



U.S. Small Business  
Administration

# U.S. Small Business Administration



## Office of Disaster Assistance

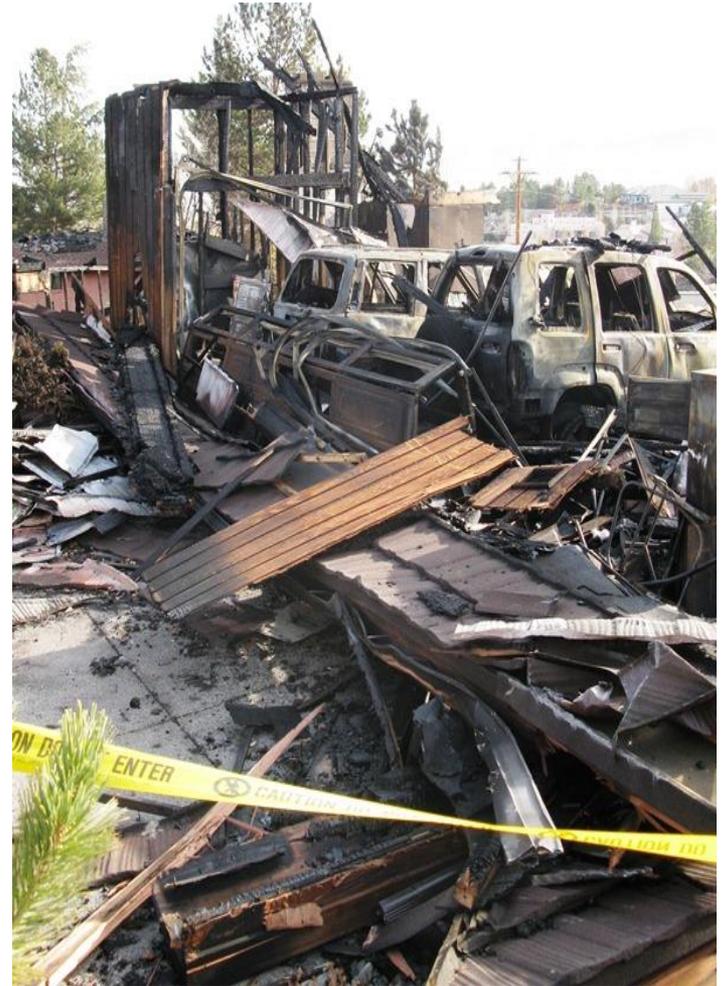
# **SBA's Role in Disaster Recovery**

- **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.**

# Assessing Damages After a Disaster

After a disaster, the state may request :

- a Preliminary Damage Assessment (PDA) from The Federal Emergency Management Agency (FEMA) and the U.S. Small Business Administration (SBA), or
- A Damage Survey from SBA only



# Preliminary Damage Assessment (PDA)

- **When the state requests a PDA from FEMA, SBA participates with FEMA, state and local agencies to assess the damages.**



# Types of Disaster Declarations

## Physical damage/Economic Injury

- **Presidential (Individual and/or Public Assistance)**
- **Administrative (Agency)**

## Economic Injury Disaster Loans

- **Governor's Certification**
- **Secretary of Agriculture**
- **Secretary of Commerce**
- **Military Reservist**



# SBA Administrative (Agency) Declaration

**For smaller disasters, SBA's Administrator can declare an SBA Administrative (Agency) declaration.**

- **This activates SBA's physical and economic injury disaster loan programs.**



**SBA Administrator  
Linda E. McMahon**

# SBA Administrative (Agency) Declaration

**SBA makes an Administrative (Agency) disaster declaration, at the request of the state, based on meeting the criteria for documentation of at least 25 damaged homes and/or businesses surveyed that sustained at least 40% uninsured property damage/losses for each declared county.**



# SBA's Disaster Loan Programs

- **Business and Home Loans for Property Damage.**
- **Economic Injury Loans for Working Capital.**



# Not Just for Small Businesses

- **SBA's disaster loans are available for physical damages from a declared disaster to more than just small businesses.**
- **SBA disaster loans are available to:**
  - **Homeowners**
  - **Renters**
  - **Nonfarm businesses of all sizes**
  - **Private, non-profit organizations**

# **Economic Injury Disaster Loans (EIDLs)**

- Are available to small nonfarm businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private, non-profit organizations (PNPs).**
- Help meet working capital needs caused by the disaster, even if the business did not have physical damage.**
- Help small businesses meet ordinary and necessary operating expenses and pay debts until they recover from the disaster.**

