



BASIC FACTS ABOUT SBA DISASTER LOAN PROGRAMS

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 the aftermath of the Gulf Coast 2005 hurricanes SBA approved 169,983 loans for \$11.2 billion in FY 2006. In FY 2007, SBA approved 14,014 new loans for \$819.7 million. Since the inception of the program in 1953, SBA has approved over 1.8 million disaster loans for more than \$46 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 and certain 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, visit SBA's website at www.sba.gov, call our Customer Service Center at 1-800-659-2955, or by email at disastercustomerservice@sba.gov.

SBA DECLARATIONS AT-A-GLANCE (Declaration approvals are not official until they are in writing)

	Administrative (Agency)	Presidential Individual Assistance (IA)	Presidential Public Assistance (PA) - SBA PNP	Governor's Certification (Governor's Cert)	Secretary of Agriculture (Sec-Ag)	Secretary of Commerce
How this type of declaration is obtained.	Governor must make written request to SBA with supporting SBA PDA information.	Governor makes request to FEMA for Presidential declaration. FEMA notifies SBA that declaration is approved.	Governor makes request to FEMA for Presidential declaration. FEMA notifies SBA that declaration is approved.	Governor must make written request to SBA with supporting economic injury loss information.	Generally, the Governor makes request to Secretary of Agriculture and they notify SBA of a USDA declaration.	Secretary of Commerce declares a fishery resource disaster under 308 (b) of Interjurisdictional Fisheries Act of 1986, as amended.
General criteria for an SBA declaration is:	The PDA must show that at least 25 homes, businesses, or other eligible institutions, sustained uninsured losses of 40 percent or more.	Automatic once we get written notification of FEMA declaration.	Automatic once we get written notification of FEMA declaration.	The Governor certifies that at least five small businesses in a disaster area have suffered substantial economic injury as a result of the disaster.	Automatic once we get written notification of Sec-Ag declaration.	The Governor certifies that at least five small businesses in a disaster area have suffered substantial economic injury as a result of the disaster.
Request to SBA must be made:	Within 60 days of the date of the disaster.	N/A -see above.	N/A-see above.	Within 120 days of the disaster occurrence.	See above.	Within 120 days of the disaster occurrence.
Normal deadline to apply for loan:	60 days from SBA declaration for physical loans, 9 months for EIDL.	60 days from declaration for physical loans, 9 months for EIDL.	60 days from declaration for physical loans, 9 months for EIDL.	9 months from the date of SBA declaration.	8 months from declaration. Deadline set by Agriculture-SBA uses same date.	9 months from declaration. Deadline set by Commerce-SBA uses same date.
Eligible for physical damages?	Yes - for homeowners, renters, businesses of all sizes and non-profit organizations in all declared counties.	Yes - for homeowners, renters, businesses of all sizes and non-profit organizations only in the primary counties.	Yes - for private non-profit organizations (non-critical). Those defined as critical apply with FEMA.	No.	No.	No.
Counties included for physical damage:	Primary and contiguous counties.	Primary counties only.	Primary counties only.	N/A	N/A	N/A
Eligible for economic injury?	Yes for small businesses, small agricultural cooperatives and most private non-profit organizations.	Yes for small businesses, small agricultural cooperatives and most private non-profit organizations in the primary and contiguous counties.	Yes for private non-profit organizations that provide non-critical services, food kitchens, museums, colleges, shelters, etc.	Yes for small businesses, small agricultural cooperatives and most private non-profit organizations.	Yes for small businesses, small agricultural cooperatives and most private non-profit organizations.	Yes for small businesses, small agricultural cooperatives and most private non-profit organizations.
Counties included for EIDL:	Primary and contiguous counties.	Primary and contiguous counties.	Primary counties only.	Primary and contiguous counties.	Primary and contiguous counties named in Sec. of Ag declaration.	Primary and contiguous counties.
Initial press releases is:	Issued by SBA.	Issued by FEMA.	Issued by FEMA.	Issued by SBA.	Issued by SBA.	Issued by SBA.

(SBA-Office of Disaster Assistance-FOCE E-28-09)
 (More details are available in the Code of Federal Regulations, Title 13, Part 123)