Don't let the word "business" in our name mislead you. Following major disasters, the U. S. Small Business Administration (SBA) is the primary source of Federal funds for long-term recovery assistance.

This assistance is in the form of low-interest loans, and is available to homeowners, renters, and non-farm businesses of all sizes, as well as private nonprofit organizations with property damaged by the disaster.

Renters may be eligible for loans of up to $40,000 to repair or replace their disaster damaged personal property. Homeowners may be eligible for up to $200,000 to repair or replace disaster damaged real estate, plus up to $40,000 to repair or replace their disaster damaged personal property.

Non-farm businesses of all sizes and private nonprofit organizations may be eligible for up to $2 million to repair or replace business assets physically damaged by the disaster -- including damage to buildings, machinery and equipment, furniture and fixtures, inventory, and other business assets.

In addition, small businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private, non-profit organizations (of all sizes) that were or were not physically damaged but which suffered economic losses due to the disaster may also be eligible for SBA economic injury disaster loans (EIDLs). These working capital loans provide funds for necessary and ongoing expenses until business returns to normal.

The SBA's low-interest loan program was designed by Congress to enable those affected by unforeseen catastrophic events to recover with as little adverse impact as possible. And Congress has given SBA some very powerful tools to make disaster loans affordable with low interest rates, repayment terms as long as 30 years, and, under very specific circumstances, refinancing of prior liens.

To ensure that disaster recovery is made affordable for each borrower, SBA analyzes the borrower's monthly budget, determines an affordable monthly payment, then writes the loan for the number of years needed. This is unlike conventional lenders, which generally set the maturity first and then calculate the payment.

When a disaster is declared by the President, disaster victims should tele-register with the Federal Emergency Management Agency (FEMA). This important first step will open the door to a variety of Federal disaster relief programs designed to aid in the recovery process. Once they've registered, either by telephone or in person, the disaster victim may be given an SBA disaster loan application package to complete and return.

In cases of disasters which are declared by the Administrator of the SBA (which are usually more limited in scope), disaster victims should call the SBA directly (1-800-659-2955), or visit one of the Disaster Loan Outreach Centers (a temporary disaster assistance facility) which the SBA opens in disaster-affected areas.

When SBA receives a completed disaster loan application, an SBA Loss Verifier will make an appointment to visit the disaster damaged property, and will determine the approximate cost to repair the disaster damage.

Because an SBA disaster loan is limited by law to restoring a home or business to its pre-disaster condition, the amount of the loan is based on the amount of damages, less any recoveries received from other sources.

Suppose a home and its contents incurred $100,000 in damage during a disaster. If the owner received a grant of $3,000 (from another Federal agency, for example) and an additional $37,000 from his or her insurance company (for a total recovery of $40,000), then SBA can consider lending the uncompensated loss, or $60,000, plus eligible additional funds for mitigation to protect the property against future damage of the same type.

Disaster loans make recovery affordable for the majority of borrowers.
In the wake of hurricanes, floods, earthquakes, wildfires, tornadoes and other physical disasters, the U.S. Small Business Administration (SBA) plays a major role. SBA’s disaster loans are the primary form of federal assistance for nonfarm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. Disaster loans from SBA help homeowners, renters, businesses of all sizes and nonprofit organizations fund rebuilding. SBA’s disaster loans are a critical source of economic stimulation in disaster ravaged communities, helping to spur employment and stabilize tax bases.

By providing disaster assistance in the form of loans, which are repaid to the Treasury, the SBA disaster loan program helps reduce federal disaster costs compared to other forms of assistance, such as grants. When disaster victims need to borrow to repair uninsured damages, the low-interest rates and long-terms available from SBA make recovery affordable. Because SBA tailors the repayment of each disaster loan to the borrower’s financial capability, unnecessary interest subsidies paid by the taxpayers are avoided. Moreover, providing disaster assistance in the form of a loan rather than a grant, avoids creating an incentive for property owners to underinsure against risk. Disaster loans require borrowers to maintain appropriate hazard and flood insurance coverage, thereby reducing the need for future disaster assistance.

The need for SBA disaster loans is as unpredictable as the weather. In FY 2012, SBA approved 15,324 new loans for over $689 million. Since the inception of the program in 1953, SBA has approved more than 1.9 million disaster loans for over $50.0 billion.

The SBA is authorized by the Small Business Act to make two types of disaster loans:

**Physical disaster loans** are a primary source of funding for permanent rebuilding and replacement of uninsured or underinsured disaster damages to privately-owned real and/or personal property. SBA’s physical disaster loans are available to homeowners, renters, businesses of all sizes and nonprofit organizations.

**Economic injury disaster loans** provide necessary working capital until normal operations resume after a physical disaster. The law restricts economic injury disaster loans to small businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private, non-profit organizations of all sizes.

The disaster program is SBA’s largest direct loan program, and the only SBA program for entities other than small businesses. By law, neither governmental units nor agricultural enterprises are eligible; agricultural producers may seek disaster assistance from specialized programs at the U.S. Department of Agriculture.

Disaster victims must repay SBA disaster loans. SBA can only approve loans to applicants with a reasonable ability to repay the loan and other obligations from earnings. The terms of each loan are established in accordance with each borrower’s ability to repay. The law gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA’s determination of whether each applicant does or does not have credit available elsewhere (the ability to borrow or use their own resources to overcome the disaster).

SBA delivers disaster assistance through our four specialized centers: Customer Service Center - Buffalo, NY; Field Operations Center East - Atlanta, GA; Field Operations Center West - Sacramento, CA and the Loan Processing and Disbursement Center - Fort Worth, TX.

For more information, contact SBA’s Disaster Customer Service Center by calling (800) 659-2955, emailing disastercustomerservice@sba.gov, or visiting SBA’s Web site at www.sba.gov. Deaf and hard-of-hearing individuals may call (800) 877-8339. Applicants may also apply online using the Electronic Loan Application (ELA) via SBA’s secure Web site at https://disasterloan.sba.gov/ela.