# Making Recovery Affordable

- **The law gives SBA several powerful tools to make disaster loans affordable:**
  - **Low interest rates**
  - **Long terms (up to 30 years)**
  - **Refinancing of prior debts (in some cases)**

# Current Interest Rates

**Interest Rates effective for disasters occurring on or after Jan. 31, 2019.**

	<u>Home</u>	<u>Business</u>	<u>EIDL</u>	<u>Nonprofit</u>
No Credit Available Elsewhere	<b>2.063%</b>	<b>4.000%</b>	<b>3.675%</b>	<b>2.750%</b>
Credit Available Elsewhere	<b>4.125%</b>	<b>8.000%</b>	<b>N/A</b>	<b>2.750%</b>

**\* The majority of SBA disaster loans are at the lower interest rates.**

**Credit available elsewhere means that the disaster victim can provide for their own recovery through private sector borrowing on reasonable rates and terms without causing financial hardship, as determined by SBA.**

# SBA Disaster Loan Limits

<b>Types of Loans</b>	<b>Borrowers</b>	<b>Purpose</b>	<b>Max. Amount</b>
<b>Business Loans</b>	<b>Businesses and private nonprofits</b>	<b>Repair or replace real estate, inventory, equipment, etc.</b>	<b>\$2 million *</b>
<b>Economic Injury Loans</b>	<b>Small businesses and private nonprofits</b>	<b>Working capital loans</b>	<b>\$2 million *</b>
<b>Home Loans</b>	<b>Homeowners</b>	<b>Repair or replace primary residence</b>	<b>\$200,000</b>
<b>Home Loans</b>	<b>Homeowners and renters</b>	<b>Repair or replace personal property</b>	<b>\$40,000</b>
<b>Mitigation</b>	<b>Businesses, private nonprofits and homeowners.</b>	<b>Mitigate / prevent future loss of the same type</b>	<b>20% of verified physical damage. Homeowners limited to \$200,000.</b>

**\*The maximum business loan is \$2 million, unless the business qualifies as a Major Source of Employment (MSE).**

# SBA Loan Requirements

## Requirements for loan approval:

- **Eligibility** - damaged property must be in a declared county.
- **Credit History** - Applicants must have a credit history acceptable to SBA.
- **Repayment** - Applicants must show the ability to repay all loans.



# Disaster Loan Terms



- **Loan amounts and terms are set by SBA and based on each applicant's financial condition.**
- **The maximum term is 30 years.**

# Collateral Requirements

- **Physical loans over \$25,000 require collateral.**
- **Economic injury loans over \$25,000 require collateral.**

**(Up to \$50,000 unsecured disaster business loans - combined physical and economic injury loan funds).**

- **SBA will not decline a loan for lack of collateral, but requires collateral that is available.**



# Refinancing of Existing Debt

- **For substantially disaster-damaged homes and businesses, SBA may refinance recorded liens on real estate, and/or machinery & equipment.**
- **Liens eligible for refinancing include:**
  - **Home loans - real estate liens only.**
  - **Business loans - real estate and chattel (UCC filing) liens.**
- ***Refinance eligibility cannot be determined until insurance settlements are final.***
- ***Existing Federal loans are not eligible for refinancing.***

# Insurance Requirements

- **SBA requires borrowers to obtain and maintain appropriate insurance as a condition of most loans.**



**Hazard insurance – Is required on all secured loans.**

**Flood insurance - Is required for properties located in a Special Flood Hazard Area (SFHA), and for properties damaged in a flood disaster.**

# Loan Eligibility Restrictions

- **Only uncompensated losses (disaster losses not compensated by insurance or other recoveries, such as grants, reimbursement by another party, settlement of a lawsuit, etc.) are eligible.**
- **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 Eligibility Restrictions

**The following types of businesses are not eligible for Economic Injury Disaster Loans:**

- **Speculative businesses**
- **Multi-level sales organizations**
- **Hobby businesses**



# The Three Step Process: Disaster Loans

In Presidential declarations, survivors should first register with FEMA at 800-621-3362 (FEMA) or [www.disasterassistance.gov](http://www.disasterassistance.gov)



## Apply:

- Online at SBA's secured website: <https://disasterloan.sba.gov/ela>,
- In person at a recovery center, or
- By mail.

