

SBA DISASTER LOANS

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After hurricanes, floods, earthquakes, wild fires, and other disasters; SBA disaster loans are the primary form of Federal assistance for the owners of private property.

It Start With a Disaster Declaration

- SBA disaster loans are only available when there is a declared disaster
- Only homeowner, renters, and business owners located in a declared county are eligible
- Limited time to apply for an SBA disaster loan

How to Apply for an SBA Disaster Loan

- Homeowners or renters should first register with FEMA at 1-800-621-FEMA (3362)
- Business owners are also encouraged to register with FEMA; but they may apply directly with SBA by calling 1-800-659-2955 or email at disastercustomerservice@sba.gov
- Most applicants receive their SBA disaster loan application in the mail

Types of SBA Disaster Loan and Limits

How to Obtain an SBA Disaster Loan

- SBA can issue an application at a Disaster Center
- Download a paper application from <http://www.sba.gov/content/disaster-loan-paper-applications>
- Can apply online at <https://disasterloan.sba.gov/ela/>

SBA Disaster Home Loans

Borrower	Purpose	Maximum Amount	Interest Rate
Homeowner	Repair or replace real property	\$200,000	%Low rate not to exceed 4%* Market rate not to exceed 8%
Homeowner or renter	Repair or replace personal property including vehicles	\$40,000	Low rate not to exceed 4%* Market rate not to exceed 8%
Homeowner	Mitigate/prevent future loss to real property	20% of verified loss amount	Low rate not to exceed 4%* Market rate not to exceed 8%

Disaster Business Loans for Physical Damage

Borrower	Purpose	Maximum Amount	Interest Rate
Businesses of any size including Private Non-Profit Organizations	Repair or replace real estate, equipment, furniture, inventory, etc (for physical losses)	\$2 million	Low rate not to exceed 4%* Market rate not to exceed 8%
Businesses of any size including Private Non-Profit Organizations	Mitigate/prevent future loss to real property	20% of verified loss amount	Low rate not to exceed 4%* Market rate not to exceed 8%

Economic Injury Disaster Loans (EIDLs)

Borrower	Purpose	Maximum Amount	Interest Rate
Small Businesses, Small Agricultural Cooperatives, Small Aquaculture Enterprises, and Most Private Non-Profit Organizations	To meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster (For working capital to alleviate economic injury)	\$2 million	The rate is set at 4% and is available to entities and their owners who cannot provide for their own recovery from non-government sources , as determined by SBA

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- The lower rate is based on a determination that there is “no credit available elsewhere”. This means that the disaster victim can provide to for their own recovery through private sector borrowing on reasonable rates and terms without causing unreasonable hardship. SBA makes most disaster loans at the lower interest rate.

Loan Terms

- SBA determines the terms of each loan in accordance with each borrower's ability to repay.
- The law authorizes loan terms up to a maximum of 30 years. However, in some cases the law limits the loan term to a maximum of 3 years.
- Based on the financial circumstances of each borrower, SBA determines an appropriate installment amount, which in turn determines the actual payment amount.

Filing Requirements

- Disaster Business Loan Application
- Tax information Authorization
- Copies of last three years Federal Income Tax returns including all schedules
- Personal Financial Statement
- Current (within 90 days) business balance sheet and profit and loss statement
- Schedule of liabilities

Filing Requirements (cont)

- Monthly sales section (provide monthly sales figures beginning 3 years prior to the disaster – may estimate if actual figures are not available)
- Financial forecast to illustrate what the income and expenses will be during the period affected by the disaster until normal business operations will resume (optional)

Filing Requirements - Insurance

- If insurance covered all or part of the loss (regardless of the status of the claim), provide the name and telephone number of the agent and/or claims adjuster. Also include the policy number and copy of the declaration page of the insurance policy

Refinancing

- Refinancing of existing mortgages and liens on real estate and machinery and equipment is eligible in some cases up to the amount of the loan for real estate and machinery and equipment repair/replacement

Assistance in the Form of a Loan

- Because this is assistance in the form of a loan, SBA requires a reasonable assurance that loans can and will be repaid
- SBA will review credit reports and assess the ability to repay a loan from operating income
- SBA will also evaluate eligibility factors

Screening and Loss Verification

- SBA will check application for completeness
- SBA will review credit
- If credit is satisfactory, an SBA loss verifier will make an appointment to inspect the physical damages
- An SBA loan officer will discuss the application and make a preliminary recommendation
- The final decision will be mailed

Collateral

- Collateral is required for all physical loss loans over \$14,000 and all EIDL loans over \$5,000
- SBA takes real estate as collateral where it is available
- SBA will also require personal guarantees of the business principles
- Applicants do not need to have full collateral; SBA will take what is available to secure a loan
- SBA won't decline a loan application because sufficient collateral isn't available; but will refuse to make a loan if available collateral isn't pledged

Insurance

- To protect each borrower and SBA, SBA requires borrowers to obtain and maintain insurance
- Hazard insurance is required on all collateral
- Windstorm and other types of insurance such as flood insurance may also be required

How Long Does it Take to Get a Loan Decision

- SBA processes applications on a first come, first served basis
- The turn around time depends on how soon the applicant files a complete SBA loan application
- Since SBA processes applications in the order received, the faster an applicant can return all the needed information, the faster they can work on it
- Be sure the application is complete

Nebraska Business Development Center (NBDC) Assistance

- **Financial Review** to determine the extent of damage and to assist businesses in making insurance claims and/or preparing for a loan to restore business operations;
- **Loan Packaging** to prepare loan applications to restore business operations, including federal recovery applications where applicable;

NBDC Assistance (cont)

- **Marketing Strategy Development** to help businesses prepare a marketing strategy to tell their customers how they will restore business operations and to help guide their customers through the period when operations are disrupted;
- **Supplier Analysis and Relations** to help businesses evaluate disruptions in the supply chain and /or to help suppliers understand the conditions of the business affected by the flood and how operations will be restored;

NBDC Assistance (cont)

- **Energy Efficiency Analysis** to help businesses restore operations with the most efficient and safe use of energy; and
- **Manufacturing Process Analysis** to help manufacturers restore operations with lower operational costs.

Contact Information

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