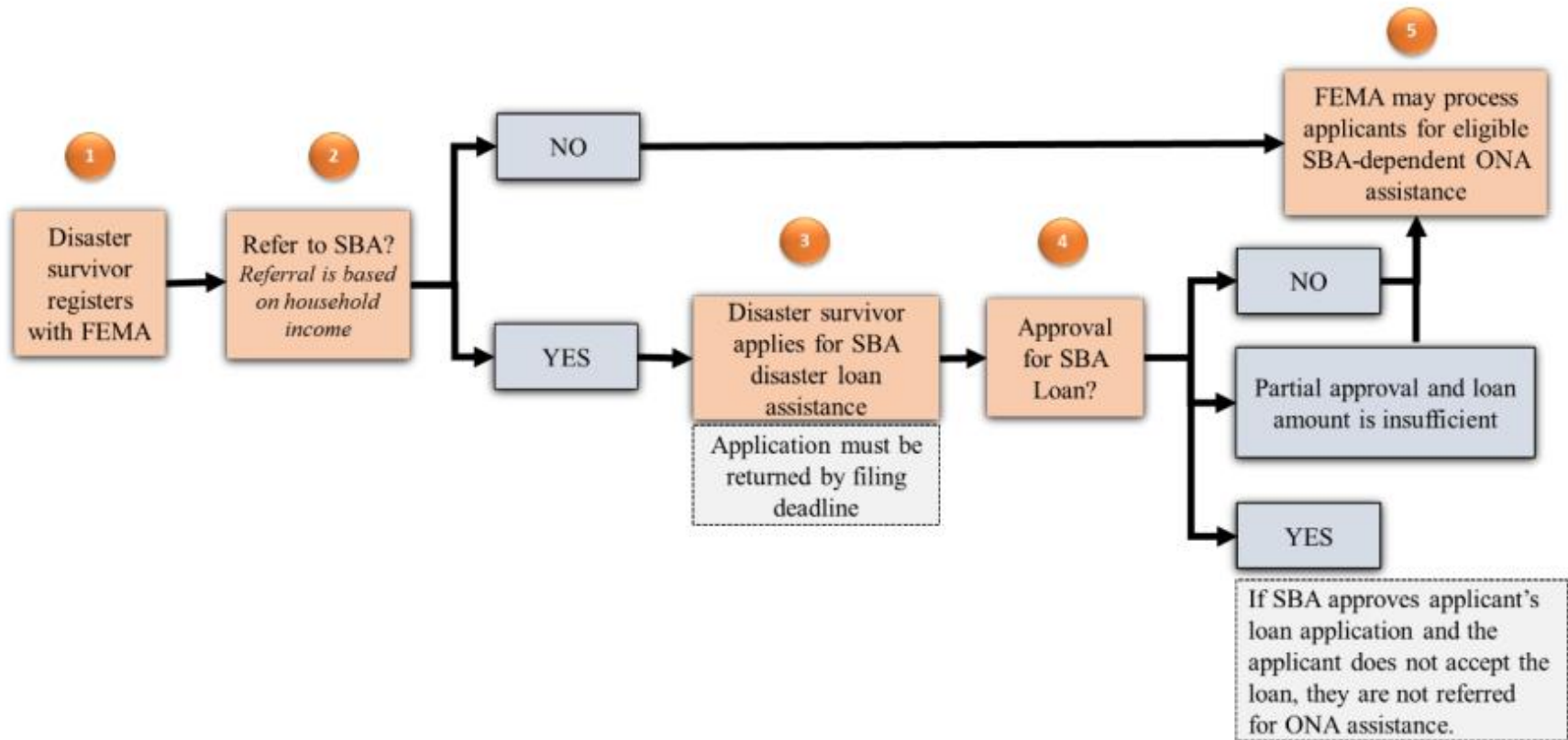
Loan Activity as of COB: 10/19/22				
LOAN APPLICATIONS	HOME	BUSINESS	ECONOMIC INJURY (EIDL)	TOTAL
FEMA Registrations Referred	361,554	82,463	0	444,017
Applications Received	17,523	4,438	3,621	25,582

**Total Loan Amount Approved**  
\$152,056,500

418,435 will not receive FEMA's Other Needs Assistance

# SBA Disaster Loan Application Process

## Are You Thinking... "Do I Want a Loan?"



418,435 will not receive FEMA's Other Needs Assistance\*

# What exactly is FEMA's Other Needs Assistance?

Other Needs Assistance (ONA) provides financial help after a disaster to cover necessary expenses and serious needs not paid by insurance or other sources.