# Apply Online at the SBA Disaster Loan Assistance Portal (DLAP)

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

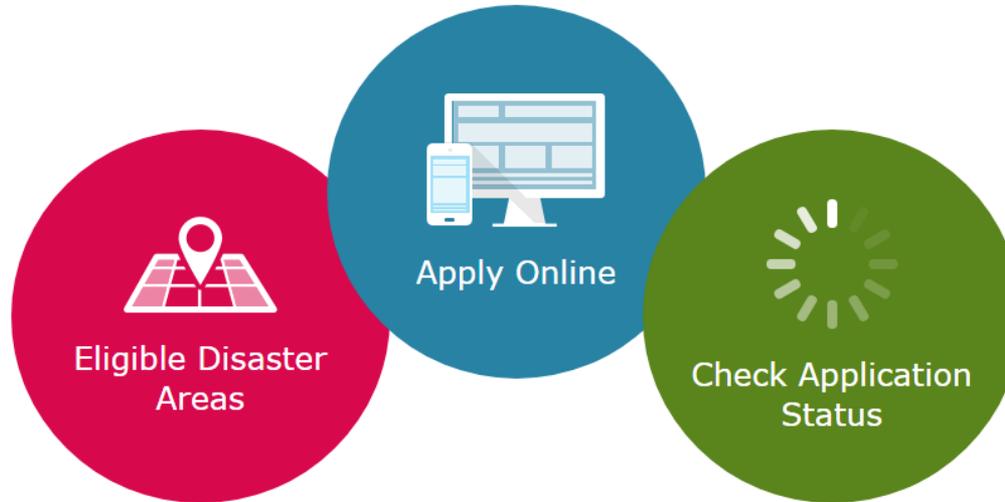


[FAQs](#) [Help](#) [Contact Us](#) [Register](#) [Login](#) 

[Loan Information](#) [Search Declarations](#) [Apply Online](#)

## Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters



# Steps to Apply Online

Upon accessing the Disaster Loan Assistance Portal main website, visitors have the option to:

**1. Register as New Users**

**2. Login as Returning Users**

**3. Follow links to:**

- **Learn more about general loan information.**
- **View Current Disaster Declarations.**
- **Learn more about types of SBA disaster loans.**
- **Learn more about SBA's Three-Step Process to obtain a disaster loan.**
- **Learn about the status of loan applications.**

# Apply In Person

**SBA representatives provide personal service at:**



**Disaster  
Recovery Centers**



**SBA Disaster Loan  
Outreach Centers**



**SBA Business  
Recovery Centers**

**No appointment is necessary**

# Apply In Person

**SBA representatives meet personally with individuals to answer questions about SBA's disaster loan program, explain the application process and help each individual complete their application online.**



# **Mail a completed application to SBA**

**U.S. Small Business Administration  
Processing and Disbursement Center  
14925 Kingsport Road  
Fort Worth, Texas, 76155-2243**

# The Three Step Process: Disaster Loans



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

- **SBA will contact applicant to verify damage and schedule a site visit if necessary.**
- **SBA will process the file to a decision.**
- **If approved, loan documents are forwarded to borrower. The applicant is advised of appeal rights, if declined.**

# The Three Step Process: Disaster Loans



## STEP 3: Loan Closed and Funds Disbursed

- **An initial disbursement is generally made within 5 days after the applicant signs and returns the required loan closing documents.**
- **Subsequent disbursements are generally made in installments to match the pace of construction.**

# Application Filing Deadlines

- **Filing Deadline for Physical Damage: 60-days from the declaration date.**
- **Filing Deadline for Economic Injury: 9-months from the declaration date.**

# SBA Disaster Loans

- **By providing disaster assistance in the form of loans, SBA helps reduce federal disaster costs compared to other forms of assistance, such as grants.**
- **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 stimulation in disaster-ravaged communities.**

# **Disaster Loans Help Communities in Recovery**

- They help spur employment and stabilize tax bases in communities by protecting jobs.**
- Disaster losses are unexpected and can create a significant financial hardship for most Businesses and Residents impacted.**
- SBA's low-interest, long-term Federal disaster loans help make recovery both feasible and affordable.**

# Disaster Preparedness Resources



# Disaster Preparedness Tips for Businesses



# Small Business Losses in Disaster

**25 % of all businesses that close after a disaster never reopen.**



**Source - Institute for Business and Home Safety**

# Facilities/Operations Planning

**What if your business had to close down for several days after a disaster?**



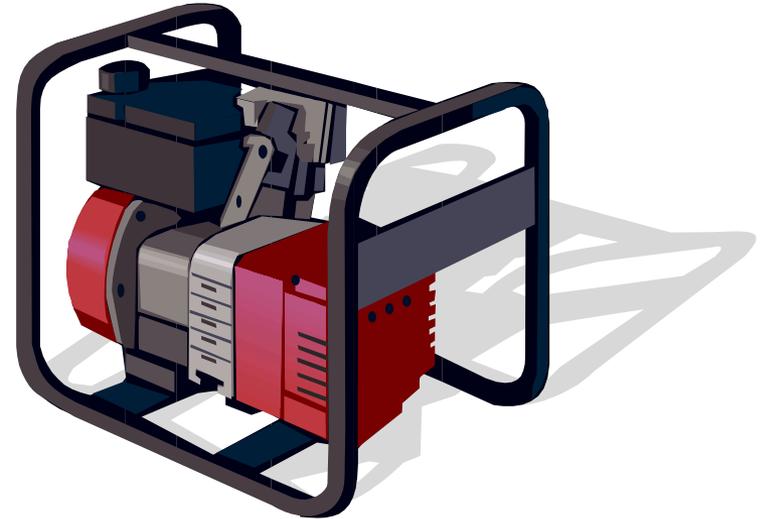
# Facilities/Operations Planning

- **Develop a plan to stay in operation if your business space is not usable or accessible.**
- **Assess the internal and external functions of your company to determine what you need to stay open.**



# Facilities/Operations Planning

- **Keep extra supplies of hard-to-replace items your business needs to stay open at an off-site location.**
- **Buy a back-up generator to insure you can keep your power running.**



# Insurance Coverage

- **Do you have enough insurance to get your business back in operation?**
- **Review your policy to make sure you understand what isn't covered.**



# Other Insurance Options

- **Consider Business Interruption Insurance**
- **It covers operating expenses in the event of a business shutdown.**
- **Business interruption insurance can also compensate your business for lost income.**

# Flood Insurance Coverage?

- **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).**

# Other Insurance Considerations

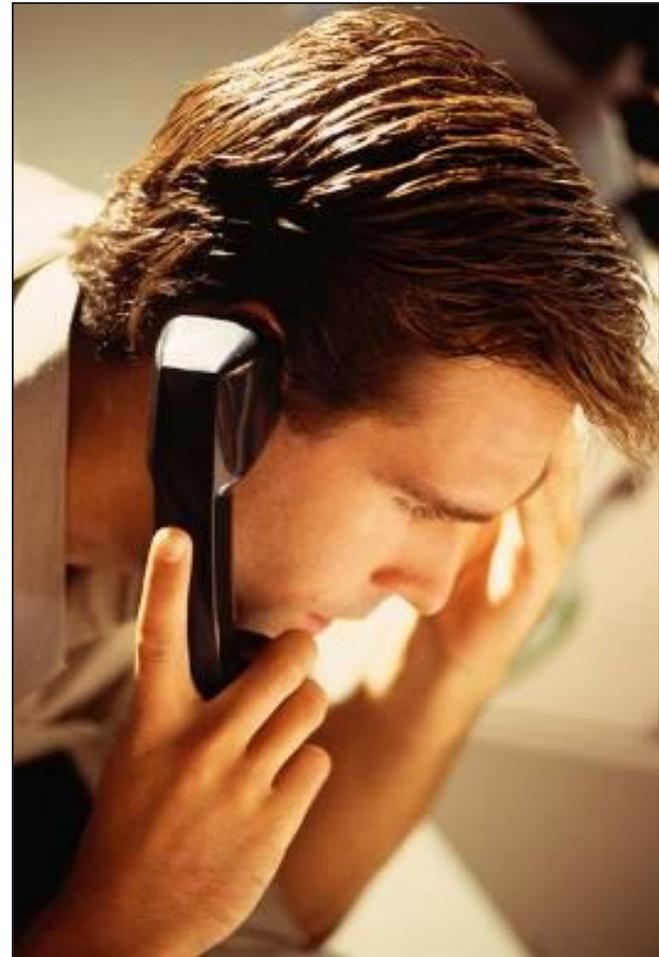
- **After the disaster, your insurance company will need accurate documentation of your business assets.**
- **Regularly photograph or videotape your facility, and its contents.**

# Protect Vital Information

- **Arrange for off-site backup and storage of vital records and information.**
- **Computer data should be backed up regularly and routinely.**
- **Consider hiring professional information protection and storage companies to provide data protection solutions.**

# Communications Planning

**A communications plan is key to your post-disaster recovery strategy.**



# Communications Planning

**Develop lists of important phone numbers and e-mail addresses for your suppliers, employees, customers, the local media, utility companies and emergency responders and keep updated regularly.**