Category of ONA	Type of ONA Assistance
<b>Non-SBA Dependent ONA</b> FEMA provides assistance for these items without regard to whether an applicant may obtain an SBA loan.	<ul style="list-style-type: none"><li>• Funeral</li><li>• Medical</li><li>• Dental</li><li>• Child Care</li><li>• Critical Needs Assistance</li><li>• Clean and Removal Assistance</li><li>• Assistance for Miscellaneous Items</li></ul>
<b>SBA-Dependent ONA</b> The applicant must first apply to the SBA for a loan for these expenses or serious needs.	<ul style="list-style-type: none"><li>• Personal Property</li><li>• Moving and Storage</li><li>• Transportation Assistance</li><li>• Group Flood Insurance Policy</li></ul>



# **SBA Disaster Response**

## **By the Numbers**

As of 10/20/2022

### **Where can YOU get in-person help?**

**Business Recovery Center (BRC)– 5**

SBA only

**Disaster Recovery Center (DRC)– 15**

FEMA & Others

20 locations in 15 counties and counting

**SBA Field Staff – 120 Personnel**

# SBA's Disaster Loans are Different from Other SBA Loans

SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.

Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: [DisasterLoan.sba.gov](https://DisasterLoan.sba.gov)

There is no cost to apply.

Applicants can have an existing SBA Disaster Loan and still qualify for a loan for this disaster, but the loans cannot be consolidated.

# Submit The Application As Soon As Possible

The filing deadline to return applications for physical property damage is **Nov. 28, 2022**. The deadline to return economic injury applications is **June 29, 2023**.

The biggest reason for delays in processing is due to missing or incorrect information. Make sure to complete all filing requirements *before* submitting the application and forms.

If more funds are needed, applicants can submit supporting documents and an increase request. If less funds are needed, applicants can request a reduction in the loan amount.

If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

# Counselors Work Together with SBA to Assist Applicants

## SBA refers declined business applicants to SBDC Business Counselors

- When SBA is unable to approve a business loan application due to lack of repayment, unsatisfactory credit history or insufficient information, SBA directs the applicant to a Small Business Development Center (SBDC) as a resource for other help and support.
- SBA's decline letter includes an SBDC referral.
- SBA offers 6 months to request reconsideration for a disaster loan. SBDC Counselors can assist applicants when they request reconsideration.
- SBDCs can guide applicants to other resources that may be available. Counseling services are generally free of charge.

# Role of SBA Resource Partners

Consulting provided by SBA's Resource Partners is a vital form of disaster assistance and helps businesses:

- Help with preparing financial statements and applying for an SBA disaster loan
- Successfully stay in operation.
- Develop operational, financial and marketing plans.
- Consider alternative sources of revenue.
- Identify ways to reduce costs.
- Update management and technical services.
- For the nearest office, visit:  
<https://www.sba.gov/local-assistance>



**Women's  
Business Centers**



# Ways to Apply

To be considered for all forms of disaster assistance, applicants should register online at [DisasterAssistance.gov](https://DisasterAssistance.gov) or download the FEMA mobile app. If online/mobile access is unavailable, applicants should call the FEMA toll-free helpline at 800-621-3362. 711-Relay or Video Relay Services available.

**ONLINE** - Applicants may apply online via SBA's secure website at <https://disasterloanassistance.sba.gov/ela/s/> and should apply under SBA declaration # **17644 / 17645**.

**PAPER APPLICATION** - Disaster loan information and application forms can be obtained by calling the SBA's Customer Service Center at 800-659-2955 (if you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services) or sending an email to [DisasterCustomerService@sba.gov](mailto:DisasterCustomerService@sba.gov). Loan applications can also be downloaded from [sba.gov/disaster](https://sba.gov/disaster).

**IN PERSON** - Visit a FEMA Disaster Recovery Center or SBA Business Recovery Center

# **SBA Office of Disaster Assistance Contacts for the Public**

For More Information about SBA disaster assistance programs, go to:

[www.sba.gov/disaster](http://www.sba.gov/disaster)

Contact SBA's  
Customer Service Center at:  
1-800-659-2955

(If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services)

Or send an email to:  
[disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

# SBA Office of Disaster Assistance

You can help spread the message by inviting us to present this information at the following:

(please put your email address and request in the chat)

- Mayors' Breakfasts / Luncheons
- City Council meetings
- County Commissioner meetings
- Chamber of Commerce meetings
- VOAD meetings (Volunteer Organizations Active in Disaster) United Way, Red Cross, Non-profits
- Ministerial Alliance (interfaith alliances)
- Underserved Groups (ethnic, religious, racial, LGBTQ, hearing impaired)
- Schools (send flyers home w/ children, via the system's listserv or PTA)
- County Library Council
- Civic Groups (Rotary, Lions, NAACP, Kiwanis, Urban League, Divine 9)
- Church Congregations
- Most other groups



# SBA Office of Disaster Assistance Resources

[www.sba.gov/disaster](http://www.sba.gov/disaster)

[Disaster Details \(sba.gov\)](http://sba.gov/disaster)

[Physical damage loans \(sba.gov\)](http://sba.gov/disaster/physical-damage-loans)

[Economic Injury Disaster Loans \(sba.gov\)](http://sba.gov/disaster/economic-injury-disaster-loans)

[Mitigation assistance \(sba.gov\)](http://sba.gov/disaster/mitigation-assistance)

[Office of Disaster Assistance \(sba.gov\)](http://sba.gov/disaster/office-of-disaster-assistance)

[Individual Assistance Program and Policy Guide \(fema.gov\)](http://fema.gov/disaster/individual-assistance-program-and-policy-guide)