# Communications Planning

**Copies of these contact lists should be kept by a key employee and a backup person.**

**It's a good idea to also designate an out-of-region contact to serve as a "Message Center".**

# Communications Planning

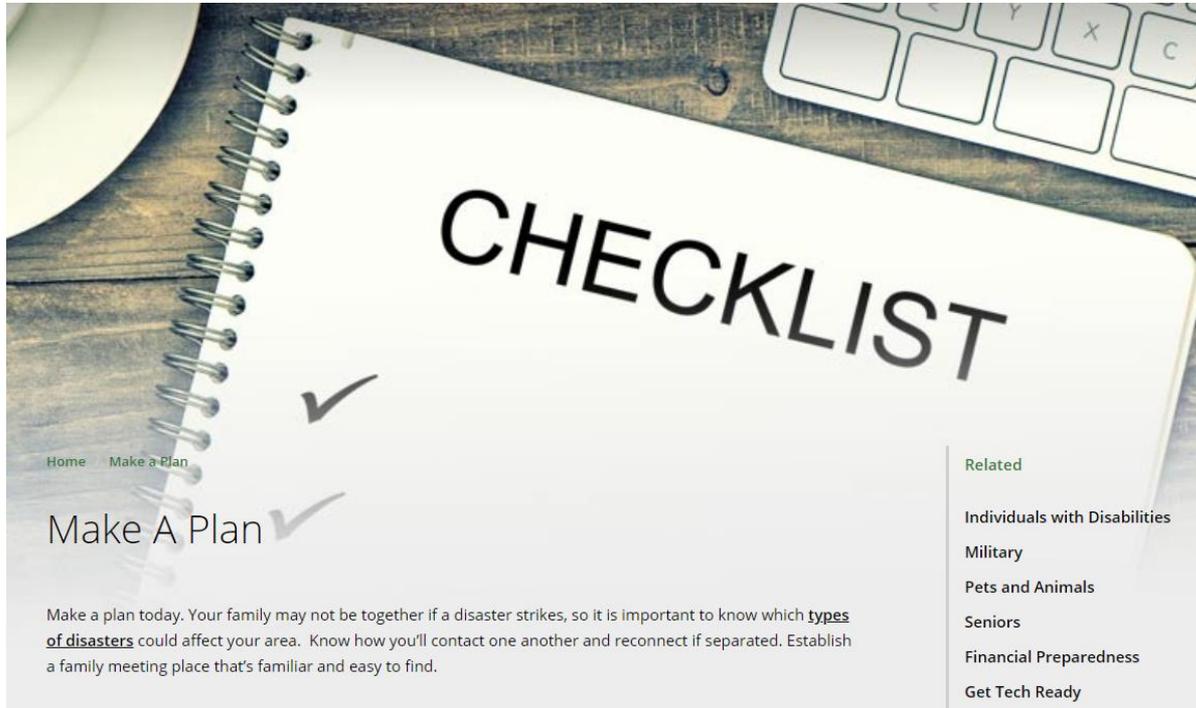


**The “Message Center” will use phone and e-mail to support crucial post-disaster communications.**

# Communications Planning

- **Head-off any rumors of business failure.**
- **Appoint a spokesperson to inform the local media, suppliers, your customers and others about your company's operations and recovery, and utilize a webmaster to keep your website updated with current information.**

# Additional Resources



To learn how to develop your business disaster plan, visit [www.ready.gov](http://www.ready.gov), or call (800)-BE-READY (800-237-3239) for free brochures.

# Additional Resources

- **The Institute for Business and Home Safety (IBHS) has an “Open for Business” toolkit, and an OFB-EZ<sup>®</sup> Mobile App. Visit them at [www.disastersafety.org](http://www.disastersafety.org).**
- **Ready Rating is an American Red Cross program that helps businesses, schools and organizations become prepared for disasters and other emergencies. Visit them at [www.readyrating.org](http://www.readyrating.org).**

# **SBA Resource Partners**

**Business consulting from SBA's resource partners is a vital form of disaster assistance. These services are generally free of charge.**

## **SBA Partners include:**

- **Small Business Development Centers (SBDCs)**
- **SCORE**
- **Women's Business Centers (WBCs)**
- **Veteran's Business Outreach Center (VBOCs)**

# **SBA Resource Partners**

## **SBDCs, SCORE, WBCs & VBOCs**

### **Consulting can help a small business:**

- Recognize alternatives that may mitigate the adverse financial consequences of a disaster.**
- Consider alternative sources of revenue.**
- Identify ways to reduce costs.**

# **SBA Office of Disaster Assistance Contacts**

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

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

**Or, contact SBA's**

**Customer Service Center at:**

**1-800-659-2955 / 1-800-877-8339 (TTY)**

**Or by email at:**

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

# Questions

